

# **PRESENTATION TO THE 2025 HEALTH AND HUMAN SERVICES JOINT APPROPRIATIONS SUBCOMMITTEE**

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## **HEALTH CARE FACILITIES PRACTICE**

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## OVERVIEW

The Health Care Facilities Division (HFD) currently operates seven health care facilities across Montana, each serving populations with unique needs and challenges.

1. Montana State Hospital (MSH) and its Forensic Mental Health Facility (FMHF)
2. Montana Mental Health Nursing Care Center (MMHNCC)
3. Montana Chemical Dependency Center (MCDC)
4. Intensive Behavior Center (IBC)
5. Southwest Montana Veterans Home (SWMVH)
6. Montana Veterans Home (MVH)
7. Eastern Montana Veterans Home (EMVH)

The division is responsible for overseeing the state's safety net health system, which serves certain Montanans living with mental illness, developmental disabilities, aging-related health conditions, and/or substance use disorders.

## SUMMARY OF MAJOR FUNCTIONS

### MONTANA STATE HOSPITAL (MSH)

Founded in 1877, Montana State Hospital (MSH) serves both forensic and civilly committed patients with psychiatric disorders who are in acute crisis. MSH has 271 licensed beds, including 53 beds at its Galen facility and 218 beds (divided between acute care and group homes) at the main campus in Warm Springs.

MSH accepts patients in acute crisis helping them stabilize and then begin their journey back to their home communities where they can continue their recovery in a less restricted environment. In FY24 MSH admitted 765 patients, 84 more than FY23.

### MONTANA MENTAL HEALTH NURSING CARE CENTER (MMHNCC)

MMHNCC was opened in 1952 and is a licensed long-term care facility in Lewistown. To be served by the facility, residents must be diagnosed with a severe disabling mental illness (SDMI) and require a level of care that cannot be met in the community or from the intensive psychiatric treatment available at the MSH. Most residents reside at the facility under a civil commitment, directly ordered from their local district court.

MMHNCC currently serves residents between the ages of 42 and 92, with an average

age of 70. Most of the residents served have extremely high physical care needs as well as challenging behaviors associated with their mental health diagnoses. MMHNCC typically serves 70-80 residents.

### **SOUTHWEST MONTANA VETERANS HOME (SWMVH)**

The SWMVH is a 60-bed intermediate/skilled-care facility located in Butte that welcomed its first resident in March 2021. It sits on a 10-acre plot that was generously donated by the Don Harrington family at the bottom of Homestake Pass. SWMVH is state-owned and contractor-operated by Eduro Healthcare, a Salt Lake-City based corporation that manages seven other facilities across Montana. The facility is surveyed without notice yearly and is certified by the Center for Medicaid and Medicare Services (CMS) and the Veterans' Administration (VA).

### **INTENSIVE BEHAVIOR CENTER (IBC)**

During the 2015 legislative session, Senate Bill 411 was passed, mandating downsizing and closure of the Montana Developmental Center (MDC). Since 1893, the MDC existed to provide an environment for building healthy, effective, and fulfilling lives for people with serious developmental disabilities who had been determined by a court to meet commitment requirements. DPHHS worked with providers on successfully preparing to transition clients into the community. After the last MDC client transferred out, MDC officially closed on November 1, 2018.

Despite the closure of MDC, the Development Disabilities Program (DDP) community recognized the need for intensive therapeutic placement for individuals with developmental disabilities. House Bill 387 addressed this need through the development of IBC, a 12- bed facility in Boulder that would serve as an option for individuals who are not able to be safely served in the community.

Today, IBC functions as an intensive, short-term treatment facility, located in Boulder serving individuals with developmental disabilities that have been determined by a court to pose an imminent risk of serious harm to themselves or others. Many individuals served by IBC are exhibiting severe and persistent challenging behaviors such as physical aggression and self-injurious behaviors as well as increased rates of mental health issues, compared to the general population of individuals diagnosed with intellectual and developmental disabilities.

## MONTANA VETERANS' HOME (MVH)

The Montana Veterans' Home, located in Columbia Falls, is a CMS and VA certified facility with 105 intermediate/skilled-care beds and 12 domiciliary beds. The nursing facility includes a 15-bed dementia care unit. MVH has been providing services to veterans since 1896. Most rooms are double occupancy including bath and shower facilities. Construction of the current facility began in 1970, with additions in 1974, 1984, 2002 and a remodel in 2009.

## MONTANA CHEMICAL DEPENDENCY CENTER (MCDC)

The Montana Chemical Dependency Center (MCDC), located in Butte, is the only substance use disorder (SUD) primary, mental health secondary treatment center sanctioned by the State of Montana. MCDC serves Montana residents, both male and female, 18 years and older. The facility has 40 (ASAM 3.5) and eight (ASAM 3.7) treatment beds. Also specializing in Medication-Assisted Treatment (MAT) programming while utilizing a holistic approach, MCDC engages patients in a medical model of care that incorporates trauma-informed care, American Society for Addiction Medicine (ASAM) program criteria, and therapeutic interaction. The treatment team consists of a medical department, clinical department, registered nursing staff, support staff, and the administrative team.

## EASTERN MONTANA VETERANS HOME (EMVH)

Eastern Montana Veterans Home (EMVH), located in Glendive, is an 80-bed intermediate/skilled-care facility. EMVH has certification from CMS and the VA and is surveyed by both entities yearly.

Multiple citizens of Glendive and other Eastern Montana communities traveled to Helena several times in the early 1990s to communicate the need to provide long-term care services for veterans in Eastern Montana. After lengthy and passionate statewide discussions regarding where to place Montana's second veterans' home, Glendive was the chosen site for the build and EMVH opened its doors for admission in July 1995. EMVH was built by the state of Montana with the assistance of the VA and was managed by the local medical center, Glendive Medical Center (GMC), until 2022, at which time management was transferred to Eduro Healthcare.

By 2007, the building had undergone two major renovations, once to insert a Special Care Unit with necessary resident monitoring systems, and once to accommodate the inclusion of the VA Community Based Outpatient Clinic. The Special Care Unit, which provides memory care services for those living with advanced dementia, has 16 beds and is the most needed service among the applications for admission. The clinic, which

is operated by the VA, occupies 2,567.78 square feet of the building and provides both in-person and telehealth services to veterans in the region.

## HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2025 BIENNIUM

### MSH

MSH is finishing a highly successful biennium with completion of a number of initiatives which have it positioned to finalize work for CMS recertification. These initiatives can be broken down into two large categories, Leadership and Program Compliance, both of which are critical to success in the near-term as well as the long-term. This journey began with consultants starting the process and ending with a successful hand-off of ownership of this work to MSH leaders.

Hiring the right people for the right position is critical to this work. Permanent leadership now includes:

1. CEO-Kevin S. Flanigan, MD MBA
2. COO-Jeremy Hoscheid
3. Director of Nursing-Ian Lux
4. Assistant Director of Nursing-Dale Androlia
5. CMO-Dr. C Skotzko
6. Director of Social Services-Kaila Tamcke
7. Infection Prevention Specialist-Tonya Rolando
8. FMHF (Galen) Administrator-Lindsey Borchert

Strategic Initiatives and final steps towards CMS certification include:

1. Successful state licensing survey with a 2-year license awarded
2. Transition of 18 patients from Warm Springs to MSH Grasslands in Helena allowing for construction to begin at Warm Springs starting in December 2024
3. Completion of exterior construction for CMS compliance
4. Restructuring of leadership organization to allow for greater efficiency and improved focus on outcomes

## iCare Health Network Next Steps

iCare is a management company and licensed skilled nursing facility operator with experience serving justice-involved and difficult-to-place patients on behalf of government clients.

The new Montana-based nursing facility will permit more appropriate placement of some eligible medical parolees (DOC) and DPHHS patients. iCare services may be Medicaid reimbursable.

iCare services include:

- Specialized behavioral health care to offenders and patients with challenging behaviors
- Person-centered, skilled nursing facility level of care
- Dedicated memory care units

DPHHS and DOC are beginning contract negotiations with iCare. This contract will likely support an exploratory (Phase One) engagement.

## MMHNCC

MMHNCC has secured a permanent administrator (Danielle Wichman) after a yearlong vacancy.

The facility has completed many capital improvements, including new flooring on three of the four cottages, a new roof, and breaking ground on a heated storage unit to safely store medical supplies.

The facility has maintained a four-star quality measures rating through the Centers for Medicaid Services Care Compare website.

## SWMVH

SWMVH has a permanent administrator (Arin Boehmer) overseeing the facility. Importantly, the annual VA survey conducted in August 2024 found no major deficiencies.

## IBC

IBC has a permanent administrator (Christina Espeland) overseeing the facility. In addition, ongoing work has resulted in significant accomplishments including the following:

- Utilization of functional assessments and behavioral support plans to create positive changes in behavior
- Enhanced discharge planning process incorporating aspects of Charting the LifeCourse (CtLC), including use of select tools to identify and support individuals to achieve their vision of a good life within the community
- Implementation of transition services to ensure successful reintegration in the community
- Construction of two sensory rooms successfully utilized for physical activation and sensory integration activities.
- Regular staff training on topics related to the target population

## MVH

MVH has permanent administrator (Joren Underdahl) overseeing the facility. In addition, the annual OIG Life Safety Code Survey in July 2024 found no major deficiencies.

## MCDC

MCDC recently hired a permanent administrator (Frank “Joe” Zigmund) to oversee the facility. It has also increased its census from 12 to 20 patients by partnering with stakeholders to connect with local communities across the state to help the facility become more financially sufficient.

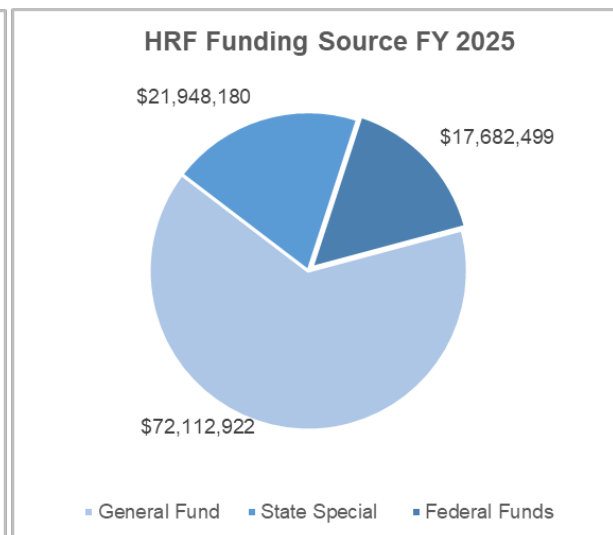
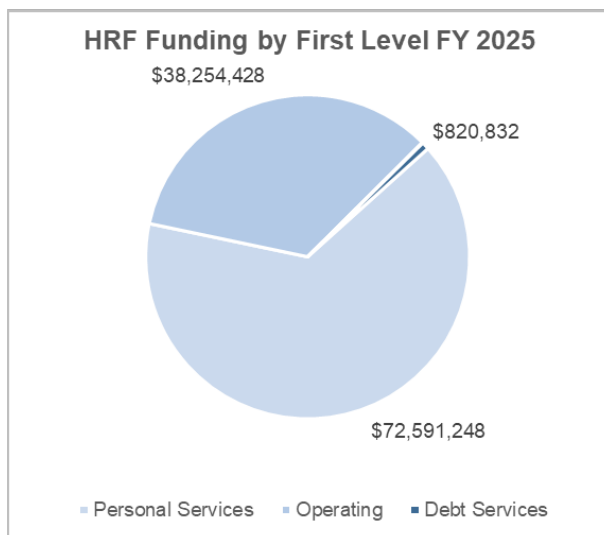
## EMVH

EMVH has a permanent administrator (Christy Kemp) overseeing the facility. Major building renovations recently completed have included exterior fascia replacement, limited roof repairs, courtyard improvements, and a partial interior remodel, as well as extensive HVAC improvements. The interior remodel was complimented by canvas wall art due to a generous donation from the EMVH Foundation. The facility had a deficiency-free CMS annual survey in January 2024, followed by a single minor deficiency during its VA annual survey in September of 2024.



# FUNDING AND POSITIONS BUDGETED (PB) INFORMATION

HEALTHCARE FACILITIES DIVISION	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
PB	871.36	774.06	774.06
Personal Services	\$72,591,248	\$69,761,446	\$70,710,093
Operating	\$38,254,428	\$75,876,163	\$76,104,319
Equipment	\$77,093	\$77,093	\$77,093
Local Assistance	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Benefits and Claims	\$0	\$0	\$0
Transfers	\$1,752,500	(\$1,752,500)	(\$1,752,500)
Debt Services	\$820,832	\$820,832	\$820,832
<b>TOTAL COSTS</b>	<b>\$113,496,101</b>	<b>\$146,535,534</b>	<b>\$147,712,337</b>
	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
General Fund	\$72,112,922	\$112,360,895	\$112,683,420
State Special Fund	\$23,700,680	\$18,860,058	\$18,989,225
Federal Fund	\$17,682,499	\$15,314,581	\$16,039,692
<b>TOTAL FUNDS</b>	<b>\$113,496,101</b>	<b>\$146,535,534</b>	<b>\$147,712,337</b>



# CHANGE PACKAGES

## PRESENT LAW ADJUSTMENTS

### SWPL 1 – PERSONAL SERVICES

The budget includes \$1,074,291 in FY 2026 and \$1,185,543 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.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$1,614,645	(\$432,199)	(\$108,155)	\$1,074,291
<b>FY 2027</b>	\$1,693,617	(\$404,365)	(\$103,709)	\$1,185,543
<b>Biennium Total</b>	\$3,308,262	(\$836,564)	(\$211,864)	\$2,259,834

### SWPL 2 – FIXED COSTS

The request includes reductions of \$570,516 in FY 2026 and \$583,219 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.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	(\$426,141)	(\$119,816)	(\$24,559)	(\$570,516)
<b>FY 2027</b>	(\$435,628)	(\$122,485)	(\$25,106)	(\$583,219)
<b>Biennium Total</b>	(\$861,769)	(\$242,301)	(\$49,665)	(\$1,153,735)

### SWPL 3 – INFLATION DEFLATION

This change package includes a reduction of \$7,338 in FY 2026 and \$4,959 in FY 2027 to reflect budgetary changes generated from the application of deflation to state motor pool accounts.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	(\$6,212)	(\$1,126)	\$0	(\$7,338)
<b>FY 2027</b>	(\$4,199)	(\$760)	\$0	(\$4,959)
<b>Biennium Total</b>	(\$10,411)	(\$1,886)	\$0	(\$12,297)

### PL 33001 – OVERTIME/HOLIDAY/DIFFERENTIAL - MSH

This present law adjustment is necessary to maintain existing services at the Montana State Hospital in the Healthcare Facilities Division. Overtime personal services expenses are removed from the adjusted base when the program's positions are funded. This package requests \$990,946 in general fund for the biennium. The increase is necessary to fully fund overtime to maintain required staffing levels at this 24/7 acute care facility in addition to what is funded in SWPL 1.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$495,473	\$0	\$0	\$495,473
<b>FY 2027</b>	\$495,473	\$0	\$0	\$495,473
<b>Biennium Total</b>	\$990,946	\$0	\$0	\$990,946

### PL 33002 – OVERTIME/HOLIDAY/DIFFERENTIAL - MVH

This present law adjustment is necessary to maintain existing services at the Montana Veterans Home in the Healthcare Facilities Division. Overtime personal services expenses are removed from the adjusted base when the program's positions are funded. The increase fully funds overtime to maintain required staffing levels at this 24/7 facility in addition to what is funded in SWPL 1. This package requests \$413,298 in total funds for the biennium, including \$274,380 in state special revenue and \$138,918 of federal funds.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	\$137,190	\$69,459	\$206,649
<b>FY 2027</b>	\$0	\$137,190	\$69,459	\$206,649
<b>Biennium Total</b>	\$0	\$274,380	\$138,918	\$413,298

### PL 33003 – OVERTIME/HOLIDAY/DIFFERENTIAL – IBC

This present law adjustment is necessary to maintain existing services at the Intensive Behavior Center in the Healthcare Facilities Division. Overtime personal services expenses are removed from the adjusted base when the program's positions are funded. This package requests \$270,406 in general fund for the biennium. The increase is necessary to fully fund overtime to maintain required staffing levels at this 24/7 facility in addition to what is funded in SWPL 1.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$135,203	\$0	\$0	\$135,203
<b>FY 2027</b>	\$135,203	\$0	\$0	\$135,203
<b>Biennium Total</b>	\$270,406	\$0	\$0	\$270,406

### PL 33004 – OVERTIME/HOLIDAY/DIFFERENTIAL - MHNCC

This present law adjustment is necessary to maintain existing services at the Montana Mental Health Nursing Care Center in the Healthcare Facilities Division. Overtime personal services expenses are removed from the adjusted base when the program's positions are funded. This package requests \$354,082 in general fund for the biennium. The increase is necessary to fully fund overtime to maintain required staffing levels at this 24/7 facility in addition to what is funded in SWPL 1.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$177,041	\$0	\$0	\$177,041
<b>FY 2027</b>	\$177,041	\$0	\$0	\$177,041
<b>Biennium Total</b>	\$354,082	\$0	\$0	\$354,082

### PL 33005 – OVERTIME/HOLIDAY/DIFFERENTIAL - MCDC

This present law adjustment is necessary to maintain existing services at the Montana Chemical Dependency Center in the Healthcare Facilities Division. Overtime personal services expenses are removed from the adjusted base when the program's positions are funded. This package requests \$131,928 in state special revenue funds over the biennium. The increase is necessary to fully fund overtime to maintain required staffing levels at this 24/7 facility in addition to what is funded in SWPL 1.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	\$65,964	\$0	\$65,964
<b>FY 2027</b>	\$0	\$65,964	\$0	\$65,964
<b>Biennium Total</b>	\$0	\$131,928	\$0	\$131,928

### PL 33006 – PER DEIM REQUEST - EMVH

This present law adjustment is necessary to increase federal authority for the federal Veterans Administration (VA) per diem rates that will be reimbursed for the nursing facility days of care at the Eastern Montana Veterans Home (EMVH) in the Healthcare Facility Division in the 2027 Biennium. The VA per diem rate increases effective October 1st of each year. This package requests \$1,482,635 in federal funds over the biennium.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	\$0	\$590,263	\$590,263
<b>FY 2027</b>	\$0	\$0	\$892,372	\$892,372
<b>Biennium Total</b>	\$0	\$0	\$1,482,635	\$1,482,635

### PL 33007 – PER DEIM REQUEST - SWMVH

This present law adjustment is necessary to increase federal authority for the federal Veterans Affairs (VA) per diem rates that will be reimbursed for the nursing facility days of care at the Southwest Montana Veterans Home in the Healthcare Facilities Division in the 2027 biennium. The VA per diem rate increases on October 1st of each year. This package requests \$859,741 of federal funds over the biennium.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	\$0	\$222,718	\$222,718
<b>FY 2027</b>	\$0	\$0	\$637,023	\$637,023
<b>Biennium Total</b>	\$0	\$0	\$859,741	\$859,741

### PL 33008 – STATUTORY BOND MONTANA STATE HOSPITAL

This present law adjustment removes state funding authority for the improvements bond at Montana State Hospital, as it was paid in full in December 2022. This package requests a reduction of state special revenue funds of \$1,752,500 in FY2026 and \$1,752,500 in FY2027.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	(\$1,752,500)	\$0	(\$1,752,500)
<b>FY 2027</b>	\$0	(\$1,752,500)	\$0	(\$1,752,500)
<b>Biennium Total</b>	\$0	(\$3,505,000)	\$0	(\$3,505,000)

### PL 33009 – FACILITIES CONTRACTED SERVICES RATE INCREASE

This present law adjustment is necessary to maintain essential operational contracted services at the state-run facilities within the Healthcare Facilities Division. Examples of this include: food services, laundry services, provider services, etc. This package requests \$1,865,968 in total funds for the biennium, including \$1,762,913 in general fund, \$74,922 in state special revenue, and \$28,100 of federal funds.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$824,307	\$31,064	\$11,651	\$867,022
<b>FY 2027</b>	\$938,606	\$43,858	\$16,449	\$998,913
<b>Biennium Total</b>	\$1,762,913	\$74,922	\$28,100	\$1,865,935

## NEW PROPOSALS

### NP 33104 – FACILITY WAGE AND OPERATIONAL STANDARDIZATION (OTO)

This new proposal adjusts wages for targeted clinical positions among all facilities and adjusts ongoing operational costs, including contracted clinical labor in the Healthcare Facilities Division. The adjusted funding request reflects the current operating environment at 24/7 state health care facilities tasked with serving vulnerable populations. These facilities continue to experience significant authorized PB vacancy rates, requiring the contracting of certain clinical positions to ensure patient and staff safety and the mandatory admission of patients, as well as maintain facility licensure. Funding associated with contracted clinical labor is requested as one-time-only and will not be included in the base budget, allowing DPHHS to continue reevaluating and reforming facilities operations in subsequent biennia. This package requests \$70,328,046 in total funds for the biennium, including \$69,918,166 in general fund and \$409,880 in state special funds.

	General Fund	State Special	Federal Funds	Total Request
<b>FY 2026</b>	\$34,890,719	\$159,519	\$0	\$35,050,238
<b>FY 2027</b>	\$35,027,447	\$250,361	\$0	\$35,277,808
<b>Biennium Total</b>	\$69,918,166	\$409,880	\$0	\$70,328,046

### NP 33107 – STATE SPECIAL REVENUE FUNDING SWITCH - MCDC

This new proposal is necessary to align Medicaid Cost Recovery funds in the Healthcare Facilities Division. This fund switch increases state special revenue funds for alcohol tax and decrease state special revenue funds for Medicaid Cost Recovery revenue by \$500,000 in each year of the biennium. The total cost for the program is not impacted by this package.

	General Fund	State Special	Federal Funds	Total Request
<b>FY 2026</b>	\$0	\$0	\$0	\$0
<b>FY 2027</b>	\$0	\$0	\$0	\$0
<b>Biennium Total</b>	\$0	\$0	\$0	\$0

### NP 33108 – STATE SPECIAL REVENUE FUND SWITCH - MSH

This new proposal is necessary to align cigarette tax revenue in the Healthcare Facilities Division. This fund switch increases state special revenue funds for alcohol tax and decrease state special revenue funds for cigarette tax revenue by \$204,851 in each year of the biennium. The total cost for the program is not impacted by this package.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	\$0	\$0	\$0
<b>FY 2027</b>	\$0	\$0	\$0	\$0
<b>Biennium Total</b>	\$0	\$0	\$0	\$0

### NP 33109 – REALIGN APPROPRIATION FOR SWMVH VA REIMBURSEMENT

This new proposal reduces the appropriation of federal funds to the Southwest Montana Veterans Home to align appropriation with anticipated expenditures. This change package requests a reduction of \$2,067,833 in federal funds in each year of the biennium.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$0	\$0	(\$2,067,833)	(\$2,067,833)
<b>FY 2027</b>	\$0	\$0	(\$2,067,833)	(\$2,067,833)
<b>Biennium Total</b>	\$0	\$0	(\$4,135,666)	(\$4,135,666)

### NP 33201 – FUND SWITCH AND REALIGNMENT FOR MONTANA VETERANS' HOME

This new proposal is necessary to realign funding for the Montana Veterans' Home programs. Included in the realignment is a fund switch reducing the use of state special revenue cigarette taxes and federal funds, while increasing general funds. This change package requests a reduction of \$2,894,484 in total funds for the biennium, including an increase of \$5,085,876 in general funds, a decrease of \$5,857,436 in state special revenue, and a decrease of \$2,122,924 in federal funds.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$2,542,938	(\$2,928,718)	(\$1,061,462)	(\$1,447,242)
<b>FY 2027</b>	\$2,542,938	(\$2,928,718)	(\$1,061,462)	(\$1,447,242)
<b>Biennium Total</b>	\$5,085,876	(\$5,857,436)	(\$2,122,924)	(\$2,894,484)