

Presentation to the 2025 Health and Human Services Joint Appropriations Subcommittee

Office of Inspector General
Public Health & Community Affairs Practice



DEPARTMENT OF
**PUBLIC HEALTH &
HUMAN SERVICES**

Greg Gianforte, Governor | Charlie Brereton, Director

Overview

Michelle Truax, Inspector General



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Office of Inspector General

Mission

The Office of the Inspector General's (OIG) mission is to promote and protect the health, safety and well-being of Montanans by providing a responsive, independent assessment and monitoring of human services.

Organization: 3 Bureaus & 1 Section

Certification Bureau – Tyler Smith

Licensing Bureau – Tara Wooten

Program Compliance Bureau – Heather Smith

Program Support and Improvement Section - Leslie Howe

Office of Inspector General

Overview

The OIG is a regulatory division that oversees numerous health care facilities, individuals, and providers. It is administratively attached to DPHHS, which allows it to operate independently to maintain the integrity of the Certification and Licensing Bureaus surveys and other program reviews.

Regulatory Independence

- OIG balances autonomy with accountability to the federal and state governments through consistency and standardized survey processes and tools.
- OIG is functionally and physically separate from state agency staff responsible for policy and operations and Health Care Facilities Division.
- This ensures the OIG remains separate and independent from the Department.

Regulatory Independence – Certification

Regulatory Practices

- The Certification Bureau conducts surveys on behalf of CMS and is bound by federal disclosure guidelines.
- OIG does not provide prenotification of when surveys will occur.
- The Certification Bureau does not share survey and certification work with individuals outside of the OIG.
- Enhanced CMS oversight over Certification Bureau when surveying state-owned facilities.
- CMS reviews and approves reports, enforcement letters, and plans of corrections for all state-owned facilities.

Regulatory Independence – Licensure

Regulatory Practices

- Licensure Bureau standardizes assessments for licensing by facility type.
- OIG does not provide prenotification of when surveys will occur.
- OIG leadership reviews and approves final report documentation and statements of deficiency.
- At minimum, two surveyors onsite for inspections of all state-owned facilities.

Reporting Websites

Certification – CMS Information

Survey reports: <https://dphhs.mt.gov/qad/poc>

Compare facilities: <https://www.medicare.gov/care-compare/>

CMS statistical data: https://qcor.cms.gov/index_new.jsp

Licensure Reports

Inspection results: <https://mt-reports.com/portal/SearchFacility.aspx>

Summary of Major Functions

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Certification Bureau

Perform onsite surveys to determine if a provider meets the requirements for participation in the Medicare and Medicaid programs by meeting the standards for delivering safe and acceptable quality of care.

Functions

- Conduct complaint investigations
- Certify and re-certify facilities
- Advise/train providers on new federal requirements
- Testing proficiency testing in laboratories
- Maintain nurse aide registry

Office of Inspector General (cont.)

Licensure Bureau

The licensure bureau consists of two programs that regulate over 1,100 facilities that fall into two categories:

- Healthcare facilities – over 900 facilities comprised of mostly medical and senior services
- Community Residential facilities – almost 200 facilities comprised of mostly youth and developmental disabilities services

Functions

- Conduct licensing renewal inspections
- Conduct complaint investigations
- Train and advise providers on state requirements
- Develop and amend Administrative Rules of Montana pertinent to changes made to licensure laws.

Office of Inspector General (cont.)

Program Compliance Bureau

Reduces fraud, waste, and abuse by recipients and providers, performs quality control on SNAP, Medicaid and CHIP, saves Medicaid dollars by holding third parties liable when possible.

Functions

- Intentional Program Violation (IPV)
- Medicaid Eligibility Quality Control (MEQC)
- Payment Error Rate Measurement (PERM)
- SNAP Quality Control
- Surveillance Utilization Review Section (SURS)
- Third Party Liability (TPL)

Intentional Program Violations (IPV)

The IPV section reviews allegations of recipient fraud. When documentary evidence supports fraud, the case moves to an Administrative Disqualification Hearing, egregious errors are submitted for prosecution. Households have the option to waive their Administrative Disqualification Hearing and confirm a disqualification penalty without going to a hearing.

SFY24	Referrals Received	Investigations Closed – No Program Violation*	Program Violations Confirmed*	Referral Remains Under Investigation
Medicaid	243	218	8	14
SNAP	1520	1442	241	52
TANF	128	106	23	10
Total	1,891	1,766	272	76

PERM Error Trends

Fee for service (FFS) provider enrollment errors increased during RY24 (11 total) compared to 9 in RY21.

- Errors include National Provider Identifier (NPI) number missing from claims and missing provider enrollment. In addition to billing provider NPI and enrollment, all ordering, referring, prescribing, attending, prescribing providers are required to be enrolled and have the applicable NPI listed on claims for payment.
- Montana is in the development phase of a new Medicaid Management Information System (MMIS) which will allow system edits to reject claims missing the required enrollment and NPI information from paying.

Eligibility errors decreased in RY24 (7) compared to 18 in RY21.

- CMS continues to issue waivers to states as a result of the Public Health Emergency (PHE) unwinding efforts. One waiver effecting the error rate is the timeliness of recertifications being completed. Timely completion of Medicaid and CHIP renewals is not subject to review until December 31, 2025.

Payment Error Rate Measurement (PERM)

PERM is a joint effort between the Centers for Medicare and Medicaid Services (CMS) and states to measure improper payment rates in the CHIP and Medicaid programs. Error rates are calculated using eligibility, medical records, and data processing review results. Montana’s most recent PERM audit results were for Reporting Year (RY) 2024 on claims paid during SFY23.

Medicaid	CHIP
National Rolling Finding – 5.09 % - Fee for Service (FFS) – 4.83% - Eligibility – 3.31%	National Rolling Finding – 6.11% - FFS – 4.72% - Eligibility – 4.44%
17-State Cycle 3 Finding – 3.17% - FFS – 5.46% - Eligibility – 1.53%	17-State Cycle 3 Finding – 3.17% - FFS – 10.97% - Eligibility – 1.47%
Montana Finding – 6.97% - FFS – 6.09% - Eligibility – 0.94%	Montana Finding – 6.40% - FFS – 2.38% - Eligibility – 4.12%

Third-Party Liability (TPL)

The TPL Unit ensures Medicaid is the payer of last resort. TPL accomplishes this through cost avoidance and collection of funds when a liable third party should have paid prior to Medicaid.

In SFY23, Montana cost avoided \$292.4 million in Medicaid payments and recovered \$14.3 million
In SFY24, Montana cost avoided \$272.2 million in Medicaid payments and recovered \$12.4 million

Cost Avoidance utilizes Medicaid funds to avoid or reduce Medicaid paying first

- Coordination of Benefits (COB) ensures that a recipient's individual or employer health insurance is documented in the eligibility system allowing for claims to be rejected when a known liable insurance should have paid as primary over Medicaid.
- Health Insurance Premium Payment (HIPP) utilizes Medicaid funds to pay premiums for individual or group health plans. This ensures Medicaid pays last resulting in cost avoidance savings.
- Medicare Buy-In uses Medicaid funds to pay Part A and Part B premiums of qualified recipients ensuring Medicare pays first, resulting in cost avoidance savings.

TPL (cont.)

TPL recovers Medicaid dollars through the following programs:

- **Conditional Assistance:** Agreement by the recipient to sell excess non-liquid resources and repay Medicaid for benefits paid during the conditional assistance period.
- **Excess Resources:** Liquid resources paid by recipient that would otherwise prevent eligibility.
- **Estate Recovery:** After a Medicaid recipient passes, age 55 or older, TPL recovers on all Medicaid payments made on their behalf.
- **Lien Recovery:** Liens are placed after a recipient enters a nursing home without the intent of returning home.
- **Medicaid Recovery:** If Medicaid has paid but there is a liable third party, TPL bills for reimbursement on those claims.
- **Tort Recovery:** Recipients injured through the acts or omissions of another party may file a lawsuit to recover damages. Liable third parties include health, auto, life insurance, workers compensation, or restitution. Liable third parties must pay prior to Medicaid.

Office of Inspector General

Program Support and Improvement

Manages Rural Hospital Flexibility and Certificate of Need Programs, manages contracts, determines community needs of hospitals and long-term care facilities, develops annual health care facility and nonprofit hospital reports, and coordinates general office needs including radiation machine registration.

Functions

- Certificate of Need Program(CON)
- State Rural Hospital Flexibility Program
- Office Management
- Utilizes Annual Long-Term Care, Hospital, and Critical Access Hospital reports data to determine need

Highlights and Accomplishments During the 2025 Biennium

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Highlights

- Certification Bureau: Created a surveyor/provider trainer position to ensure that staff are trained to the same expectation and providers may attend trainings to allow them to correct problems within the facility prior to having a citation.
- Licensure Bureau: Blending two historically separate facility type surveyors into one cross trained staff. This will permit a surveyor to perform more surveys in a remote area, therefore saving the state money in salary and travel to remote locations.
- Program Compliance Bureau: Received a grant to upgrade the current system to detect and prevent fraudulent online public assistance applications.

Highlights (cont.)

- Program Compliance, TPL unit opened over 1,200 Asbestos related Global Settlement cases beginning in 2021. TPL has collected \$745,181 in recoveries during 2023 and 2024. Compared to \$177,223 during 2021 and 2022.
- Program Support and Improvement Section: OIG received a grant of \$250,000 per year for the next 5 years to create a Frontier EMS Leadership Academy. The project aims to build a comprehensive initiative to strengthen EMS in Montana through recruitment, retention and educational strategies to address the critical shortage of qualified EMS professionals in underserved rural and frontier communities.

Funding and PB Information

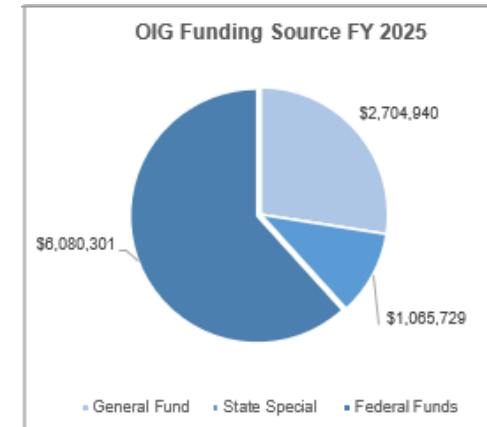
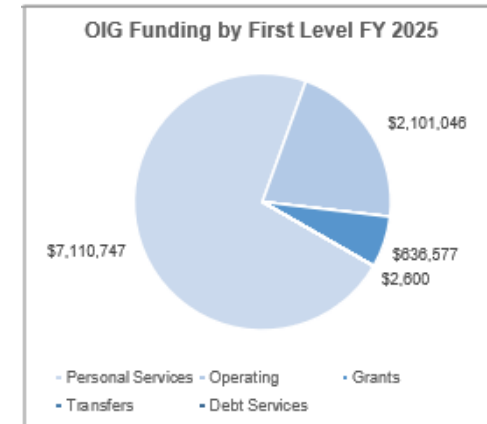
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Funding and PB Information

OFFICE OF INSPECTOR GENERAL	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
PB	88.5	88.5	88.5
Personal Services	\$7,110,747	\$7,687,923	\$7,705,166
Operating	\$2,101,046	\$1,979,312	\$1,981,366
Equipment	\$0	\$0	\$0
Local Assistance	\$0	\$0	\$0
Grants	\$636,577	\$636,577	\$636,577
Benefits and Claims	\$0	\$0	\$0
Transfers	\$0	\$0	\$0
Debt Services	\$2,600	\$2,600	\$2,600
TOTAL COSTS	\$9,850,970	\$10,306,412	\$10,325,709
	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
General Fund	\$2,704,940	\$2,860,587	\$2,869,307
State Special Fund	\$1,065,729	\$1,073,186	\$1,073,401
Federal Fund	\$6,080,301	\$6,372,639	\$6,383,001
TOTAL FUNDS	\$9,850,970	\$10,306,412	\$10,325,709



Change Packages



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Change Packages – Present Law (PL) Adjustments

SWPL 1 – Personal Services

The budget includes \$617,536 in FY 2026 and \$634,779 in FY 2027 to annualize various personal services costs including FY 2025 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 2026	\$160,205	\$7,457	\$449,874	\$617,536
FY 2027	\$167,447	\$7,672	\$459,660	\$634,779
Biennium Total	\$327,652	\$15,129	\$909,534	\$1,252,315

SWPL 3 – Inflation Deflation

This change package includes reductions of \$6,334 in FY 2026 and \$4,280 in FY 2027 to reflect budgetary changes generated from the application of deflation to state motor pool accounts.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$4,558)	\$0	(\$1,776)	(\$6,334)
FY 2027	(\$3,080)	\$0	(\$1,200)	(\$4,280)
Biennium Total	(\$7,638)	\$0	(\$2,976)	(\$10,614)

Change Packages – PL Continued

SWPL 3 – Inflation Deflation

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	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$4,558)	\$0	(\$1,776)	(\$6,334)
FY 2027	(\$3,080)	\$0	(\$1,200)	(\$4,280)
Biennium Total	(\$7,638)	\$0	(\$2,976)	(\$10,614)

Change Packages – New Proposals (NP) Adjustments

NP 8001 - REALIGN APPROPRIATION WITH REVENUE RURAL HOSPITAL FLEX PGM

This new proposal reduces the appropriation of federal revenue to the Rural Hospital Flexibility program to align appropriation with anticipated expenditures. This change package requests a reduction of \$115,400 in federal revenue in each year of the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	\$0	(\$115,400)	(\$115,400)
FY 2027	\$0	\$0	(\$115,400)	(\$115,400)
Biennium Total	\$0	\$0	(\$230,800)	(\$230,800)

NP 8002 - REALIGN APPROPRIATION WITH REVENUE CLINICAL LABORATORY IMPROVEMENT

This new proposal reduces the appropriation of federal revenue to the Title 18 Clinical Laboratory Improvement Amendments program to align appropriation with anticipated expenditures. This change package requests a reduction of \$40,360 in federal revenue in each year of the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	\$0	(\$40,360)	(\$40,360)
FY 2027	\$0	\$0	(\$40,360)	(\$40,360)
Biennium Total	\$0	\$0	(\$80,720)	(\$80,720)

Conclusion



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