

Presentation to the 2025 Health and Human Services Joint Appropriations Subcommittee

Health Resources Division
Medicaid and Health Services Practice



DEPARTMENT OF
**PUBLIC HEALTH &
HUMAN SERVICES**

Greg Gianforte, Governor | Charlie Brereton, Director

Overview

Mary LeMieux, Administrator



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Division Overview

- The Health Resources Division (HRD) administers the physical health benefit packages for Medicaid, Medicaid expansion (HELP), Healthy Montana Kids *Plus*, and Healthy Montana Kids/CHIP enrollees.
- HRD consists of four bureaus and two sections with a SFY 2025 budget of \$1.8 billion, of which 78% is funded with federal funds.
- Over 12 million claims, or 82 percent of all Medicaid claims, are for HRD managed programs, per state fiscal year.
- HRD staff manages over 60 separate medical service categories and supports over 29,000 providers.

HRD Medical Service Categories

- Ambulatory Surgical Centers
- Clinical Pharmacist Practitioner Services
- Dental Services
- Dialysis Clinics
- Durable Medical Equipment (DME)
- Early and Periodic Screening, Diagnosis and Treatment (EPSDT)
- Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs)
- Hearing Services (Audiology and Hearing Aids)
- Home Infusion Therapy Services
- Hospital Services (Inpatient, Outpatient, Critical Access Hospital (CAH))
- Member Health Care Assistance Programs
- Pharmacy Services
- Physician Services (including specialty services)
- School-Based Services
- Therapy Services
- Transportation Services
- Indian Health Service, Tribal, Urban Indian Organizations
- Vision Services and Vision Hardware

Summary of Major Functions

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Hospital and Physician Services Bureau

Programs Managed

- Ambulance (Air and Ground), Ambulatory Surgical Centers, Dialysis Clinics, Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), Hospital Services (Inpatient, Outpatient, Critical Access Hospital (CAH)), Physician Services (including Specialty Services).

Providers Supported

- Over 24,000

Section 1115 Waivers Managed

- Waiver for Additional Services and Populations (WASP)
- Plan First Family Planning Waiver

HRD Managed 1115 Waivers

WASP

- Provides traditional Medicaid for individuals with Severe Disabling Mental Illness (SDMI).
 - 799 individuals enrolled in SDMI WASP.
- Allows dental treatment services above the traditional Medicaid dental treatment cap for Aged, Blind, or Disabled (ABD) beneficiaries.
 - 22,664 ABD members eligible.
- Fertility preservation for cancer patients (amendment pending CMS approval).

Plan First Family Planning Waiver

- Family planning benefits for eligible women.
 - Services administered by 495 providers.
 - 1,615 women enrolled.

Allied Health Services Bureau

Programs Managed

- Clinical pharmacist practitioner services, dental services, durable medical equipment (DME), hearing services, home infusion therapy services, pharmacy services and outpatient drug rebate program, school-based health care, therapy services, vision care, vision hardware.

Providers Supported

- Over 5,000

Pharmacy and Drug Rebate Section

- Manages the pharmacy services program and the federally required [Medicaid Drug Rebate Program](#), the only HRD revenue-generating program.
- Drug rebates offset over 50 percent of prescription drug costs annually.

Member Health Management Bureau

Programs Managed

- Primary Care Case Management (PCCM)
 - Includes Passport to Health, Patient-Centered Medical Home (PCMH), Comprehensive Primary Care Plus (CPC+), and Team Care programs.
 - These programs impact approximately 75% of Medicaid, Medicaid expansion, and Healthy Montana Kids *Plus* beneficiaries.
- Healthy Montana Kids (HMK/CHIP)
 - Covers over 15,000 children in families with incomes \leq 261% of FPL.
 - Comprehensive services: wellness, dental, vision, behavioral health.
- Transportation Services (Non-Emergent Medical)
 - Travel assistance to Medicaid members, ensuring they can attend Medicaid-covered medical appointments.

Operations Research And Claims Section

Section Specialization

- Analytics
 - Supports federal reporting requirements.
 - Addresses internal analytic requests for data-driven program decisions.
 - Completes external data requests specific to HRD programs.
 - Supports the Office of Health and Data Analytics to identify variances in budget projections.
- Claims
 - Supports MPATH and Conduent on claims system development and changes.
 - Manages pricing and payment methodologies within claims payment system.
 - Implements coding updates for claims processing.
 - Reviews provider claim inquiries and processes appeals.

IHS / Tribal / UIO Section

Programs Managed

- Primary care services to members eligible for all Medicaid and Healthy Montana Kids programs and are American Indian/Alaska Native (AI/AN).

Section Specialization

- Medicaid policies, regulations, and consultations specific to AI/AN members.

Key Collaboration Partners

- Six Indian Health Service (IHS) sites.
- Seven Tribal Health Departments.
- Five Urban Indian Organizations.

Highlights and Accomplishments During the 2025 Biennium

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Perinatal Behavioral Health

Objective

- Strengthen psychiatric access and support for providers serving mothers and children across Montana.

Health Resources and Services Administration (HRSA) Grant Funding

- HRD - Maternal Mental Health and Substance Use Disorders (MMHSUD)
- ECFSD - Pediatric Mental Health Care Access Program (PMHCA)

Integration of Access Lines (Montana Psychiatric Access Lines/MT PAL)

- Psychiatric Referrals, Intervention, and Support in Montana (PRISM for Moms) – Psychiatric support for maternal mental health
- Montana Access to Pediatric Psychiatry Network (MAPP-Net) – Access to pediatric psychiatry services

Primary Care Redesign

Objectives

- Develop a value-based program to improve access and care continuity.
- Promote preventive services to improve health outcomes.

Partner Collaboration

- Health Management Associates (HMA) for expert program development
- Primary care providers, associations and Montana Medicaid members to guide program structure

Timeline

- Detailed framework and partner consultations during 2025 to refine and ensure readiness by 2026
- Implementation by 1915(b) Passport to Health Waiver expiration in June 2026

Extended Postpartum Coverage

Purpose

- Provide coverage from 60 days to 12 months postpartum

Impact

- 965 members covered in SFY 2024
- \$1.68 million in claims paid for services including prescription drugs, dental, and behavioral health

Quality Measures

Quality Measure Reporting 2024

- CMS released a final rule ([88 FR 60278](#)) in August 2023, requiring mandatory reporting of Adult and Child Core Set Measures beginning December 2024.
 - Well-Child Visits in the First 30 Months of Life
 - Developmental Screening in the First Three Years of Life
 - Child and Adolescent Well-Care Visits
 - Lead Screening in the First Three Years of Life
 - Oral Evaluation, Dental Services – Children Aged <1 to 20 with Oral Evaluation
 - Topical Fluoride for Children

Division Reorganization

Transferred Big Sky Rx Program to Senior and Long-Term Care (SLTC) Division

- This restructuring aims to streamline assistance and maximize the benefits seniors receive by leveraging existing support systems within the SLTC Division.

Modified Dental and Transportation Services Program Management

- Separate focus for dental and emergent/non-emergent transportation.
- Improves provider support, program compliance and quality.

Pharmacy and Drug Rebate Section Created

- Ensures expert management over intertwined programs.

Funding and PB Information

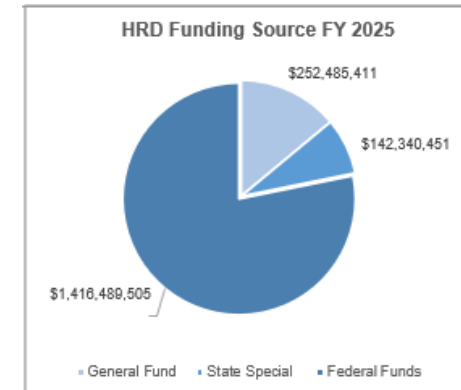
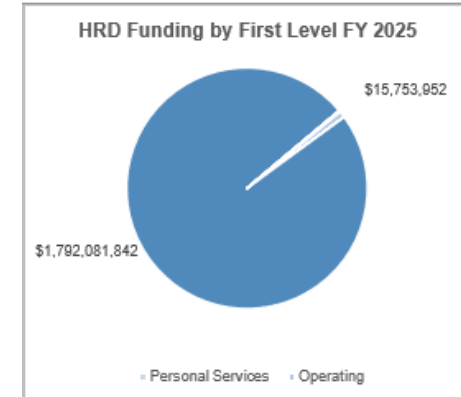
Gene Hermanson, Medicaid Chief Financial Manager



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Funding and PB Information

HEALTH RESOURCES	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
PB	41.12	41.12	41.12
Personal Services	\$3,477,156	\$3,815,719	\$3,823,065
Operating	\$15,753,952	\$16,376,199	\$16,515,442
Equipment	\$0	\$0	\$0
Local Assistance	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Benefits and Claims	\$1,792,081,842	\$1,709,716,179	\$1,783,806,015
Transfers	\$0	\$0	\$0
Debt Services	\$2,417	\$2,417	\$2,417
TOTAL COSTS	\$1,811,315,367	\$1,729,910,514	\$1,804,146,939
	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
General Fund	\$252,485,411	\$266,623,054	\$285,569,668
State Special Fund	\$142,340,451	\$144,757,505	\$144,862,634
Federal Fund	\$1,416,489,505	\$1,318,529,955	\$1,373,714,637
TOTAL FUNDS	\$1,811,315,367	\$1,729,910,514	\$1,804,146,939



Change Packages



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Change Packages – Present Law (PL) Adjustments

SWPL 1 – PERSONAL SERVICES

The budget includes \$338,563 in FY 2026 and \$345,909 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	\$158,933	\$30,187	\$149,443	\$338,563
FY 2027	\$161,493	\$31,122	\$153,294	\$345,909
Biennium Total	\$320,426	\$61,309	\$302,737	\$684,472

SWPL 3 – INFLATION DEFLATION

This change package includes a reduction of \$113 in FY 2026 and \$76 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	(\$45)	(\$11)	(\$57)	(\$113)
FY 2027	(\$30)	(\$8)	(\$38)	(\$76)
Biennium Total	(\$75)	(\$19)	(\$95)	(\$189)

Change Package – PL Continued

PL 11891 – EXPANSION CORE SERVICES – HRD

This present law adjustment is for the decrease of caseload in HRD which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Medicaid Core. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of \$65,026,471 in total funds for the biennium, including a decrease of \$5,527,765 in general fund and a decrease of \$59,498,706 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$4,200,194)	\$0	(\$42,676,153)	(\$46,876,347)
FY 2027	(\$1,327,571)	\$0	(\$16,822,553)	(\$18,150,124)
Biennium Total	(\$5,527,765)	\$0	(\$59,498,706)	(\$65,026,471)

PL 11892 – EXPANSION CORE HUF FMAP ADJUSTMENT – HRD

This present law adjustment is necessary to maintain existing services for Expansion Core Hospital Utilization Fee (HUF) in the HRD. The biennial funding increases state special revenue by \$2,060,482 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	\$1,030,241	(\$1,030,241)	\$0
FY 2027	\$0	\$1,030,241	(\$1,030,241)	\$0
Biennium Total	\$0	\$2,060,482	(\$2,060,482)	\$0

Change Package – PL Continued

PL 11893 – EXPANSION FEDERAL SERVICES – HRD

This present law adjustment is for the decrease of caseload in the HRD which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Federal Expansion. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of \$17,149,963 in federal funds for the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	\$0	(\$11,773,953)	(\$11,773,953)
FY 2027	\$0	\$0	(\$5,376,010)	(\$5,376,010)
Biennium Total	\$0	\$0	(\$17,149,963)	(\$17,149,963)

PL 11896 – EXPANSION CORE FMAP ADJUSTMENT - HRD

This present law adjustment is necessary to maintain existing services for Expansion Core in the HRD. The biennial funding decreases general fund by \$2,130,276 and includes an offsetting increase in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$1,065,138)	\$0	\$1,065,138	\$0
FY 2027	(\$1,065,138)	\$0	\$1,065,138	\$0
Biennium Total	(\$2,130,276)	\$0	\$2,130,276	\$0

Change Package – PL Continued

PL 11897 – EXPANSION HOSPITAL SUPPLEMENTAL PAYMENTS – HRD

This present law adjustment is necessary to reduce Hospital Utilization Fees (HUF) in the HRD. This package requests a reduction of \$32,560,128 in total funds for the biennium, including a decrease of \$3,256,012 in state special revenue and a decrease of \$29,304,116 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	(\$1,628,006)	(\$14,652,058)	(\$16,280,064)
FY 2027	\$0	(\$1,628,006)	(\$14,652,058)	(\$16,280,064)
Biennium Total	\$0	(\$3,256,012)	(\$29,304,116)	(\$32,560,128)



Change Package – PL Continued

PL 11990 – HMK CASELOAD – HRD

This present law adjustment is for the decrease of caseload in the HMK Program in the HRD which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of \$21,112,489 in total funds for the biennium, including a decrease of \$5,760,688 in general fund and a decrease of \$15,441,801 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$3,912,670)	\$0	(\$10,681,400)	(\$14,594,070)
FY 2027	(\$1,758,018)	\$0	(\$4,760,401)	(\$6,518,419)
Biennium Total	(\$5,670,688)	\$0	(\$15,441,801)	(\$21,112,489)

Change Package – PL Continued

PL 11991 – MED CORE SERVICES – HRD

This present law adjustment for caseload growth in the HRD covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Medicaid Core Services. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests \$56,294,025 in total funds over the biennium, including \$17,402,470 in general fund, \$6,573,811 in state special revenue, and \$32,317,744 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$3,082,335	\$3,333,851	\$7,290,985	\$13,707,171
FY 2027	\$14,320,135	\$3,239,960	\$25,026,759	\$42,586,854
Biennium Total	\$17,402,470	\$6,573,811	\$32,317,744	\$56,294,025

Change Package – PL Continued

PL 11992 – MEDICAID CORE HUF FMAP ADJUSTMENT – HRD

This present law adjustment is necessary to maintain existing services for the Medicaid HUF Program in the HRD. The request adjusts the FY 2025 budgeted expenses from the FY 2025 FMAP (Federal Medical Assistance Percentage) rate of 35.88% state funds and 64.12% federal funds to the FY 2026 rate of 38.39% state funds and 61.61% federal funds, and the FY 2027 rate of 38.53% state funds and 61.47% federal funds. The biennial funding increases state special revenue funds by \$4,025,502 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	\$1,957,059	(\$1,957,059)	\$0
FY 2027	\$0	\$2,068,443	(\$2,068,443)	\$0
Biennium Total	\$0	\$4,025,502	(\$4,025,502)	\$0

Change Package – PL Continued

PL 11993 – MEDICAID FEDERAL SERVICES - HRD

This present law adjustment is for the decrease of caseload in the HRD, which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care for Federal Medicaid. This adjustment does not include any changes in eligibility criteria or allowable plan services. This package requests a reduction of \$1,464,395 in federal funds for the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	\$0	(\$887,446)	(\$887,446)
FY 2027	\$0	\$0	(\$576,949)	(\$576,949)
Biennium Total	\$0	\$0	(\$1,464,395)	(\$1,464,395)

PL 11994 – MEDICAID OTHER SERVICES – HRD

This present law adjustment is necessary to maintain existing services for the Medicaid Clawback Program in the HRD. The package requests \$653,609 in general fund for the biennium.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$523,115)	\$0	\$0	(\$523,115)
FY 2027	\$1,176,724	\$0	\$0	\$1,176,724
Biennium Total	\$653,609	\$0	\$0	\$653,609

Change Package – PL Continued

PL 11995 – MEDICAID ADMINISTRATION - HRD

This present law adjustment is necessary to maintain existing services for Medicaid administration in the HRD. This package requests \$1,383,926 in total funds for the biennium, including \$501,981 in general fund and \$881,945 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$225,739	\$0	\$396,621	\$622,360
FY 2027	\$276,242	\$0	\$485,324	\$761,566
Biennium Total	\$501,981	\$0	\$881,945	\$1,383,926

PL 11996 – MEDICAID CORE FMAP ADJUSTMENT - HRD

This present law adjustment is necessary to maintain existing services for Medicaid Core in the HRD. The request adjusts the FY 2025 budgeted expenses from the FY 2025 FMAP (Federal Medical Assistance Percentage) rate of 35.88% state funds and 64.12% federal funds to the FY 2026 rate of 38.39% state funds and 61.61% federal funds, and the FY 2027 rate of 38.53% state funds and 61.47% federal funds. The biennial funding increases general fund by \$52,060,690, decreases state special revenue by \$6,573,811, and includes an offsetting decrease in federal funds by \$45,486,879. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$25,670,285	(\$3,333,851)	(\$22,336,434)	\$0
FY 2027	\$26,390,405	(\$3,239,960)	(\$23,150,445)	\$0
Biennium Total	\$52,060,690	(\$6,573,811)	(\$45,486,879)	\$0

Change Package – PL Continued

PL 11997 – MEDICAID HOSPITAL SUPPLEMENTAL PAYMENTS – HRD

This present law adjustment This present law adjustment reduces the Hospital Utilization Fee (HUF) in the HRD. This package requests a reduction of \$10,275,678 in total funds for the biennium, including a reduction of \$3,952,025 in state special revenue and a reduction of \$6,323,653 in federal funds.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	\$0	(\$1,972,416)	(\$3,165,423)	(\$5,137,839)
FY 2027	\$0	(\$1,979,609)	(\$3,158,230)	(\$5,137,839)
Biennium Total	\$0	(\$3,952,025)	(\$6,323,653)	(\$10,275,678)



Change Package – PL Continued

PL 11998 – HMK FMAP ADJUSTMENT - HRD

This present law adjustment necessary to maintain existing services for the HMK program in the HTD. The request adjusts the FY 2025 budgeted expenses from the FY 2025 FMAP (Federal Medical Assistance Participation) rate of 26.07% state funds 73.93% federal funds to the SFY 2026 rate of 26.81% state funds and 73.19% federal funds, and the SFY 2027 rate of 26.97% state funds and 73.03% federal funds. The biennial funding decreases general fund by \$4,388,472 and includes an offsetting increase in federal funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$2,298,487)	\$0	\$2,298,487	\$0
FY 2027	(\$2,089,985)	\$0	\$2,089,985	\$0
Biennium Total	(\$4,388,472)	\$0	\$4,388,472	\$0

Change Packages – New Proposals (NP) Adjustments

NP 11803 – REALIGN APPROPRIATION FOR MED CORE HRD

This new proposal fund switch in the Medicaid Core program increases the state special appropriation for I-155 HMK and decreases the general fund support. This change package requests an increase of \$3,000,000 in state special revenue in each year of the biennium and includes an offsetting decrease in general funds. The total cost for the program does not change.

	General Fund	State Special	Federal Funds	Total Request
FY 2026	(\$3,000,000)	\$3,000,000	\$0	\$0
FY 2027	(\$3,000,000)	\$3,000,000	\$0	\$0
Biennium Total	(\$6,000,000)	\$6,000,000	\$0	\$0

Conclusion

