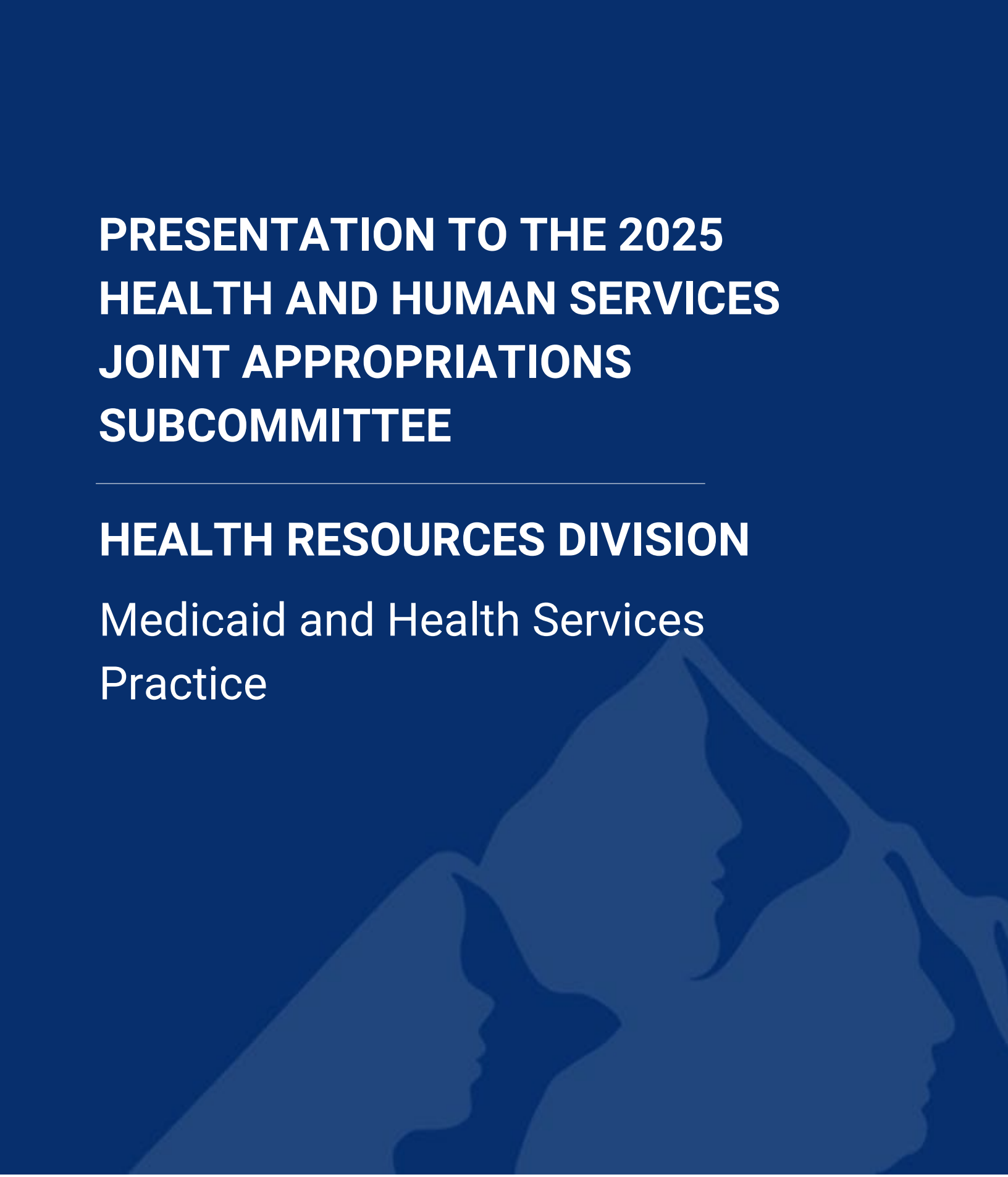
PRESENTATION TO THE 2025 HEALTH AND HUMAN SERVICES JOINT APPROPRIATIONS SUBCOMMITTEE

HEALTH RESOURCES DIVISION

Medicaid and Health Services Practice



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OVERVIEW

The Health Resources Division's (HRD) mission is to protect the health and safety of all Montanans. The division carries out this mission by administering numerous programs, including Medicaid, Healthy Montana Kids *Plus*, Healthy Montana Kids/Children's Health Insurance Plan (HMK/CHIP), and Medicaid Expansion. HRD reimburses claims for eligible Montanans to receive a wide range of preventive, primary, and acute care services from private and public providers.

HRD collaborates closely with tribal governments, Indian Health Services (IHS), and Urban Indian programs to support health care delivery in tribal communities, building more significant health care capacity to serve Montana's American Indians, allowing for better access, and ensuring culturally appropriate care.

*HRD providers account for **82%** of all claims for Montana Medicaid, equating to approximately **12.8 million** claims per state fiscal year.*

HRD manages over 60 separate medical service categories available statewide in addition to managing three waivers: Section 1115 Waiver for Additional Services and Populations, Section 1115 Plan First Family Planning Waiver, and a Section 1915(b) Passport to Health Primary Care Case Management Waiver.

Some of the programs managed by HRD include:

- Ambulatory surgical centers
- Clinical pharmacist practitioner services
- Dental services
- Dialysis clinics
- Durable medical equipment (DME)
- Early and Periodic Screening, Diagnosis and Treatment (EPSDT)
- Federally qualified health centers (FQHCs), rural health clinics (RHCs)
- Home infusion therapy services
- Hearing services (audiology and hearing aids)
- Hospital services (inpatient, outpatient, critical access hospital (CAH))
- Member health care assistance programs:
    - Comprehensive Primary Care Plus
    - Passport to Health
    - Patient-Centered Medical Home
    - Team Care
    - Tribal Health Improvement Program
- Pharmacy services

- Physician services (including specialty services)
    - Family and public health clinics
    - Imaging and radiology services
    - Laboratory services
    - Mid-level practitioner services
    - Physician services
    - Podiatry services
- School-based services
- Therapy services
    - Occupational
    - Physical
    - Speech
- Transportation services
    - Ambulance
    - Personal and commercial transportation
    - Specialized non-emergency
- IHS, Tribal 638, Urban Indian Organizations
- Vision services and vision hardware

References to Medicaid throughout this report encompass Traditional Medicaid, Medicaid Expansion, and Healthy Montana Kids *Plus*.

SUMMARY OF MAJOR FUNCTIONS

HRD administers the standard Montana Medicaid benefit package that provides primary, specialty, pharmacy, ancillary, and hospital services to all Medicaid and HMK members. Most HRD services are funded through Medicaid and seek to increase access to timely, affordable, and effective health services.

MEDICAID HOSPITAL AND PHYSICIAN SERVICES

The Hospital and Physician Services Bureau provides health care in Montana through a network of acute care facilities and CAHs across the state. Medicaid reimburses for outpatient services, emergency care, and inpatient hospitalizations. Providing these services in Montana is cost-effective, supports Montana's health care system, and helps ensure access to health services for all Montanans.

AMBULATORY SURGICAL CENTERS

Ambulatory surgical centers (ASCs) are health care facilities where surgeries are performed without hospital admission. These centers provide a convenient, cost-

effective alternative to hospital-based outpatient procedures, as patients can go home the same day of the surgery. Services provided by ASCs are typically less complex and have a low risk of complications.

DIALYSIS CLINICS

Dialysis clinics are specialized health care facilities that treat individuals with kidney failure or chronic kidney disease. Dialysis is a process that removes excess fluid from the blood when the kidneys can no longer perform these functions effectively. Dialysis clinics allow patients to receive regular, often life-sustaining treatment in an outpatient setting, with services typically overseen by trained health care professionals.

FEDERALLY QUALIFIED HEALTH CENTERS, RURAL HEALTH CLINICS

FQHCs and RHCs provide primary care and preventive services. Currently, there are 13 main FQHCs, 49 satellite locations, and 63 RHCs across Montana.

FQHCs are community-based health care providers designated by the federal government to improve health care access for low-income, uninsured, or underserved populations. RHCs are health care facilities established under the Rural Health Clinic Services Act in rural, underserved areas. They can be independent (stand-alone) or provider-based (associated with a hospital or other medical facility).

These facilities are reimbursed for services provided to Medicaid members using the prospective payment system (PPS), a predetermined facility-specific per-visit rate based on the providers' allowable costs and scope of service.

HOSPITAL SERVICES (INPATIENT, OUTPATIENT, CAH)

Across Montana, 15 Acute Care PPS Facilities and 49 CAHs provide hospital services for Montana Medicaid. Montana Medicaid reimburses for inpatient, outpatient, and emergency care. Medicaid coverage of these services is vital for promoting accessible, timely, and effective care and reducing the long-term costs of untreated conditions.

The Montana Medicaid program covers inpatient hospital care outside of the state only in particular circumstances, such as when services are not available in Montana (i.e., transplants); the Medicaid member lives near the Montana border and primarily obtains healthcare in Idaho, North Dakota, South Dakota, or Wyoming; or when a member has traveled outside of Montana and requires emergency services.

PHYSICIAN SERVICES (INCLUDING SPECIALTY SERVICES)

The physician program includes physicians, mid-level practitioners, podiatrists, labs, independent diagnostic treatment clinics, public health clinics, and family planning clinics. Medicaid reimbursement for these services includes, but is not limited to, office

visits, lab tests, x-rays, surgeries, prenatal care, deliveries, and anesthesia. The Medicaid provider network consists of 19,708 practitioners and clinics. Medicaid reimburses for services utilizing the nationally developed payment methodology, Resource Based Relative Value System (RBRVS), which is customized to Montana.

TRANSPORTATION SERVICES - AMBULANCE

Medicaid covers authorized ambulance transports with medical intervention by ground or air to the nearest appropriate facility. Ground ambulance services include non-emergency and emergency patient transports. Each service provided to the member (e.g., transport, life support, oxygen) must be medically necessary to be covered by Medicaid, including out-of-hospital acute medical care, transport to another medical facility that can provide the appropriate medical services, and other medical transport to members with illnesses and injuries that prevent them from transporting themselves. Air ambulance services are covered when distance or urgency precludes the use of a ground ambulance including:

- When the member's condition requires emergency admission to the nearest hospital with appropriate facilities, and distance or other obstacles (e.g., traffic) prevent rapid transport; or
- When the pickup point is inaccessible by ground ambulance.

WAIVER SERVICES

State Medicaid programs may request a waiver(s) of some federal Medicaid requirements outlined in the Social Security Act from CMS. CMS waivers are only available for specific requirements, such as state-wideness, freedom of choice, comparability of eligibility and benefits, or both.

Section 1115 Waiver for Additional Services and Populations (WASP)

The 1115 WASP is a statewide section 1115 demonstration that currently covers up to 3,000 individuals aged 18 or older with severe disabling mental illness (SDMI) who are otherwise ineligible for Medicaid benefits and either:

- Have income 0% to 138% of the federal poverty (FPL) and are eligible for or enrolled in Medicare or
- Have income 139% to 150% of the FPL regardless of Medicare status.

The waiver also covers comprehensive dental treatment services for elderly and disabled individuals in Medicaid, allowing these individuals to receive treatment beyond the Medicaid State Plan cap of $1,125.

Senate Bill (SB) 516 was passed and signed into law during the 2023 Montana Legislative Session. The law requires Montana Medicaid to include fertility preservation services as part of the program's package of benefits when a Medicaid member is

diagnosed with cancer and the standard of care involves medical treatment that may directly or indirectly cause infertility. An amendment to WASP requesting the addition of fertility preservation services was sent to CMS on Oct. 20, 2023, and is still under review. These fertility preservation services will be available to eligible individuals between the ages of 12 and 35 whom a physician has diagnosed as having an active cancer diagnosis requiring treatment that may cause a substantial risk of sterility or iatrogenic infertility (infertility caused by cancer treatment).

DPPHS posts waiver updates to the WASP Fertility Preservation Amendment Submission Information website.

Section 1115 Plan First Family Planning Waiver

Plan First improves access to family planning and improves birth outcomes by providing limited family planning benefits to eligible Montana women. For women aged 14-44 whose income is below 211% of the FPL, the plan covers office visits, contraceptive supplies, laboratory services, and treatment of sexually transmitted infections (STIs).

MEDICAID ALLIED HEALTH SERVICES

Allied Health Services Bureau administers various ancillary health care programs including, but not limited to, dental services, DME, hearing services, pharmacy services, school-based health care services, therapy services, vision services, and vision hardware. This bureau provides support to over 5,000 enrolled providers across all programs. This bureau also manages the federally required outpatient drug rebate program, the only HRD program that generates revenue.

CLINICAL PHARMACIST PRACTITIONER SERVICES

Montana Medicaid reimburses for collaborative drug therapy management provided by eligible clinical pharmacist practitioners employed or under contract with an enrolled physical practice of a medical practitioner or facility. This program is available for members with at least one chronic condition requiring maintenance medication.

DENTAL SERVICES

The Medicaid dental program includes services provided by dentists, denturists, dental hygienists, and oral surgeons. Members aged 21 and over are subject to a $1,125 dental treatment limit per state fiscal year. This limit does not apply to members aged 20 and under or determined categorically eligible for Aged, Blind, and Disabled Medicaid. Diagnostic, preventative, denture, and anesthesia services are not subject to the dental treatment limit. Orthodontics, for members aged 20 and under, are covered and require prior authorization.

The HMK/CHIP dental program covers preventative and restorative dental services for enrolled HMK/CHIP members. Each HMK/CHIP member is subject to a $1,615 dental benefit limit per state fiscal year. The program follows the state employee dental plan as a benchmark for allowed services. Orthodontics is not a covered HMK/CHIP benefit.

DURABLE MEDICAL EQUIPMENT (DME)

The Montana Medicaid and HMK/CHIP DME program includes coverage of enteral and parental formula, prosthetics, orthotics, supplies, and equipment such as oxygen, wheelchairs, diabetic test strips, diapers, braces, and diabetic shoes.

Montana Medicaid adopts Medicare coverage criteria, limits, local coverage determinations, and national coverage determinations for those items covered by Medicare. Montana Medicaid covers some services and equipment not covered by Medicare, such as diapers, breast pumps, pulse oximeters, and miscellaneous supplies.

HOME INFUSION THERAPY SERVICES

HRD covers pharmaceutical products and clinical support services provided to Medicaid or HMK/CHIP members living in their homes, a nursing facility, or any setting other than a hospital.

HEARING SERVICES

When ordered by the member's medical practitioner, Montana Medicaid covers basic audio assessments and hearing aid evaluations audiologists provide to members with hearing disorders. Hearing aids are a covered benefit with prior authorization.

PHARMACY SERVICES

HRD manages the outpatient prescription drug benefit for the Medicaid and HMK/CHIP programs. Over 485 pharmacies are enrolled and provide medication access for members throughout Montana.

HRD contracts with Mountain-Pacific Quality Health to develop drug coverage criteria through the Drug Use Review (DUR) Board. The DUR Board comprises physicians, mid-level providers, and pharmacists from around Montana who develop drug coverage criteria to ensure prescribed medications are appropriate, medically necessary, and cost-effective. Coverage determinations balance cost-effective alternatives while allowing flexibility based on professional medical decisions.

Under the drug rebate program, Montana Medicaid ensures that only drugs manufactured by pharmaceutical companies that have signed a rebate agreement with CMS are eligible for reimbursement. Drug rebates are invoiced, and monies are

collected from pharmaceutical manufacturers each quarter, reducing the overall costs of the pharmacy program. In SFY 2023, drug rebates offset 58.7 percent of prescription drug costs.

SCHOOL-BASED SERVICES

Medicaid covers direct health-related services to children (ages 3-20) in a school setting who qualify under the Individuals with Disabilities Education Act (IDEA) and have an Individual Education Plan (IEP) detailing the necessary health-related services. Health-related services include physical therapy, occupational therapy, speech therapy, private duty nursing, school psychology and mental health services, personal care, specialized transportation, audiology, and orientation and mobility services.

THERAPY SERVICES

HRD covers therapy services rendered by physical and occupational therapists and speech-language pathologists when ordered by the member's medical practitioner.

VISION SERVICES AND VISION HARDWARE

HRD manages the vision services and vision hardware benefits for Montana Medicaid members. The Montana Medicaid vision services benefit covers an annual vision exam for all members. The vision hardware benefit covers one pair of eyeglasses and one pair of medically necessary contact lenses every year.

HMK/CHIP members are eligible for one pair of prescription eyeglasses annually. The HMK/CHIP Third-Party Administrator provides all other vision services. HRD contracts with Classic Optical as the sole eyeglass supplier for Montana Medicaid and HMK/CHIP members.

MEDICAID MEMBER HEALTH MANAGEMENT

Member Health Management Bureau administers Montana Medicaid primary care programs to improve health outcomes and reduce inappropriate emergency department visits. The bureau also administers the Montana Medicaid non-emergency medical transportation program. In addition, Member Health Management also operates the HMK/CHIP program.

EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT (EPSDT)

The EPSDT benefit is a federal Medicaid benefit providing comprehensive and preventive health care services to Montana Medicaid enrollees aged 20 and under. Specific EPSDT benefits are operated and regulated within the Member Health Management Bureau, including children's chiropractic, Milk Bank, Nutrition Services, and private duty nursing. These services are exclusively available to EPSDT-eligible

members. It's important to note that additional EPSDT benefits exist within other department divisions and bureaus' programs. For instance, adults and children are eligible for dental benefits overseen by the program officer who manages standard Medicaid dental services and, when necessary, the EPSDT benefit for eligible Medicaid members.

HMK/CHIP

The 2008 I-155 ballot initiative passed, creating the HMK program. HMK/CHIP provides health care coverage to Montana children with family incomes at or below 261% of the FPL. Medical coverage is provided through a combination of a third-party administrator contract with Blue Cross Blue Shield of Montana and the Medicaid MMIS system fiscal agent Conduent.

Coverage includes physician visits, well-child checkups, routine physicals, hospital inpatient and outpatient services, emergency visits, hearing and vision screenings, dental services, prescription drugs, and behavioral health services.

PERINATAL BEHAVIORAL HEALTH PROGRAM

In September 2018, DPHHS, in partnership with the Montana Healthcare Foundation, was awarded a five-year Maternal Depression and Related Behavioral Disorders (MDRBD) Health Resources and Services Administration (HRSA) grant to implement the Montana Meadowlark Initiative, previously known as the Perinatal Behavioral Health Initiative. In September 2023, DPHHS, in partnership again with the Montana Healthcare Foundation, was awarded a five-year Maternal Mental Health and Substance Use Disorder (MMHSUD) HRSA grant to continue to build on this initiative. This initiative implements an integrated behavioral health model into obstetric practices throughout Montana. The MMHSUD model aims to expand Montana Healthcare Program providers' capacity to screen, assess, treat, and refer perinatal women and their families for mental health and substance use disorders through integrated behavioral health services and improved care coordination support services in prenatal care clinics, teleconsultation services, and culturally responsive training activities.

The other major component of the HRSA MDRBD and MMHSUD grants is a statewide psychiatric teleconsultation line for communities, PRISM for Moms, used in two ways:

- Provide psychiatric consultation to obstetric/behavioral health teams when needed in regions that have not yet established a local integrated care team.
- Provide provider training on areas pertinent to the local providers.

PRIMARY CARE CASE MANAGEMENT

The Member Health Management Bureau oversees four Primary Care Case Management (PCCM) programs. These programs aim to create medical homes for members, improve health outcomes, and provide financial incentives for primary care providers. Their key objectives include:

- Reducing inappropriate office visits
- Educating patients on effective healthcare utilization
- Promoting adherence to treatment plans
- Strengthening provider-patient relationship
- Encouraging self-management of health conditions

Comprehensive Primary Care Plus (CPC+)

The CPC+ program in Montana is a regionally focused initiative aimed at enhancing primary care delivery. Initially part of a national program led by the Centers for Medicare and Medicaid Innovation, Montana's CPC+ was one of only 14 regions selected nationwide. While the federal program has since ended, Montana Medicaid chose to continue the initiative independently reinforcing its commitment to improving care. The CPC+ program serves approximately 110,138 Medicaid members across 44 participating practices.

The Montana CPC+ continues to prioritize better access to care, continuity, and reduced unnecessary expenditures, promoting a healthier population by utilizing tiered payment structures to reward practices for delivering high-quality care. The CPC+ program aims to improve health outcomes and reduce unnecessary expenditures by fostering better access and continuity of care.

Passport to Health

Passport to Health is Montana's comprehensive PCCM program, serving approximately 70% of Montana's Medicaid population. This model operates under a 1915(b) waiver authority across all 56 counties. The Passport to Health waiver helps Montanans access and utilize services appropriately. The components of the waiver promote smart, effective, and efficient use of health care to improve outcomes for our members while reducing costs. A member chooses, or is assigned, a primary care provider who delivers all medical services or furnishes referrals for other medically necessary care. The program aims to enhance health care quality while controlling costs through effective care coordination.

Patient-Centered Medical Home (PCMH)

The PMCH model was designed to enhance health care quality, accessibility, and cost-effectiveness. This model currently serves 66,316 Medicaid members across 22 PCMH sites. The PCMH program aligns with the CPC+ program, offering similar benefits to practices that did not meet CPC+ eligibility criteria but have achieved PCMH recognition

from the National Committee for Quality Assurance (NCQA). Both PCMH and CPC+ programs center on the following core principles:

- Comprehensive health care directed by the member's primary provider
- Team-based, ongoing patient-centered care
- Care coordination across the health system using information technology
- Enhanced access through expanded hours, new communication methods, or alternative visits
- Quality and safety through evidence-based medicine, quality improvement, and performance measurement
- Value-based payment that recognizes alternative visits, care coordination, health information technology, enhanced communication, and risk-based population stratification

Team Care

Team Care is a program that reduces inappropriate or excessive utilization of health care services, including overutilizing hospital emergency rooms. Claim reviews, provider referrals, and Drug Utilization Review Board referrals identify members for the Team Care program. Individuals are enrolled in Team Care for at least 12 months and are assigned to one pharmacy and one medical provider. During the state fiscal year 2024, the Team Care program enrolled approximately 140 Medicaid members.

Transportation Services – Non-Emergency Medical

The non-emergency medical transportation program offers travel assistance benefits to Medicaid members for Medicaid-covered appointments. This program is designed to help members get to and from medical appointments. This benefit requires prior authorization.

MEDICAID OPERATIONS RESEARCH

The Operations Research Section (ORS) within HRD consists of the analytics and the claims and reimbursement teams.

- The analytics team is responsible for meeting the division's federal reporting requirements and all other internal and external analytic requests.
- The claims and reimbursement team for HRD reviews provider claim questions, processes claim appeals and maintains the various pricing and payment methodologies housed in the claims payment system for HRD. This team ensures appropriate claims adjudication and that the claims payment system is up to date with accurate pricing and coding policies.

INDIAN HEALTH SERVICE, TRIBAL 638, URBAN INDIAN ORGANIZATIONS

As part of the HRD's commitment to improving and protecting all Montanans' health, well-being, and self-reliance, the IHS, Tribal 638, Urban Indian Organizations Programs Section was established. Staff in this section work with IHS, Tribal 638 programs, and Urban Indian Organizations to address the health disparities experienced by the American Indian population across Montana. This section specializes in Medicaid policies, regulations, consultations, administering Medicaid services, prevention programs, and any assigned special projects that seek to address health care for the American Indian population.

In Montana, there are six IHS sites, seven tribal health departments, and five Urban Indian Organizations, including one FQHC look-alike, that provide services to Montana Healthcare Programs for American Indian members.

TRIBAL HEALTH IMPROVEMENT PROGRAM (T-HIP)

To improve health outcomes, DPHHS, in partnership with tribal governments and CMS, created an opportunity for tribal health programs to build and operate a health promotion program. This structured program is designed to enhance communication with Medicaid members with chronic illnesses who face a higher risk of disease and addresses the high health disparities across tribal communities in the Medicaid and general population.

HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2025 BIENNIUM

PERINATAL BEHAVIORAL HEALTH PROGRAM

PRISM for Moms was launched in five Meadowlark sites in February 2021 and made available statewide in May 2021. The psychiatric teleconsultation line has provided approximately 200 consultations to support providers treating pregnant and postpartum women. Throughout the lifetime of the line, 80 unique providers have utilized it at least once, and 154 unique patient consults have been requested from 2021-2024.

HRD and the Early Childhood and Family Support Division are currently working together with their partner, Frontier Psychiatry, to combine the PRISM for Moms and Montana Access to Pediatric Psychiatry Network (MAPP-Net) psychiatric access lines with the support of the HRSA. Both lines are funded by separate HRSA grants MMHSUD and the Pediatric Mental Health Care Access Program (PMHCA). This ongoing effort will provide easier access to the lines for both maternal and pediatric providers.

Focusing on maternal mental health and substance use disorders, HRD staff work in

close collaboration with other DPHHS Divisions (ECFSD, CFSD – CPS, BHDD), Frontier Psychiatry, Montana Healthcare Foundation, The National Council on Mental Well-Being, Healthy Mothers and Healthy Babies: the Montana Coalition, as well as the Meadowlark Initiative sites throughout the state.

PRIMARY CARE REDESIGN

HRD has made significant strides in developing a unified value-based primary care program, representing notable progress in health care reform. Key highlights of this progress include:

STRATEGIC INITIATIVE LAUNCH

In 2022, HRD was tasked with developing a singular value-based primary care program, addressing multiple critical health care delivery and cost management objectives.

COMPREHENSIVE OBJECTIVES

The redesign aims to improve primary care access, establish member partnerships, provide continuous and coordinated care, improve care continuity, encourage preventative health care, promote EPSDT services, reduce inappropriate medical service use, decrease non-emergent emergency department visits, and control health care costs.

STAKEHOLDER ENGAGEMENT

From 2022 to the present, HRD has prioritized key partner (stakeholder) engagement to create an equitable program development process that considers the needs of both primary care providers and supports Montana Medicaid Members.

EXPERT COLLABORATION

In August 2024, HRD partnered with Health Management Associates (HMA), leveraging external expertise to refine the program development process.

CONTINUOUS IMPROVEMENT

Ongoing efforts in engaging key partners (stakeholders) have generated valuable insights into Montana's specific health care needs and priorities, informing the program's evolution.

CLEAR TIMELINE AND GOALS

The 1915(b) Passport to Health waiver expires on June 30, 2026. To meet the target of

implementing the new primary care model by the waiver expiration date, the division plans to have a high-level introduction to the direction of the program design in 2025. Over the next year, HRD will develop a more detailed program framework and conduct key partner consultations to outline program specifics and validate the design details. This timeline will allow the team to progressively refine the model and ensure readiness for the 1915(b) waiver expiration.

EXTENDED POSTPARTUM

12-MONTH POSTPARTUM COVERAGE

During the 2023 Montana Legislative Session, House Bill 2 was passed and signed into law. This bill appropriated funds to extend Medicaid, Healthy Montana Kids *Plus,* and HMK/CHIP coverage to postpartum women from the standard 60 days to a full 12 months after the conclusion of pregnancy. This change aligns with the American Rescue Plan Act of 2021 (ARPA), specifically sections 9812 and 9822, codified at 42 U.S.C. §§ 1396a(e)(16) and 1397gg(e)(1)(J). HRD submitted amendments to the Montana Medicaid and CHIP SPAs to CMS for approval with an effective date of July 1, 2023, and on Oct. 16, 2023, CMS approved both amendments.

During state fiscal year 2024, 965 members received the 12-month postpartum extension, with 840 accessing services during SFY2024 with over $1,680,000 of claims paid. Top services include prescription drugs, dental, and behavioral health services.

EFFICIENCIES AND COST SAVINGS

HRD DIVISION QUALITY MEASURES

CMS released a final rule 88 FR 60278 in August 2024 to update 42 U.S.C. 1320b-9a (Social Security Act §1139A) for Child Core Measures and 42 U.S.C.1320b-9b (Social Security Act §1139B) for Adult Core Measures to require core measure reporting starting in FY 2024. This mandatory reporting represents a significant step in CMS's efforts to improve accountability, enhance care quality, and ensure consistency in performance measurement across states. The data collected will help inform policy decisions, identify disparities, and guide efforts to improve health outcomes for Montana Medicaid and HMK/CHIP beneficiaries.

Listed below are some of the physical health measures reported by the department to CMS in December 2024.

- Well-Child Visits in the First 30 Months of Life
- Developmental Screening in the First Three Years of Life
- Child and Adolescent Well-Care Visits
- Lead Screening in the First Three Years of Life
- Oral Evaluation, Dental Services
- Asthma Medication Aged 5 to 18

- Medical Assistance with Smoking and Tobacco Use Cessation

HEALTH RESOURCES DIVISION REORGANIZATION

To enhance service delivery, consolidate support, and increase cost-effectiveness long-term, HRD carried out a division reorganization in 2024.

Dental and Transportation Services Programs

In 2024, HRD completed a significant reorganization of the Dental and Transportation Services Program management, redistributing these programs across three distinct program officers. This strategic move aimed to enhance service delivery and align with evolving CMS guidance.

- The dental program now operates independently, allowing for focused management and development of dental-specific policies.
- Meanwhile, transportation services were divided into two categories: emergent transportation, which includes ambulance services, and non-emergent medical transportation (NEMT), recognized as a vital member benefit.
    - The ambulance program was integrated with the waivers program and moved to the Hospital and Physicians Bureau due to the need for single case agreements (SCAs), which that bureau typically handles.
    - NEMT requires dedicated oversight due to the emergence of new NEMT providers and updated rules for EPSDT benefits. A re-utilized position budgeted (PB) program officer was established to develop comprehensive NEMT rules, regulations, manuals, and guidance. Since this is a member benefit, the Member Health Management Bureau now manages the NEMT position.

While no new Positions Budgeted (PBs) were created as part of this reorganization, existing staff responsibilities were realigned to ensure adequate resources for managing each program's unique caseload. This restructuring promotes compliance with federal regulations and enhances the overall quality of service delivery to Medicaid beneficiaries by allowing for specialized attention to the distinct challenges associated with dental and transportation services.

Moving Big Sky Rx to SLTC

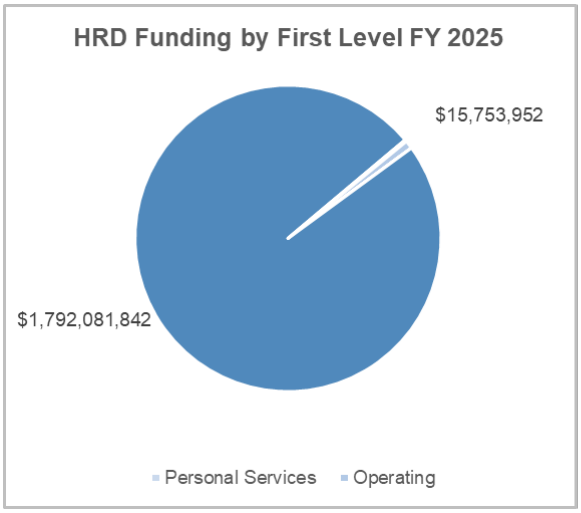
Montana's Big Sky RX program is a state pharmaceutical assistance program that helps seniors by providing financial support to cover the costs of their Medicare Part D premiums. In 2024, HRD transferred one PB and other Big Sky Rx program components to the Senior and Long Term Care (SLTC) Division. This move consolidates support and improves resource accessibility for program applicants, linking them with the State Health and Insurance Assistance Program (SHIP) and other Aging Services Bureau programs, which offer additional guidance and advocacy services for seniors. This restructuring aims to streamline assistance and maximize the benefits seniors receive by leveraging existing support systems within the SLTC Division.

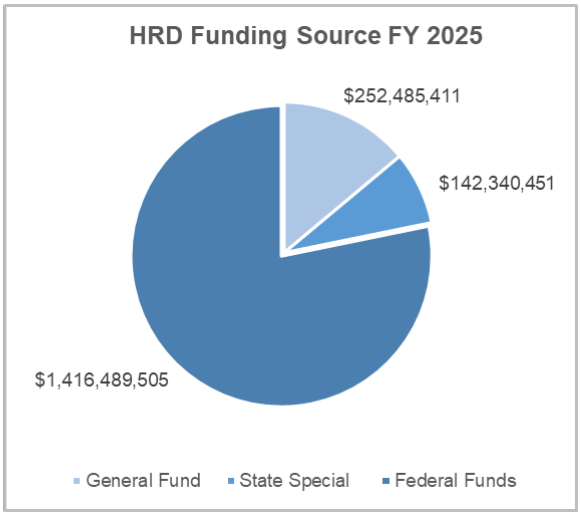
Pharmacy and Drug Rebate Section

HRD created the Pharmacy and Drug Rebate Section to maximize the skills and expertise of each program. The section strengthens the connection between the pharmacy and rebate programs, creating a cohesive and cost-effective process. This combination aids in improving rebate collection by overseeing the process from start to finish, allowing for focused management of each program. This efficiency will provide a streamlined line of communication, program utilization, customer satisfaction, and rebate experience for the program staff, members, providers, and manufacturers.

FUNDING AND PB INFORMATION

HEALTH RESOURCES	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
PB	41.12	41.12	41.12
Personal Services	$3,477,156	$3,815,719	$3,823,065
Operating	$15,753,952	$16,376,199	$16,515,442
Equipment	$0	$0	$0
Local Assistance	$0	$0	$0
Grants	$0	$0	$0
Benefits and Claims	$1,792,081,842	$1,709,716,179	$1,783,806,015
Transfers	$0	$0	$0
Debt Services	$2,417	$2,417	$2,417
TOTAL COSTS	**$1,811,315,367**	**$1,729,910,514**	**$1,804,146,939**
	FY 2025 BUDGET	**FY 2026 REQUEST**	**FY 2027 REQUEST**
General Fund	$252,485,411	$266,623,054	$285,569,668
State Special Fund	$142,340,451	$144,757,505	$144,862,634
Federal Fund	$1,416,489,505	$1,318,529,955	$1,373,714,637
TOTAL FUNDS	**$1,811,315,367**	**$1,729,910,514**	**$1,804,146,939**





CHANGE PACKAGES

PRESENT LAW ADJUSTMENTS

SWPL 1 – PERSONAL SERVICES

The budget includes $338,563 in FY 2026 and $345,909 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	$158,933	$30,187	$149,443	$338,563
FY 2027	$161,493	$31,122	$153,294	$345,909
Biennium Total	$320,426	$61,309	$302,737	$684,472

SWPL 3 – INFLATION DEFLATION

This change package includes a reduction of $113 in FY 2026 and $76 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	($45)	($11)	($57)	($113)
FY 2027	($30)	($8)	($38)	($76)
Biennium Total	($75)	($19)	($95)	($189)

PL 11891 – EXPANSION CORE SERVICES - HRD

This present law adjustment is for the decrease of caseload in the HRD which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Medicaid Core. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of $65,026,471 in total funds for the biennium, including a decrease of $5,527,765 in general fund and a decrease of $59,498,706 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	($4,200,194)	$0	($42,676,153)	($46,876,347)
FY 2027	($1,327,571)	$0	($16,822,553)	($18,150,124)
Biennium Total	($5,527,765)	$0	($59,498,706)	($65,026,471)

PL 11892 – EXPANSION CORE HUF FMAP ADJUSTMENT - HRD

This present law adjustment is necessary to maintain existing services for Expansion Core Hospital Utilization Fee (HUF) in the HRD. The biennial funding increases state special revenue by $2,060,482 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

	General Fund	**State Special**	**Federal Funds**	**Total Request**
FY 2026	$0	$1,030,241	($1,030,241)	$0
FY 2027	$0	$1,030,241	($1,030,241)	$0
Biennium Total	$0	$2,060,482	($2,060,482)	$0

PL 11893 – EXPANSION CORE SERVICES - HRD

This present law adjustment is for the decrease of caseload in the HRD which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Federal Expansion. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of $17,149,963 in federal funds for the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$0	$0	($11,773,953)	($11,773,953)
FY 2027	$0	$0	($5,376,010)	($5,376,010)
Biennium Total	$0	$0	($17,149,963)	($17,149,963)

PL 11896 – EXPANSION CORE FMAP ADJUSTMENT - HRD

This present law adjustment is necessary to maintain existing services for Expansion Core in the HRD. The biennial funding decreases general fund by $2,130,276 and includes an offsetting increase in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	($1,065,138)	$0	$1,065,138	$0
FY 2027	($1,065,138)	$0	$1,065,138	$0
Biennium Total	($2,130,276)	$0	$2,130,276	$0

PL 11897 – EXPANSION HOSPITAL SUPPLEMENTAL PAYMENTS - HRD

This present law adjustment is necessary to reduce Hospital Utilization Fees (HUF) in the HRD. This package requests a reduction of $32,560,128 in total funds for the biennium, including a decrease of $3,256,012 in state special revenue and a decrease of $29,304,116 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$0	($1,628,006)	($14,652,058)	($16,280,064)
FY 2027	$0	($1,628,006)	($14,652,058)	($16,280,064)
Biennium Total	$0	($3,256,012)	($29,304,116)	($32,560,128)

PL 11990 – HMK CASELOAD - HRD

This present law adjustment is for the decrease of caseload in the HMK Program in the HRD which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of $21,112,489 in total funds for the biennium, including a decrease of $5,760,688 in general fund and a decrease of $15,441,801 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	($3,912,670)	$0	($10,681,400)	($14,594,070)
FY 2027	($1,758,018)	$0	($4,760,401)	($6,518,419)
Biennium Total	($5,670,688)	$0	($15,441,801)	($21,112,489)

PL 11991 – HMK CASELOAD - HRD

This present law adjustment for caseload growth in the HRD covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Medicaid Core Services. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests $56,294,025 in total funds over the biennium, including $17,402,470 in general fund, $6,573,811 in state special revenue, and $32,317,744 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$3,082,335	$3,333,851	$7,290,985	$13,707,171
FY 2027	$14,320,135	$3,239,960	$25,026,759	$42,586,854
Biennium Total	$17,402,470	$6,573,811	$32,317,744	$56,294,025

PL 11992 – MEDICAID CORE HUF FMAP ADJUSTMENT - HRD

This present law adjustment is necessary to maintain existing services for the Medicaid HUF Program in the HRD. The request adjusts the FY 2025 budgeted expenses from the FY 2025 FMAP (Federal Medical Assistance Percentage) rate of 35.88% state funds and 64.12% federal funds to the FY 2026 rate of 38.39% state funds and 61.61% federal funds, and the FY 2027 rate of 38.53% state funds and 61.47% federal funds. The biennial funding increases state special revenue funds by $4,025,502 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$0	$1,957,059	($1,957,059)	$0
FY 2027	$0	$2,068,443	($2,068,443)	$0
Biennium Total	$0	$4,025,502	($4,025,502)	$0

PL 11993 – MEDICAID FEDERAL SERVICES - HRD

This present law adjustment is for the decrease of caseload in the HRD, which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Federal Medicaid. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of $1,464,395 in federal funds for the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$0	$0	($887,446)	($887,446)
FY 2027	$0	$0	($576,949)	($576,949)
Biennium Total	$0	$0	($1,464,395)	($1,464,395)

PL 11994 – MEDICAID OTHER SERVICES - HRD

This present law adjustment is necessary to maintain existing services for the Medicaid Clawback Program in the HRD. The package requests $653,609 in general fund for the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	($523,115)	$0	$0	($523,115)
FY 2027	$1,176,724	$0	$0	$1,176,724
Biennium Total	$653,609	$0	$0	$653,609

PL 11995 – MEDICAID ADMINISTRATION - HRD

This present law adjustment is necessary to maintain existing services for Medicaid administration in the HRD. This package requests $1,383,926 in total funds for the biennium, including $501,981 in general fund and $881,945 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$225,739	$0	$396,621	$622,360
FY 2027	$276,242	$0	$485,324	$761,566
Biennium Total	$501,981	$0	$881,945	$1,383,926

PL 11996 – MEDICAID CORE FMAP ADJUSTMENT - HRD

This present law adjustment is necessary to maintain existing services for Medicaid Core in the HRD. The request adjusts the FY 2025 budgeted expenses from the FY 2025 FMAP (Federal Medical Assistance Percentage) rate of 35.88% state funds and 64.12% federal funds to the FY 2026 rate of 38.39% state funds and 61.61% federal funds, and the FY 2027 rate of 38.53% state funds and 61.47% federal funds. The biennial funding increases general fund by $52,060,690, decreases state special revenue by $6,573,811, and includes an offsetting decrease in federal funds by $45,486,879. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$25,670,285	($3,333,851)	($22,336,434)	$0
FY 2027	$26,390,405	($3,239,960)	($23,150,445)	$0
Biennium Total	$52,060,690	($6,573,811)	($45,486,879)	$0

PL 11997 – MEDICAID HOSPITAL SUPPLEMENTAL PAYMENTS - HRD

This present law adjustment reduces the Hospital Utilization Fee (HUF) in the HRD. This package requests a reduction of $10,275,678 in total funds for the biennium, including a reduction of $3,952,025 in state special revenue and a reduction of $6,323,653 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	$0	($1,972,416)	($3,165,423)	($5,137,839)
FY 2027	$0	($1,979,609)	($3,158,230)	($5,137,839)
Biennium Total	$0	($3,952,025)	($6,323,653)	($10,275,678)

PL 11998 – HMK FMAP ADJUSTMENT - HRD

This present law adjustment necessary to maintain existing services for the HMK program in the HTD. The request adjusts the FY 2025 budgeted expenses from the FY 2025 FMAP (Federal Medical Assistance Participation) rate of 26.07% state funds 73.93% federal funds to the SFY 2026 rate of 26.81% state funds and 73.19% federal funds, and the SFY 2027 rate of 26.97% state funds and 73.03% federal funds. The biennial funding decreases general fund by $4,388,472 and includes an offsetting increase in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	($2,298,487)	$0	$2,298,487	$0
FY 2027	($2,089,985)	$0	$2,089,985	$0
Biennium Total	($4,388,472)	$0	$4,388,472	$0

NEW PROPOSALS

NP 11803 – REALIGN APPROPRIATION FOR MED CORE HRD

This new proposal fund switch in the Medicaid Core program increases the state special appropriation for I-155 HMK and decreases the general fund support. This change package requests an increase of $3,000,000 in state special revenue in each year of the biennium and includes an offsetting decrease in general funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	($3,000,000)	$3,000,000	$0	$0
FY 2027	($3,000,000)	$3,000,000	$0	$0
Biennium Total	($6,000,000)	$6,000,000	$0	$0