



## Behavioral Health System for Future Generations Commission



Recommendation for  
Consideration

The Behavioral Health System for Future Generations (BHSFG) Commission proposes the following recommendation for consideration: **Grants to Increase Residential Bed Capacity**.

### Supplemental Funding Recommendation

The Department successfully launched the Grants to Increase Residential Bed Capacity program on March 8<sup>th</sup>, 2024. Following this launch, the **program received nearly \$30M** worth of applications, almost three times the total funding amount allotted through the NTI.

The Department subsequently reviewed all applications to ensure they were compliant with all application and departmental requirements, including provider reporting requirements. The Department also ensured that applicants would be awarded no more than the maximum funding level available for the type(s) of application they submitted.

Through this screening process, the Department determined there are **more than \$15.8M** worth of compliant applications.

Due to the number of quality applications that demonstrated the ability to expand residential bed capacity to help meet the state's needs, the Commission requests **\$5.8M of additional** funding to ensure all compliant applications can receive the funding needed to complete their projects. Doing so will significantly enhance the state's residential bed capacity and will help Montana build the behavioral health and developmental disabilities systems necessary to meet the needs of future generations.



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### Problem Statement

Expert testimonies, request for information responses, and DPHHS data show that timely access to residential care is insufficient in the adult mental health, developmental disabilities, and children’s mental health service areas.

Residential treatment settings are an essential part of the mental health and developmental disabilities care continuum. These settings deliver critical residential and health care services that prevent more intensive service needs and provide step down care for those individuals leaving inpatient settings. Lack of capacity at residential levels of care leads to inefficient treatment, challenges for patients discharging from inpatient settings, waitlists for services, and constituent frustration.

Governor Gianforte proposed, and the 2023 Legislature authorized, significant provider rate increases for many Medicaid services within the behavioral health and developmental disabilities continuums. There is anticipated growth in sustainable community-based services because of these rate increases. However, to rebuild capacity and create new community beds and services, providers have repeatedly expressed that, “there will be costs associated with hiring and training staff, environmental modifications, and low volume/lack of economies of scale through startup. Agencies do not have the cash reserves to finance those costs until the increased reimbursement has enough volume to sustain the programs.” Stakeholders (AWARE, BHAM) assert that addressing this gap in the continuum as a small, one-time investment will provide a return in a short amount of time (less than one year).

### Data and Information Sources

#### **Adult Mental Health Residential Care:**

- Panelists repeatedly testified that individuals are cycling through law enforcement and health care interventions with no care stability.
- The annual number of Medicaid-covered individuals living in adult mental health group homes decreased 8% from SFY 2021 to 2023, in part due to the COVID-19 pandemic and lackluster provider reimbursement rates.
- Unhoused individuals suffering from a SDMI often return to homelessness after inpatient care.

#### **Developmental Disabilities Residential Care:**

- In-state care is difficult to find for individuals with intensive service needs resulting in 10-15 individuals with developmental disabilities receiving services at an out-of-state care facility at any given time.



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- In SFY 2021-2023, 389 individuals were selected off the DD waiver waitlist with 126, or 32%, of those individuals still waiting to receive those authorized services due to provider capacity.
- The Home and Community Based Services (HCBS) Waiver for individuals with a developmental disability waitlist is currently 2,179, with 1,176 meeting provisional eligibility requirements.
- In SFY 2017 the waitlist for the DD waiver was 1,259. In SFY 2024 the waitlist is 2,179.
- Individuals with developmental disabilities are typically low income and reliant on Social Security to cover room and board. This directly impacts providers as they are unable to increase rent to raise funds for building maintenance or upgrades. This shortfall is further worsened by the currently high costs of construction supplies, equipment, and workforce.

#### Children’s Mental Health:

- HB 147 and HB 116 recognized the importance of increasing in-state residential treatment options for children with severe emotional disturbances (SED).
- In SFY 2022 and SFY 2023, approximately 35% of Montana’s therapeutic group homes (TGH) for children have closed, reducing the licensed number of TGH beds by approximately 120 beds.
- In SFY 2023, 239 youth received treatment in an out-of-state residential treatment setting funded by Medicaid, Child and Family Services Division, Youth Court, or a combination.
- As of August 2023, the Medicaid Program had current prior authorizations for:

	In State	Out of State
Therapeutic Group Home	152	24
Psychiatric Residential Treatment Facilities	62	58



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**Recommendation**

Provide one-time grants to congregate community living providers who primarily serve individuals with a serious mental health or developmental disability diagnosis. The goal of the grants is to stabilize or increase residential service provision as needed across the state and build sustainable capacity. Allowable uses of the grant funds would include the cost of new facility purchase/build, existing facility upgrades/maintenance, hiring and training staff, and revenue supplementation due to low volume/lack of economies of scale through startup.

<p align="center"><b>Place in Continuum</b> (Projected Jan. 2024)</p>	<p align="center"><b>BHSFG Priority Alignment</b></p>	<p align="center"><b>Projected Cost</b></p>
<p align="center">Treatment</p>	<p align="center">Adult Behavioral Health Children’s Mental Health Developmental Disabilities</p>	<p align="center">Up to \$15.8M Total (\$5.8M additional dollars in supplemental funding)</p>

Impact	
Outcomes and Outputs	Implementation Activities and Milestones
<ol style="list-style-type: none"> <li>1. Increased number of Medicaid-covered individuals receiving in-state community-based residential care.</li> <li>2. Increased quantity and quality of provider data on available beds.</li> <li>3. Increased number of available beds in the care continuum.</li> </ol>	<ol style="list-style-type: none"> <li>1. Request for Proposal released.</li> <li>2. Grants issued.</li> <li>3. Initial and recurring data collection from provider organizations to demonstrate bed capacity growth, utilization and availability.</li> </ol>

**Oversight and Grant Management**

DPHHS will verify that grantee, at minimum, maintains current level of service to Medicaid-enrolled individuals through year-over-year Medicaid claims data.

DPHHS will audit grant usage to ensure the provider organization only expended the funds on allowable uses. Provider organizations will be required to provide data on bed capacity, utilization, and availability.