Healing and Ending Addiction Through Recovery and Treatment (HEART)

State Fiscal Year (SFY) 2026 Annual Report

September 1, 2026

MONTANA DPHHS

DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

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HEART INITIATIVE OVERVIEW

The 2021 Montana Legislature passed Governor Gianforte's Healing and Ending Addiction through Recovery and Treatment (HEART) Initiative, which seeks to strengthen the continuum of behavioral health services available to Montanans.

The HEART Initiative invests significant state and federal funding to expand promotion of mental health, prevention of substance use disorders (SUD), crisis services, and treatment and recovery services for individuals with mental health and SUDs. It includes behavioral health programs and services provided using HEART funding, Medicaid state plan, and the HEART 1115 demonstration waiver. It weaves together multiple funding streams and service authorities to fill gaps along the continuum of care, from prevention to crisis intervention to treatment services and recovery supports.

HEART WAIVER SERVICES

TENANCY SUPPORT SERVICES

In June 2025, the Department of Public Health and Human Services (DPHHS) launched Medicaid Tenancy Support Services (TSS), authorized under Montana's HEART 1115 waiver. This new benefit supports the state's goal of delivering preventative, whole-person, and community-based care by addressing housing instability, a key driver of poor health outcomes and high health care costs. TSS represents a strategic investment in both individual well-being and Medicaid cost containment.

THE NEED FOR TENANCY SUPPORT IN MONTANA

Montana continues to face serious challenges related to homelessness and housing insecurity. On a single night in January 2025, 2,263 people were experiencing homelessness in Montana, or 20 out of every 10,000 residents. This was a 12.7% increase from 2024 and a 96.8% increase from 2007. Of those counted, 1,557 were sheltered, and 706 were unsheltered.[1]

These trends reflect a growing and urgent need for targeted housing interventions, particularly for individuals with behavioral health conditions, who are more likely to face housing instability and are disproportionately impacted by its effects. Stable housing is

[1] The U.S. Department of Housing and Urban Development's 2025 Annual Homelessness Report to Congress https://www.huduser.gov/portal/datasets/ahar/2025-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html

a cornerstone of successful treatment and recovery for individuals with mental illness and SUDs.

TSS SERVICES

TSS provides services in three key categories:

Assessment and Planning: Working with individuals to complete a housing assessment and develop a personalized housing plan.

Pre-tenancy Supports: Assisting individuals in identifying housing, assisting individuals in securing additional resources, preparing applications, understanding rental responsibilities, working with landlords, and preparing for sustained tenancy through education.

Tenancy-Sustaining Services: Assisting individuals with maintaining tenancy after housed, including maintaining positive relationships with landlords, remaining lease-compliant, accessing ongoing support to remain housed, and ongoing education and skill instruction to prevent eviction.

TSS also includes one-time move-in supports in the form of security deposits up to $1,650 annually and application fees up to $250 annually. While the program does not pay for rent or utilities, it is designed to complement existing housing programs by helping individuals access and retain safe, stable housing.

ELIGIBILITY AND ACCESS

TSS is available to eligible Montana Medicaid members who are:

- 18 years of age and older
- Experiencing, have a history of, or are at risk of homelessness, and
- Have a clinical diagnosis of SUD and/or a Serious Mental Illness (SMI) and/or self-attested symptoms that suggest the presence of a SUD and/or SMI, or both

Eligibility is determined through an independent third-party process. Participants must be enrolled in Medicaid and meet both clinical and housing-related criteria.

SERVICE: TSS

	Members Served Q1 SFY 2026	Members Served Q2 SFY 2026	Members Served Q3 SFY 2026	Members Served Q4 SFY 2026
Number of Eligibility Assessments Completed for TSS	24	113	162	226
Number of Prior Authorizations Requested	11	76	92	223

SERVICE: TSS

	Clients served SFY 2026
Number of Members who received TSS	205
Amount paid in application fees*	$1,852.90
Number of deposits paid*	49
Amount paid in deposit fees*	$61,313.00
Number of agencies providing TSS	9 reimbursed – 25 enrolled (48 locations)

*Amounts paid in FY 2026 were paid claims between July 1, 2025, and June 30, 2026. Claims paid after June 30, 2026, for days of service in FY 2026 were not included. Those claims will be accounted for in FY 2027.

PROVIDER NETWORK DEVELOPMENT

DPHHS has built and continues to expand a statewide network of both traditional Medicaid providers (such as mental health centers) and non-traditional providers, including shelters and housing organizations. The Department continues to work with new organizations to support enrollment and ensure these services reach areas of highest need.

TSS also creates a new opportunity for housing service providers to receive Medicaid reimbursement for their work, strengthening the infrastructure needed to address housing insecurity as part of integrated health care.

SUBSTANCE USE DISORDER TREATMENT IN LARGER COMMUNITY FACILITIES (IMD WAIVER)

The Centers for Medicare & Medicaid Services (CMS) approval of the HEART 1115 waiver allows Montana to pay for SUD treatment in facilities with more than 16 beds (previously prohibited under the “Institutions for Mental Disease” exclusion). This closed a key gap in SUD treatment availability, alleviating waiting times. In SFY 2026,

1,431 Montanans received this SUD treatment service. Since the inception of the IMD exclusion, 3,648 Montanans have received treatment.

CONTINGENCY MANAGEMENT

Contingency Management (CM) launched in January 2026 for Medicaid members with primary stimulant use disorders. This evidence-based intervention addresses one of Montana's most pressing behavioral health needs.

MONTANA'S STIMULANT PROBLEM

Stimulant use – especially methamphetamine – remains a top behavioral health challenge in Montana. Unlike opioid use disorder, for which there are several approved medications, there are currently no FDA-approved medications for stimulant use. As a result, individuals with stimulant use disorder face high rates of relapse, hospitalization, and interactions with law enforcement.

Previously existing treatment models did not adequately meet the needs of this population, creating a critical gap in care.

WHAT IS CM?

CM is a behavioral therapy that uses structured incentives to encourage healthy behaviors like abstinence and treatment participation. It is proven to reduce stimulant use, increase retention in treatment, and improve long-term recovery outcomes.

CM addresses the way stimulants hijack the brain's reward systems by helping to "retrain" behavior through consistent, positive reinforcement.

SERVICE DETAILS AND IMPLEMENTATION

CM is available to adult Medicaid members diagnosed with a primary stimulant use disorder, including those with co-occurring mental health conditions. Services will be delivered in outpatient settings.

DPHHS has contracted with two expert organizations to ensure the program is delivered with fidelity and effectiveness. The University of California, Los Angeles (UCLA) leads provider training and certification, and Contingency Management Innovations (CMI) operates the state incentive management system (SIMS) to monitor client progress and manage incentives.

Provider training began in January 2026, following approval of administrative rules, with the first agency going live in March 2026. Montana providers interested in offering CM

to their patients must complete extensive training and demonstrate they meet stringent criteria to be approved.

SERVICE: CM

Number of Providers:	2
Number of Medicaid Members enrolled in CM:	43
Amount of Incentives Earned:	$7,990
Number of UA's administered	354
Number of Positive UA's	0

DEPARTMENT OF CORRECTIONS (DOC) REENTRY SERVICES

Through the HEART 1115 waiver, DPHHS and DOC initiated a soft launch of reentry services in the fall of 2025 following completion of system development. Full implementation continues while administrative rulemaking is underway. Final administrative rules are pending and expected to be adopted in September 2026. This service aims to improve health outcomes and reduce recidivism by supporting individuals transitioning from incarceration back into the community.

WHY REENTRY MATTERS

Justice-involved individuals face high risks for overdose, hospitalization, and crisis in the weeks following release. The HEART waiver authorized Medicaid to cover a targeted set of services up to 30 days before release, providing critical support to bridge the transition between correctional and community-based care.

ELIGIBILITY AND SERVICES

Services will be available to individuals incarcerated at the Montana State Prison and Montana Women's Prison, including the Riverside satellite facility, who have a behavioral health condition—mental health or SUD—and are within 30 days of release.

For eligible individuals, the HEART Waiver will allow DOC to seek Medicaid reimbursement for covered pre-release services, which may include case management, medication-assisted treatment (MAT), limited community-based clinical consultation services delivered via telehealth, and medications provided at discharge. This reimbursement opportunity supports continuation and coordination of services and does not imply that individuals were not receiving necessary services before enrollment or waiver implementation.

BUILDING SYSTEMS AND INFRASTRUCTURE

DPHHS and DOC continue to work together to build the infrastructure needed for implementation. This includes transferring Medicaid applications, conducting eligibility determinations, coordinating release dates with the activation of full Medicaid benefits, enrolling community-based providers, and establishing billing systems.

To support this work, DOC has received $1,981,551 in capacity-building funds over the last three years, which were used to purchase medical tablets for telehealth, procure privacy booths for telehealth access, construct a billing system, and support project management and staffing.

The DOC implementation plan was submitted to CMS in September of 2025. The reinvestment plan was submitted to CMS and approved in April of 2026.

HEART INITIATIVE SERVICES

CRISIS SERVICES

The Crisis Now Model is a national best practice framework that Montana has adopted to guide behavioral health crisis system development. This model outlines an ideal crisis system as one that provides someone to call (988), someone to respond (Mobile Crisis Response Services), and somewhere to go (Crisis Receiving and Stabilization Services) for individuals experiencing a behavioral health crisis. Fiscal support for two of the three service pillars in this model is provided by HEART state special revenue. These funds provide state match for both Mobile Crisis Response Services and Crisis Receiving and Stabilization Medicaid services. Additionally, these funds support reimbursement for the same services provided to qualifying individuals who are not Medicaid eligible, in accordance with the state's Non-Medicaid Service Manual. Funds through HEART state special revenue also continue to support one-time and start-up costs for Mobile Crisis Response programs through the Crisis Diversion Grant program.

With guidance from the Crisis Now Model framework, Montana continues to improve and expand access to its behavioral health crisis services. The state has three fully operational 988 call centers and is among the best in the nation, with a 97% in-state answer rate.

Mobile Crisis Response programs with various staffing models utilize dedicated behavioral health staff who respond, with or without law enforcement, to individuals in crisis in their communities. There is currently one Crisis Receiving facility that provides

an appropriate outpatient (less than 24-hour) alternative to overburdened emergency departments for individuals in crisis who need a safe place to stabilize and connect with services. There are currently two Crisis Stabilization facilities that provide a residential-like setting (more than 24 hours) for those in crisis who do not require hospital-level care but would benefit from multiple days in a facility to stabilize.

SERVICE: CRISIS SERVICES

	Clients Served SFY 2025	Clients Served SFY 2026
Mobile Crisis Response	947	1,069
Crisis Receiving and Stabilization	1,132	974

SUBSTANCE USE DISORDER TREATMENT

The HEART Initiative expanded Medicaid treatment services to give Montana Medicaid members coverage of all levels of care recommended by the American Society of Addiction Medicine (ASAM). In SFY 2026, 1,762 members received treatment through these expanded services. This includes ASAM 3.1: Clinically Managed Low-Intensity Residential Services, and ASAM 3.5: Clinically Managed High-Intensity Residential Services. The expansion of ASAM 3.5 services for SUD treatment was made possible by the HEART 1115 demonstration waiver, which allows individuals to receive these services in facilities with more than 16 beds.

SERVICE: SUD TREATMENT

ASAM Level	Individuals Served SFY 2025	Individuals Served SFY 2026
ASAM 3.1	250	249
ASAM 3.2	0	0
ASAM 3.3	100	82
ASAM 3.5 including IMD	1,499	1,431

HEART JAIL GRANTS

The HEART Initiative has committed $1.1M of HEART state special revenue per year to behavioral health services in jail settings. Seven county jails currently provide these services through contracts with the Department, and each has tailored service implementation to best meet the needs of its specific population. The funding helps deliver a range of services, including behavioral health therapy, certified behavioral health peer support, care coordination, prescription drug management and monitoring, and medication for opioid use disorder.

Those in carceral settings have been shown to have higher rates of behavioral health issues, and those issues can be exacerbated by their experiences in jail. Jails are unable to be reimbursed through Medicaid for appropriate behavioral health services because of federal regulatory blocks on service reimbursement during incarceration. This, compounded with workforce shortages, contributes to a system with substantial barriers to jail-based service delivery. Without jail-based care, individuals are less equipped to reenter and reintegrate into their communities. These funds support individuals in accessing care in a timely manner and better prepare them to return to life in the community.

SERVICE: JAIL GRANTS

	Individuals Served SFY 2025	Individuals Served SFY 2026
Jail-based BH Services	2,751	2,385

HEART TRIBAL GRANTS

HEART tribal grants provided $62,500 to each of Montana's eight tribes in SFY 2026 to fill gaps in services related to SUD prevention, mental health promotion, and crisis, treatment, and recovery services for mental health and SUD. These funds, which may not be used to pay for services that are reimbursable through other means, allow tribes to innovate in ways that are not possible through most other funding sources.

Tribes continue to use most of these funds for prevention efforts that build and strengthen their members' ties to their culture and community, which research shows are protective against mental health and SUD.

Key activities included stigma-reducing community events, youth outreach to encourage cultural ways, beliefs, and practices, thereby increasing healing across the lifespan. Funds were also used to support those moving to higher levels of care in treatment, providing a safe place to stay until they leave, as well as transportation funds to get them to and back home from treatment.

These funds helped increase collaboration and connections across different sectors of each community. Other uses included supplies for cultural events and cultural art workshops. Many funds were used in activities to promote and build trust, healthy relationships, and cultural identity.

HEART SFY 2026 EXPENDITURE REPORT

		SFY 2026*		SFY 2027 (projected)	
Service Category	Anticipated Effective Date	Total Expenditures	State Share	Total Expenditures	State Share
ASAM 3.1	Oct. 1, 2022	$2,928,145	$410,471	$3,415,175	$524,953
ASAM 3.2	TBD	$0	$0	$0	$0
ASAM 3.3	Jan. 1, 2024	$1,329,619	$195,733	$1,436,473	$207,944
ASAM 3.5 SUD IMD	July 1, 2022	$10,083,499	$1,446,212	$10,268,911	$1,640,350
Crisis Receiving and Stabilization (Medicaid)	July 1, 2023	$1,195,437	$205,808	$3,105,074	$579,456
Crisis Receiving and Stabilization (State Only)	July 1, 2023	$287,034	$287,034	$626,849	$626,849
Mobile Crisis Services (Medicaid)	Jan. 1, 2024	$236,353	$62,315	$294,476	$82,337
Mobile Crisis Services (State Only)	Jan. 1, 2024	$190,599	$190,599	$266,001	$266,001
Mobile Crisis Start-Up Expenses in Crisis Diversion Contracts	July 1, 2024 – June 30, 2027	$39,571	$39,571	$143,201	$143,201
Reentry Pre-Release (Medicaid)	Oct. 1, 2025	$0	$0	$457,514	$82,612
Tenancy Supports (Medicaid)	June 1, 2025	$115,309	$18,022	$179,452	$34,010
Contingency Management (Medicaid)	Jan. 1, 2026	$0	$0	$445,734	$77,825
Contingency Management Training Contract	Aug. 1, 2024	$118,220	$59,110	$157,626	$78,813
SUD Vouchers HB311	Oct. 1, 2023	$159,720	$159,720	$390,280	$390,280
Tribal Grants	July 1, 2022	$500,000	$500,000	$500,000	$500,000
HEART Funds to Counties Local Detention/Jail Diversion	July 1, 2022	$1,033,377	$1,033,377	$1,100,000	$1,100,000
DOC Capacity Building	June 1, 2024	$600,475	$300,237	$635,030	$317,515
Utilization Review Contract	Sept. 1, 2025	$283,100	$70,775	$98,663	$24,666

HEART Waiver Evaluation, Crisis Assessment, and HMA Study	July 1, 2022	$121,562	$60,781	$138,568	$69,284
Administrative and Indirect Expenses	July 1, 2023	$223,456	$126,296	$234,629	$121,637
Estimated HEART Expenditures		$19,445,476	$5,166,060	$23,893,654	$6,867,732

*Includes claims and reporting through July 6, 2026.