

Presentation to the 2025 Health and Human Services Joint Appropriations Subcommittee

Director's Office



DEPARTMENT OF
**PUBLIC HEALTH &
HUMAN SERVICES**

Greg Gianforte, Governor | Charlie Brereton, Director

Overview

Charlie Brereton, Director

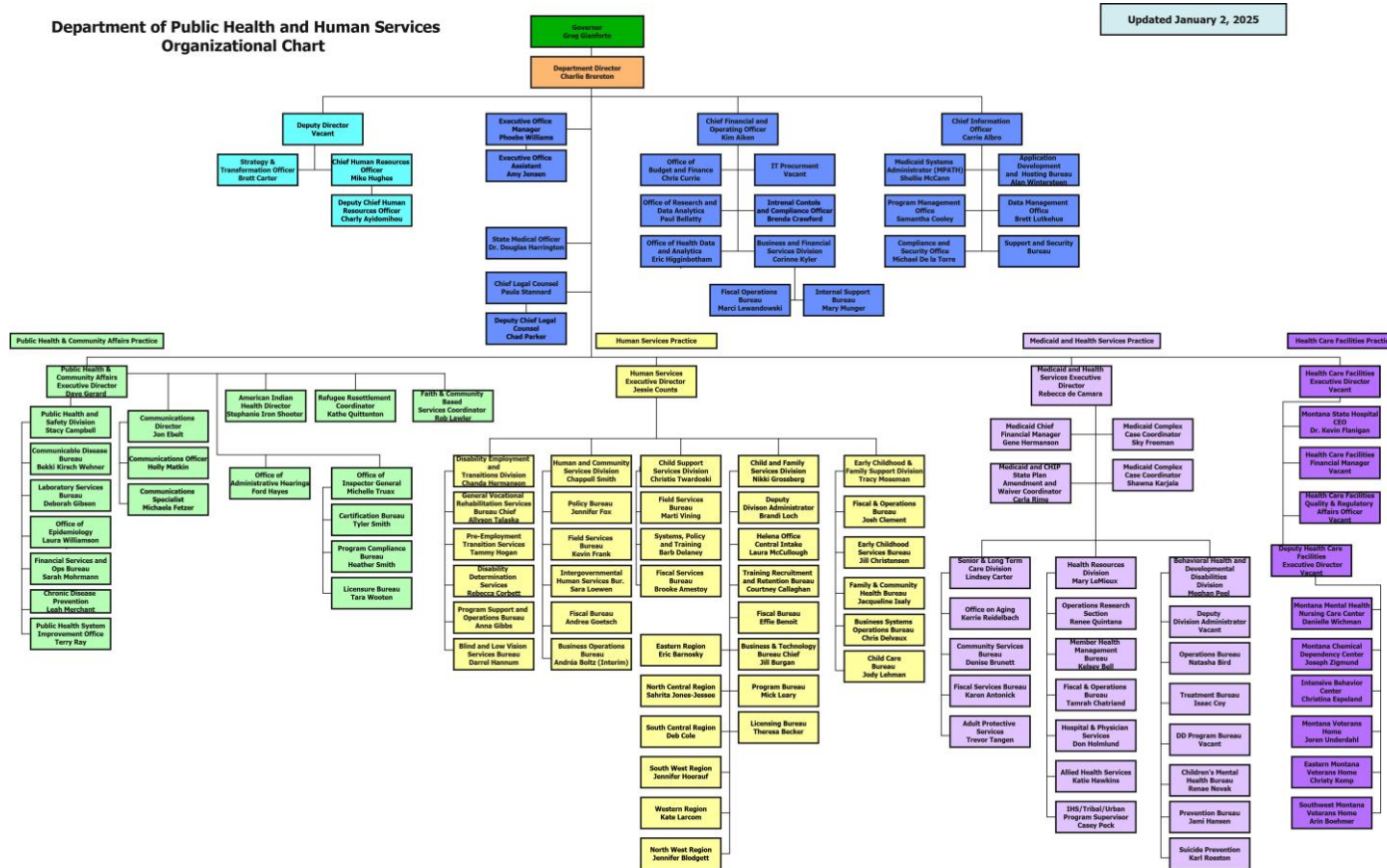
Director's Office Overview

- The Director's Office (DO) provides leadership to, and management and oversight of, the Department of Public Health and Human Services (DPHHS), to ensure an integrated, strategic, and transformative approach to serving Montanans in their communities to improve health, safety, well-being, and empower independence.
- Compared to many other state health and human services (HHS) structures, Montana is unique. At DPHHS, essential HHS functions rest within one state agency. This allows for greater cross-collaboration, innovation, and outcomes for those DPHHS serves.
- Of DPHHS's 12 divisions, 10 are housed within its four core practices: Human Services, Medicaid and Health Services, Public Health and Community Affairs, and Health Care Facilities; the remaining two divisions exist within the DO.

Director's Office Overview (cont.)

- The Director, [in partnership with his executive leadership team](#), is responsible for ensuring the provision of critical state and federal assistance programs across Montana.
- The Director's Executive Leadership Team is comprised of a Deputy Director, four Executive Directors (over each Practice), Chief Financial and Operating Officer, Chief Legal Counsel, Chief Information Officer, Chief Human Resources Officer, and State Medical Officer.
- The DO is further supported by the offices of Budget and Finance, Legal Affairs, Human Resources, Communications, Strategy and Transformation, Research and Data Analytics, Faith and Community Based Services, and American Indian Health.

DPHHS Organizational Chart



DPHHS by the Numbers; Restructuring

- The DO includes 79.25 Positions Budgeted for FY 2025 that help support and provide leadership to the nearly 3,000 agency employees statewide.
- DPHHS maintains a strong statewide presence, including its Helena-based headquarters, 24 Child and Family Services Division offices structured into six service regions, 19 Offices of Public Assistance, nine Disability Employment and Transition Division field offices, 10 Developmental Disabilities Program offices, and five Child Support Services Division regional offices that serve the entire state.
- DPHHS also has seven health care facilities that serve Montanans living with mental illness, developmental disabilities, aging-related health conditions, and/or substance use disorders.
- To improve efficiencies and overall operations, the DO has led several major organizational restructuring initiatives, including the creation of the Health Care Facilities Practice to allow for more focus and centralized support to specialized facilities, as well as the creation of the Public Health and Community Affairs Practice.

Summary of Major Functions

Director's Office

- **Deputy Director** is responsible for direct supervision of the Office of Strategy and Transformation and the Office of Human Resources and works alongside the director to provide policy, operations, and management support across the department.
- **The Office of Legal Affairs (OLA)** serves as the legal team for the department by representing and providing legal advice to the department and all its components on a wide range of critical issues.
- **Office of Human Resources (OHR)** is comprised of human resources, payroll, and safety professionals who serve the department's approximately 3,000 employees across the state of Montana.
- **State Medical Officer** advises on statewide public health policy, program planning, and administration; providing medical direction and oversight to department and division programs to prevent and control disease, mitigate disease outbreak, and promote healthy behavior; and providing oversight for epidemiology and surveillance of public health-related issues.

Director's Office (cont.)

- **Communications Office** is led by the communications director with assistance from a communications officer, a communications specialist, and two web developers.
- **American Indian Health Director**, assisted by an American Indian Programs and Operating Officer and an American Indian Child and Family Specialist, serves to connect people and cultures across the State of Montana, translating concepts of health and informing how to best work with Montana's tribal governments and Urban Indian Organizations (UIOs) to create better health outcomes for all Montanans.
- **Office of the Administrative Hearings** (OAH) conducts impartial hearings whenever a party chooses to exercise their hearing rights pursuant to the rules and statutes governing the public assistance programs administered by DPHHS.
- **State Refugee Coordinator** oversees Montana's Refugee Resettlement Program to ensure federal funds are correctly allocated and spent, as well as ensuring refugees receive necessary services in a timely manner.

Director's Office (cont.)

- **Faith and Community Based Services (FCBS)** Coordinator serves as a conduit between DPHHS and faith and community organizations across Montana, creating a two-way flow of information, resources, and programs to serve the identified health and wellness needs in each community most effectively. The Coordinator also works to establish public-private partnerships.
- **Office of Strategy and Transformation (OST)** is dedicated to advancing the work of all practices within DPHHS and making the Department more efficient and effective. This team leads high-level initiatives for the Director's Office and is comprised of project managers with subject matter expertise in Medicaid, child welfare, and behavioral health.

Highlights and Accomplishments During the 2025 Biennium



Highlights and Accomplishments

- Behavioral Health System for Future Generations (BHSFG) Initiative (HB 872)
- Healing and Ending Addiction through Recovery and Treatment (HEART) Initiative
- Procurement and Contracting Reform
- Driving Independence and Accountability in Public Assistance Programs
- Improving Outcomes for Youth in Foster Care
- Historic Investments in IT Systems (House Bill 10)
- Health Care Facilities Management and Reform
- Medicaid Redetermination
- Strengthening Access to Public Assistance
- Implementation of Historic Provider Rate Adjustments

Highlights and Accomplishments (cont.)

- Building Data, Analytics, and Research Capacity
- Regulatory Reform Initiative (Red Tape Relief)
- Implementation of Summer EBT
- Implementation of Medicaid Coverage for Postpartum Mothers
- Office of American Indian Health Collaborations
- Office of Faith and Community Based Services Work
- Honoring Montanans

Behavioral Health System for Future Generations Commission

- DPHHS staff worked tirelessly with the BHSFG Commission on the historic effort to reform and improve Montana's behavioral health (BH) and developmental disabilities (DD) service systems.
- On September 30, 2024 commission presented Governor Greg Gianforte with its [final report](#) of 22 recommendations and 11 Near-Term Initiatives (NTIs).
- These target specific community needs and are in various stages of implementation.
- Gov. Gianforte's [Path to Security and Prosperity Budget](#) for the 2027 biennium makes a historic \$100 million investment in state and federal funds.



Behavioral Health System for Future Generations Commission (cont).

- All [eight Phase One and the two Phase Two recommendations](#) included in the governor's budget are considered foundational and necessary to build the infrastructure required for the remaining 12 recommendations. A total of seven BH and three DD recommendations are included in the budget.
- The 22 BHSFG recommendations cover every aspect of the BH and DD continua of care, address the commission's stated priorities, incorporate input from a diverse range of stakeholders, and serve many different populations.
- Additionally, all recommendations aim to ensure that Montanans can be appropriately served in their communities and avoid unnecessary, preventable institutionalization.
- Beginning in July 2023, the commission has hosted 14 public meetings in Missoula, Kalispell, Billings, Havre, Helena, and Great Falls.

HEART Initiative

- Authorized by the 2021 Legislature through House Bill 701, the Healing and Ending Addiction through Recovery and Treatment Initiative (HEART) continues to expand the range of behavioral health services available to Montanans and fill gaps in the continuum of care.
- In its [HEART Annual Report](#) published in September 2024, DPHHS reported that newly available Medicaid and grant services under the HEART Initiative served a combined total of 5,092 Montanans in SFY 24. A total of 1,612 Montanans received substance use disorder (SUD) treatment through newly added HEART Medicaid services. Additionally, 2,665 Montanans in jail were able to access behavioral health treatment services through HEART grants.
- The first HEART waiver, approved in July 2022, allows larger licensed SUD treatment providers to receive Medicaid reimbursement for short-term acute inpatient and residential stays at facilities that meet the definition of an institution for mental disease (IMD). Since then, 2,221 Montanans have been able to access this level of SUD treatment.

HEART Initiative (cont.)

Number of Individuals Receiving Treatment through Medicaid Services, pre- and post-HEART

Medicaid Service	Pre-HEART		Post-HEART		
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
ASAM 3.1	0	0	157	241	144
ASAM 3.2	0	0	0	0	0
ASAM 3.3	0	0	0	21	39
ASAM 3.5 SUD small facilities only	1,100	1,345	1,392	583	158
ASAM 3.5 SUD large facilities (IMD)	0	0	928	1,342	825
Total ASAM 3.5 SUD	1,100	1,345	2,320	1,925	983
Total Served	1,100	1,345	2,477	2,187	1,166

HEART Initiative (cont.)

- In February 2024, DPHHS gained CMS approval for three new Medicaid-funded services. The services will help Montanans struggling with addiction and mental health conditions find and keep stable housing, provide incentives to those meeting treatment goals, and support incarcerated individuals in the 30 days before their release from the state prison system.
- The new services, referred to as Tenancy Supports, Contingency Management, and Justice-Involved Reentry Services, were negotiated with CMS by the Director's Office and various Medicaid divisions. All three services are in various stages of implementation.

Procurement and Contracting Reform

- DPHHS oversees about 4,000 contracts.
- DPHHS overhauled and reformed longstanding procurement and contracting business processes. This reform focused on compliance and processing/review speeds, uniform agencywide contract monitoring, standardized contract templates/tables, continuous training and review of policies/procedures, and streamlined contract routing and approval processes.
- Six workstreams were identified to overhaul of the agency's longstanding procurement and contracting business processes.
- The targeted reforms included:
 - Implementation of a single contract monitoring tool for all programs.
 - Review of contract terms to determine if alternative periods of performance can provide an even distribution of workload.
 - Increased contract monitoring for compliance.
 - Standardization of common contract elements to minimize review time.
 - Enhanced self-service and training resources.

Driving Independence and Accountability in Public Assistance Programs

- One of DPHHS's priority strategic initiatives is to help public assistance clients achieve independence, including by continuing to improve access to and increase utilization of Employment and Training (E&T) services provided through the Supplemental Nutrition and Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) Pathways program.
- A decision was made to procure a single statewide vendor for both programs through a novel pay for performance contract, which incentivizes outcomes and allows for comparable levels of service no matter where a client lives.
- Pathways requires many participants to meet E&T requirements.
- SNAP E&T helps SNAP participants enhance skills, training, or work experience to obtain regular employment that leads to economic self-sufficiency.
- The new employment and training vendor will ensure the delivery of statewide services through 20 service locations. The vendor will continue to expand SNAP E&T services by aligning the necessary funding with intentional expansion into additional counties.

Improving Outcomes for Youth in Foster Care

- DPHHS worked to develop a streamlined referral process for foster youth and parents who may benefit from vocational rehabilitation (VR).
- This work has met and surpassed the initial goal of increasing enrollment of foster children into Vocational Rehabilitation Pre-Employment Transition Services by 50%; to date, enrollment has increased by 109%.
- This partnership enhances community integration, connectivity, and self-reliance opportunities for foster youth. The consistent presence and connection with VR staff help foster youth receive uninterrupted services as they prepare for and enter the adult workforce.

Historic Investments in IT Systems (HB 10)

- The 2023 Legislature authorized historic investments in DPHHS IT systems, many of which are considered legacy and past their lifecycle. Over the past biennium, the Director's Office has provided leadership and guidance to the overall effort of replacing old, costly, and antiquated IT systems. Once fully implemented, these systems will positively impact DPHHS's ability to improve overall service delivery to Montanans.
- Design, development, and implementation of these new IT systems are in various phases.
- The systems primarily relate to child support, child welfare, electronic health records and billing at state-run health care facilities, and electronic benefit transfers.

Health Care Facilities Management and Reform

- Over the biennium the DO has remained intimately involved in the management and reform of DPHHS's state-run health care facilities.
- Hiring and retaining state employees and reducing reliance on contracted staff has been a particular focus.
- DPHHS continues to make progress at MSH. Hospital leadership is stabilized and the DO remains focused on culture improvement, patient care, and re-gaining CMS certification of the hospital.
- All seven state-run health care facilities now have permanent (non-interim) administrators.
- The DO ended its approx. 2.5-year facilities management and reform agreement with Alvarez & Marsal in December 2024 and has successfully shifted related workstreams to state staff.

Health Care Facilities Management and Reform (cont.)

Montana State Hospital Grasslands

- In November 2024, 18 patients were transitioned from the main hospital to DPHHS's new MSH Grasslands facility in November 2024. Patients will reside at this location while MSH is upgraded.
- DPHHS leased the facility from Shodair Children's Hospital for 12 months, with two six-month extension options. The lease includes the building, utilities, external security, access control management, land maintenance, and parking.
- Staffing at MSH Grasslands is provided by a combination of MSH state FTE and contracted staff, many of whom reside in Helena.
- Construction at the main hospital in Warm Springs is expected to be completed in 12-18 months.

Healthcare Facilities Management and Reform (cont.)



Health Care Facilities Recruitment and Retention Campaign

- The DO implemented one-time incentive payments and targeted, historic wage increases to recruit and retain employees at Montana's state-run health care facilities, in part to reduce reliance on contracted clinical staff.
- DPHHS simultaneously launched a statewide advertising and media campaign.
- The website page [Work4DPHHS.com](https://work4dphhs.com) launched on Jan. 19, 2024.
- The marketing campaign targeted individuals living within a 50-mile radius of each facility location; newly graduated or certified nurses and psych tech staff; experienced clinical professionals looking for a change in their careers or environments; nursing school graduates, and nursing home care workers.



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that Matters**

**We're hiring
RNs**

**\$7,500
Hiring Bonus**

**Exceptional
Benefits**

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MONTANA DPHHS DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Health Care Facilities Recruitment and Retention Campaign

- Reached targeted individuals via YouTube, TV, social media, online searches, static ads, video ads, and billboards.
- At MSH, the vacancy rate for psychiatric technicians has steadily decreased from a peak of 31% vacancy rate in February 2024 and has held at below 15% since May 2024.
- The vacancy rate for CNAs at the Montana Veterans Home (MVH) has decreased from 44% in January 2024 to a low of 27% in October 2024.

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Medicaid Redetermination

- The DO provided guidance and leadership to conduct a 10-month Medicaid redetermination process that impacted nearly 330K Montanans because of the end of the federal COVID-19 Public Health Emergency (PHE). The PHE was a significant event during which most rules governing ongoing Medicaid eligibility were suspended. As of December 2024, all PHE-related "unwind" work has been completed.

	Total Individuals	Children	Tribal Affiliation
Renewed	53%	58%	64%
Disenrolled	47%	42%	36%

- As of the time of this presentation, DPHHS has not observed a meaningful increase in re-enrollment following the conclusion of the redetermination process.
- Medicaid enrollment is currently below pre-pandemic levels.

Strengthening Access to Public Assistance Services

- Throughout the Medicaid redetermination process and despite proactive preparation, the DO observed significant stress on the eligibility processes for all public assistance programs.
- Montana has an integrated eligibility model, meaning public assistance applications and redeterminations for all programs are processed at the same time. Under typical operating processes, this model allows for a more streamlined experience for clients.
- In response to the increase in client interactions, the DO provided guidance and approval for a variety of efforts to improve access to services. These efforts included shifting staffing to be more responsive to both office and phone entry points, providing contracted Tier 1 service on the Public Assistance Help Line (PAHL), using specialized staff to address more complicated cases, and doing outreach about program rules and coverage options.
- Ongoing work includes creating a queued callback feature for the PAHL and managing incoming PAHL calls on a statewide model.

Implementation of Historic Provider Rate Adjustments

- In 2022, DPHHS contracted with Guidehouse to complete an extensive Provider Rate Study across adult behavioral health, children's behavioral health, intellectual and developmental disabilities, and senior and long-term care Medicaid services.
- Following the 2023 legislative session, House Bill (HB) 2 was signed into law by Governor Gianforte and contained \$339 million in rate increases for all Medicaid providers.
- Non-studied rates received a 4% increase in SFY 2024 and an additional increase of 4% in SFY 2025.
- Rates that were included in the Guidehouse rate study received an increase, on average, of 17% in SFY 2024 and an additional increase, on average, of 7% in SFY 2025, bringing all studied rates up to the Guidehouse benchmark rate effective July 1, 2024.

Building Data, Analytics, and Research Capacity

- The DO launched a data and analytics transformation that involves three new agency offices, including the Office of Research and Data Analytics (ORDA), the Data Management Office (DMO), and the Office of Strategy and Transformation (OST).
- ORDA identifies embedded patterns used to improve services and family outcomes.
- DMO provides centralized data services for the agency and oversees data governance, ensuring consistency in policies and procedures.
- OST combines project management with analytics and program subject matter expertise to operationalize new information derived from research and analysis.

Regulatory Reform Initiative (Red Tape Relief)

- The DO continues to lead DPHHS's Regulatory Reform Initiative (RRI), which was authorized by Governor Gianforte's executive order that directed Red Tape Relief across all state agencies.
- This project called for a comprehensive review and reform of regulations in all state agencies, including the identification of excessive, outdated, and unnecessary regulations; removing burdensome regulations, and repealing or amending regulations that disproportionately impact small businesses or unduly infringe on the liberty interests of individuals or organizations.
- DPHHS commenced its RRI work in January 2021. Since then, the Department has amended, repealed, or improved nearly 1,000 administrative rules.

Implementation of Summer EBT

- The DO and HSCD staff, in coordination with the Office of Public Instruction, delivered the Summer Electronic Benefit Transfer (Summer EBT) program to qualified families in 2024 and 2025.
- The October 2024 issuance was for over \$9 million in benefits to approximately 46,000 households, including over 76,000 children.
- Families who qualified received \$120 per eligible child and information on how their benefits can be utilized. Benefits paid to families are 100% federally funded, and state costs for the technology system and staff to manage the program receive a 50% administrative cost match from USDA's Food and Nutrition Service (FNS).

Implementation of Medicaid Coverage for Postpartum Mothers

- DPHHS successfully implemented an extension of Medicaid and Healthy Montana Kids/CHIP coverage to postpartum women from the standard 60 days to 12 months after the conclusion of pregnancy.
- This proposal was included in Governor Gianforte's 2025 biennium budget and authorized by the 2023 Legislature via HB 2.
- In SFY24, 965 members received the extended coverage, with 840 accessing services and over \$1.68 million in claims paid. Top services include prescription drugs, dental, and behavioral health.

Office of American Indian Health Collaborations

- Over the past biennium, the Office of American Indian Health (OAIH) led numerous collaborations between the Department and tribes.
- In June 2024, the OAIH played an integral role in organizing the BHSFG June 2024 meeting in Great Falls with tribal and Urban Indian Organizations (UIOs).
- In September 2024, the OAIH hosted a one-day Indian Health Service/Tribal/Urban Indian Health 101 training for legislators, Department staff, and stakeholders.



Office of Faith and Community Based Services Work

- The Office of Faith and Community Based Services (OFCBS) connects department programs, resources, trainings, and services to faith and community organizations.
- Through the development of a monthly newsletter, website, regional summits, virtual monthly sessions, and other initiatives, faith and community organizations have a new two-way communication structure with DPHHS.
- The OFCBS coordinator is dedicated to advancing the health and self-sufficiency of Montanans through public-private partnerships with faith and community organizations.
- In particular, Senate Bill 163, sponsored by Sen. Dennis Lenz, establishes a volunteer program to support child protective services activities.
- Over the past biennium, the OFCBS has partnered with various local organizations to support Montana's children and families by remodeling several CFSD family visitation rooms.

Honoring Montanans

- Throughout the biennium, the DO continued to host annual celebrations aligned with DPHHS's mission that recognize Montanans for their service to the state and communities where they live.
- Recognition events held over the past biennium honored Direct Support Professionals, Emergency Medical Services personnel, the child welfare system, Montana Centenarians, and individuals with disabilities.



Funding and PB Information

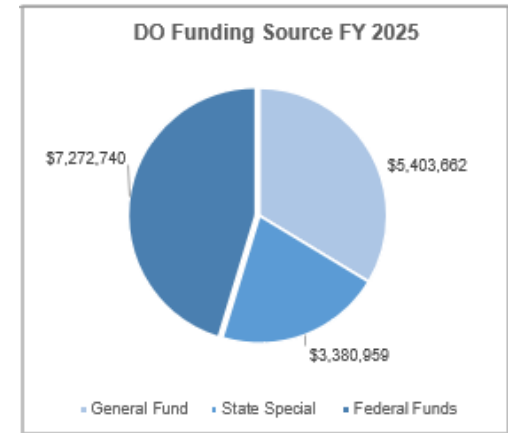
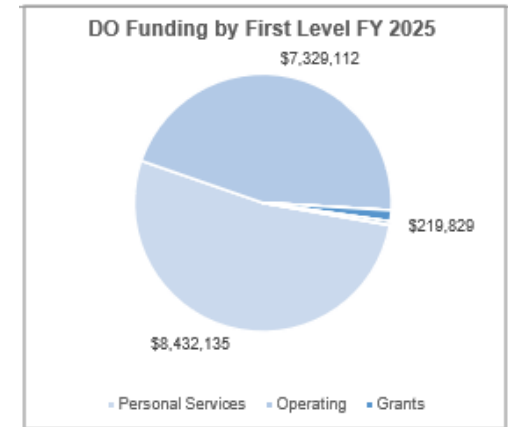
Kim Aiken, Chief Financial and Operating Officer



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Funding and PB Information

DIRECTOR'S OFFICE	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
PB	79.25	80.25	80.25
Personal Services	\$8,432,135	\$9,074,181	\$9,092,847
Operating	\$7,329,112	\$7,433,468	\$7,435,422
Equipment	\$0	\$0	\$0
Local Assistance	\$0	\$0	\$0
Grants	\$219,829	\$219,829	\$219,829
Benefits and Claims	\$2,549	\$2,549	\$2,549
Transfers	\$68,100	\$68,100	\$68,100
Debt Services	\$5,636	\$5,636	\$5,636
TOTAL COSTS	\$16,057,361	\$16,803,763	\$16,824,383
	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
General Fund	\$5,403,662	\$5,728,542	\$5,738,143
State Special Fund	\$3,380,959	\$3,351,054	\$3,351,893
Federal Fund	\$7,272,740	\$7,724,167	\$7,734,347
TOTAL FUNDS	\$16,057,361	\$16,803,763	\$16,824,383



Change Packages



DEPARTMENT OF
PUBLIC HEALTH &
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Change Packages – Present Law (PL) Adjustments

SWPL 1 – PERSONAL SERVICES

The budget includes \$498,730 in FY 2026 and \$517,396 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	\$198,347	(\$39,923)	\$340,306	\$498,730
FY 2027	\$207,779	(\$39,420)	\$349,037	\$517,396
Biennium Total	\$406,126	(\$79,343)	\$689,343	\$1,016,126

SWPL 2 – FIXED COSTS

The request includes \$98,702 in FY 2026 and \$103,063 in FY 2027 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$48,748	\$6,976	\$42,978	\$98,702
FY 2027	\$50,319	\$7,366	\$45,378	\$103,063
Biennium Total	\$99,067	\$14,342	\$88,356	\$201,765

Change Packages – PL (cont.)

SWPL 3 – INFLATION DEFLATION

This change package includes a reduction of \$904 in FY 2026 and \$611 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	\$0	\$0	(\$904)	(\$904)
FY 2027	\$0	\$0	(\$611)	(\$611)
Biennium Total	\$0	\$0	(\$1,515)	(\$1,515)

Change Packages – New Proposals (NP) Adjustments

NP 4001 - PROCUREMENT STAFF ATTORNEY - DIRECTOR'S OFFICE

This new proposal adds 1.00 PB for a Lawyer in the Director's Office to help meet increased contract demands, support internal controls, provide training, and enforce centralized processes implemented by DOA State Procurement Bureau. This package requests \$297,048 in total funds for the biennium, including \$154,168 in general fund, \$6,030 in state special revenue, and \$136,850 of federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$77,785	\$3,042	\$69,047	\$149,874
FY 2027	\$76,383	\$2,988	\$67,803	\$147,174
Biennium Total	\$154,168	\$6,030	\$136,850	\$297,048

Conclusion

