Montana Department of Public Health and Human Services
State-Run Health Care Facilities

Frequently Asked Questions
Updated May 18, 2022

1. What is happening at Montana State Hospital?

On April 12, 2022, the Centers for Medicare and Medicaid Services (CMS) terminated the Montana State Hospital (MSH)’s ability to be reimbursed for Medicare and Medicaid services. This means that CMS will not pay for services provided at MSH after April 12, 2022. MSH will continue to provide the same services to its patients and there will not be a disruption in care.

CMS stated that the termination was the result of MSH’s failure to meet basic patient health and safety requirements. MSH has developed Corrective Action Plans to address CMS’s findings and they are in process of being implemented and monitored.

There are large systemic issues impacting MSH operations. There is a nationwide shortage of health care workers made worse by the pandemic and a lack of affordable housing in communities near the facilities.

The State has taken immediate actions to improve patient health and safety at MSH, including:

- A change in leadership and appointment of an interim administrator to oversee the hospital
- A reorganization of state-run facilities so that they report to an Executive Facilities Director to provide greater oversight and control
- Improvements to adverse event reporting and response
- An assessment to understand staff training gaps based on requirements, licensing, and compliance
- Hiring of a consulting firm, Alvarez & Marsal, to assess all state-run facilities and develop strategic plans for improvement
- Hiring of a health quality improvement firm, Mountain Pacific Quality Health, to help the hospital address CMS’s findings
- Initiated a wage and rate study through a contract with Guidehouse, determining opportunities to align resources with current expectations

2. What services are in jeopardy of ending at MSH? Are some services more reliant on federal funding than others?

MSH will continue to provide the same services as before. There is no impact or disruption to care because of the federal government’s decision. The primary change is that the State won’t
be able to seek federal Medicaid and Medicare reimbursement. MSH will continue to receive an annual budget appropriation through the State’s legislative process.

3. **Does DPHHS or MSH have the chance to appeal the termination notice, and if so when can it do so? What are the other requirements for appealing the termination?**

If the Department makes a decision to reapply for certification, this will occur when MSH is ready programmatically. Once an application is submitted, MSH will have to successfully undergo two surveys before it will be a certified facility again. The timeframes are contingent on when MSH is ready.

4. **Will MSH begin relocating dementia patients? How will the department or MSH determine placements for dementia patients or any other patients relocated due to the loss of federal funding?**

This is a funding change and does not require any MSH patients to be transferred. MSH continues to evaluate how transfers out of the hospital may benefit certain patients. This is not a new process, as we are always working to identify the least restrictive and most appropriate settings for patients, especially as part of discharge planning.

5. **Generally, how much does the hospital receive from Medicare and Medicaid for services?**

The Legislature appropriates about $47 million a year to fund MSH. Most of the psychiatric services provided at MSH are not reimbursable. However, the state is reimbursed an average of $7 million a year through Medicare and Medicaid. These revenues are paid into the State general fund.

6. **To clarify on the annual $7 million lost following CMS’ decision, will the state pick up that $7 million?**

The $7 million is a projection of annual revenue reimbursement to the state’s general fund. MSH has already received an annual appropriation through the legislative process. This reflects a reduction in revenue replacement to the state and does not impact the budget appropriated to the MSH.