

PRESENTATION TO THE 2023 HEALTH AND HUMAN SERVICES JOINT APPROPRIATION SUBCOMMITTEE

Medicaid and Health Services Management

Medicaid and Health Services Practice

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 2023 Biennium**
- **Funding and FTE Information**
- **Change Packages**

OVERVIEW

The Medicaid and Health Services Management Division (MHSM) serves as the umbrella for programs that provide physical health coverage, mental health and chemical dependency services, and specialized developmental disability services.

The MHSM provides oversight and executive leadership of four divisions:

- Behavior Health and Developmental Disabilities Division
- Health Resources Division
- Senior and Long-Term Care Division and
- Healthcare Facilities Division

In its entirety the MHSM consists of 3.0 FTE:

- Medicaid and Health Services Executive Director
- Medicaid Chief Financial Officer
- Medicaid & CHIP State Plan Amendment & Waiver Coordinator

SUMMARY OF MAJOR FUNCTIONS

POLICY AND PROGRAM MANAGEMENT

The MHSM is led by the Medicaid and Health Services Executive Director who also serves as the State Medicaid Director. The MHSM works in conjunction with the division administrators by providing oversight and guidance on management of the Medicaid programs as well as the state operated healthcare facilities. The MHSM is responsible for developing, implementing and supporting health care policies that aim to:

- improve the experience of care,
- improve the health of populations, and
- reduce the growth in per capita costs of health care.

The State Medicaid Director and staff set policy direction, align funding sources for maximum impact and monitor program and initiative progress and results. MHSM actively engages in the following strategic initiatives:

- Increase the availability and access to of substance abuse recovery services statewide,
- Increase and simplify the delivery of community-based services as an alternative to institutional care,
- Modernize the mental health benefit plans to promote evidenced based service delivery partnered with data measurement and evaluation,
- Promote care coordination to support the appropriate utilization of preventive and other necessary services,
- Improve access to services for underserved and vulnerable populations,
- Promote cost effectiveness in the delivery of health care services by maximizing the value of information technology investments.

HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2023 BIENNIUM

COVID-19 RESPONSE AND MANAGEMENT

In response to the COVID-19 crisis, DPHHS implemented Medicaid state policies and obtained federal approval for flexibilities to support access to Medicaid services, stabilize and bolster the provider workforce, and strengthen long-term services and supports for Montana’s most vulnerable residents.

MHSM supports focused on:

- * Promoting the health and safety of our most vulnerable Montanans
- * Supporting Access to Medicaid Services via Telehealth
- * Stabilizing and Bolstering the Provider Workforce

DPHHS received over 70 specific flexibilities across various federal authorities to respond to the COVID-19 crisis.

PROVIDER RATE STUDIES

DPHHS contracted with Guidehouse to conduct comprehensive provider rate studies of services provided in adult behavioral Health, children's mental health, developmental disabilities and senior and long term care programs to address legislative requirements in HB 632 passed in the 2021 session. Guidehouse performed rate reviews of the programs to examine the rate adequacy of services for these populations within the broader Medicaid service array. The objectives of the study were to determine benchmark rates based on resources required to promote access to quality services going forward. Guidehouse identified specific rate and policy recommendations for DPHHS to consider as it considers the implementation of rate recommendations for Montana's programs. These rate studies were a significant input into the development of the Department's proposed budget request.

As required by HB 155, Guidehouse also assisted DPHHS with developing a plan for cost reporting to collect cost data from providers on a recurring basis, so DPHHS can make decisions about future rates using comprehensive data and analysis. The plan includes the types of recommended cost reports, cost reporting data and supplemental material, as well as administration and operation considerations for the Department to implement cost reporting.

A review of peer states' programs revealed cost reports are typically managed by state staff responsible for auditing, budgeting, finance, and/or provider reimbursement. These staff manage the cost reporting program and serve as a liaison to providers. As part of its budget request, the Department's has a new proposal that will allow DPHHS to implement the recommendation of the Guidehouse study of a detailed cost reporting framework

RE-ORGANIZATION

In a continuous effort to improve effectiveness and efficiencies, the MSHM made several organization adjustments in 2021 and 2022 including:

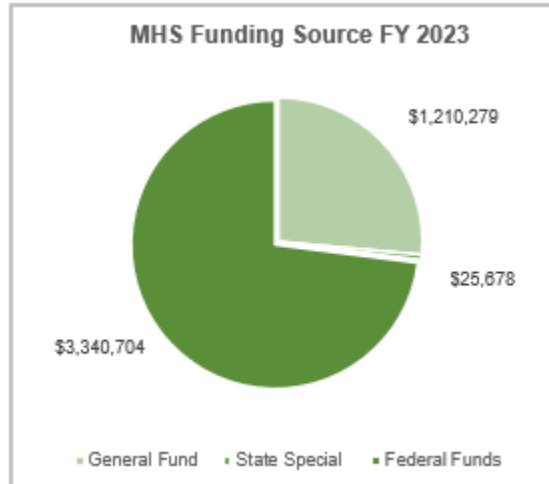
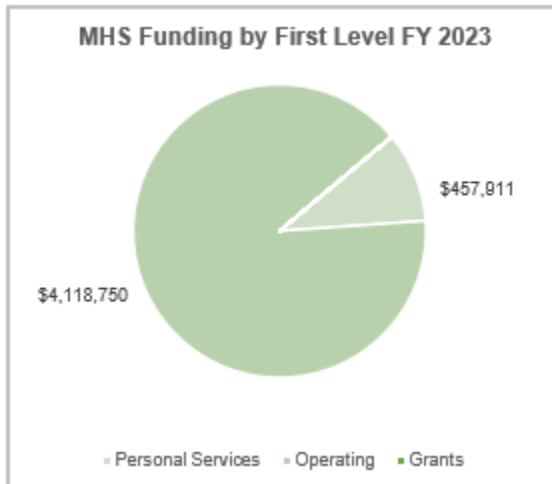
- The Medicaid Systems Support Program (MSSP) team which is responsible for providing expertise and management in the procurement, design, configuration, and implementation of a new modular MMIS, was moved from the MSHM to the DPHHS Chief Information Officer (CIO). This puts the largest system

administered by DPHHS under the direction of the CIO, who is responsible for overall IT strategic planning and management.

- An existing DPHHS FTE position was repurposed to create the role of the Medicaid Chief Financial Officer. The position is responsible for overseeing the financial operations of the Medicaid program, as well as the seven state operated health care facilities, under the direction of the Medicaid and Health Services Executive Director and in partnership with the DPHHS Chief Financial Officer.

FUNDING AND FTE INFORMATION

MEDICAID & HEALTH SERVICES MANAGEMENT	FY 2023 Budget	FY 2024 Request	FY 2025 Request
FTE	3	7.5	7.5
Personal Services	\$457,911	\$763,989	\$766,554
Operating	\$4,118,750	\$4,756,108	\$4,816,438
Grants	\$0	\$0	\$0
Debt Services	\$0	\$0	\$0
TOTAL COSTS	\$4,576,661	\$5,520,097	\$5,582,992
	FY 2023 Budget	FY 2024 Request	FY 2025 Request
General Fund	\$1,210,279	\$1,437,817	\$1,464,044
State Special Fund	\$25,678	\$48,457	\$50,322
Federal Fund	\$3,340,704	\$4,033,823	\$4,068,626
TOTAL FUNDS	\$4,576,661	\$5,520,097	\$5,582,992



CHANGE PACKAGES

PRESENT LAW ADJUSTMENTS

SWPL 1 – Personal Services

The request includes reductions of \$69,442 in FY 2024 and \$68,088 in FY 2025 to annualize various personal services costs including FY 2023 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 2024	(\$24,999)	(\$3,472)	(\$40,971)	(\$69,442)
FY 2025	(\$24,512)	(\$3,404)	(\$40,172)	(\$68,088)
Biennium Total	(\$49,511)	(\$6,876)	(\$81,143)	(\$137,530)

SWPL 3 – Inflation Deflation

The request includes an increase of \$215,406 in FY 2024 and \$286,936 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

	General Fund	State Special	Federal Funds	Total Request
FY 2024	\$88,341	\$6,915	\$120,150	\$215,406
FY 2025	\$117,677	\$9,211	\$160,048	\$286,936
Biennium Total	\$206,018	\$16,126	\$280,198	\$502,342

PL 12995 – Medicaid Administration UR MHSB

This present law adjustment is necessary to maintain existing services for Medicaid Administration Program in the Medicaid Health Service Division. DPHHS contracts with Quality Improvement Organizations (QIO) for both pre-service post service Utilization Review (UR). This change package requests \$821,504 in total funds for the biennium including \$49,954 in general fund and \$771,550 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2024	\$24,977	\$0	\$385,775	\$410,752
FY 2025	\$24,977	\$0	\$385,775	\$410,752
Biennium Total	\$49,954	\$0	\$771,550	\$821,504

NEW PROPOSALS

NP 12001 – Cost Reporting Program Structure

This new proposal requests the transfer of 4.50 FTE from the Healthcare Facilities Division to the Medicaid and Health Services Division to implement a cost reporting structure to continue the data collection and analysis efforts from the 2023 Biennium provider rate study. This change package requests \$763,451 in total funds over the biennium including \$274,842 in general fund, \$38,173 in state special, and \$450,436 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2024	\$139,219	\$19,336	\$228,165	\$386,720
FY 2025	\$135,623	\$18,837	\$222,271	\$376,731
Biennium Total	\$274,842	\$38,173	\$450,436	\$763,451