

# Medicaid Monitoring Report & Montana HELP Act Medicaid Expansion Report

A REPORT PREPARED FOR THE LEGISLATIVE FINANCE COMMITTEE  
BY JON ARNOLD

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# MEDICAID MONITORING

As part of its interim work plan, the Legislative Finance Committee (LFC) chose to monitor the Medicaid program administered by the Department of Public Health and Human Services (DPHHS) via a report at each committee meeting. This report covers Medicaid benefits only; a subset of total Department of Health and Human Services expenditures. The administrative costs of the state Medicaid program are not included in this report. The state Medicaid program involves appropriations and expenditures by four different DPHHS divisions: Health Resources Division (HRD), Senior and Long-Term Care Division (SLTC), Developmental Services Division (DSD), and Addictive and Mental Disorders Division (AMDD). The Health and Economic Livelihood Partnership Act (HELP Act - Medicaid expansion) is discussed in the second half of this report.

## FY 2019 MEDICAID FUNDING AND EXPENDITURES

Final FY 2019 Medicaid expenditures for benefits and claims totaled \$1,202.9 million including accruals. Table 1 below shows fiscal-year-end (FYE) 2019 Medicaid expenditures. General fund spending totaled \$279.1 million. For comparison, this is up from \$275.1 million at FYE 2018. Appropriation changes represent those that occurred during June 2019.

General fund Medicaid expenditures are expected to be about \$4.0 million more than the final FY 2018 appropriation. Just over \$14.7 million will be reverted back to the general fund. DPHHS is estimated to finish FY 2019 with a Medicaid state special balance of \$6.0 million as compared to their final modified 2019 appropriation. The department's FYE budget status report was not published prior to the drafting of this report and all numbers are based on SABHRS totals. FYE estimates are not considered final as Medicaid providers have one year from the date of service to submit claims for reimbursement.

DSD expended 91.9% of their modified HB 2 Medicaid budget including 92.0% of general fund, 67.9% of state special revenue and 93.0% of federal funds. DSD currently has a HB 2 budget balance of \$22.1 million including \$5.8 million in general fund. Unexpended general fund includes \$3.0 million for Medicaid waivers, \$1.6 million for children's mental health, and \$1.1 million for autism services.

Health Resources Division expended 90.9% of their modified HB 2 budget. Unexpended appropriations totaled \$61.9. \$4.0 million was general fund which includes \$3.3 million in Medicaid caseload contingency funding.

SLTC expended 93.8% of their modified HB 2 budget including 92.9% of general fund. Unspent general fund includes \$2.8 million for Medicaid nursing home and \$1.36 million for the Big Sky Waiver. Unspent federal appropriations include \$9.2 million for Medicaid nursing home intergovernmental transfer (IGT).

AMDD expended 92.5% of their modified HB 2 Medicaid budget including 96.8% general fund, 91.3% state special revenue and 94.6% federal authority. AMDD has \$4.4 million remaining in their HB 2 budget, most of which are federal funds appropriated for adult mental health services.

**Table 1: FY 2019 Medicaid Benefits & Claims Appropriations Compared to DPHHS Expenditures**

Division/Fund	FY 2019 Legislative Appropriation <sup>1</sup>	Executive Changes in Legislative Appropriation <sup>2</sup>	FYE 2019 Modified Appropriation	FYE 2019 Expenditures and Accruals <sup>3</sup>	Estimated Expenditures (Over) Under Appropriation	Estimated Balance as a % of Modified Appropriation
<b>10 Developmental Services Div.</b>						
General Fund	\$70,433,447	\$3,127,224	73,560,671	\$67,690,562	\$5,870,109	8.3%
State Special Revenue	8,677,204	0	8,677,204	5,887,784	2,789,420	32.1%
Federal Funds	<u>194,367,498</u>	<u>(2,244,000)</u>	<u>192,123,498</u>	<u>178,639,322</u>	<u>13,484,176</u>	6.9%
Subtotal	273,478,149	883,224	274,361,373	252,217,668	22,143,705	8.1%
<b>11 Health Resources Division</b>						
General Fund	150,420,191 <sup>4</sup>	(3,660,000)	146,760,191	142,803,145	3,957,046	2.7%
State Special Revenue	66,831,445	(2,011,538)	64,819,907	64,819,717	190	0.0%
Federal Funds	<u>494,359,302</u>	<u>(27,246,688)</u>	<u>467,112,614</u>	<u>409,164,311</u>	<u>57,948,303</u>	11.7%
Subtotal	561,190,747	(32,918,226)	678,692,712	616,787,173	61,905,539	11.0%
<b>22 Senior and Long Term Care</b>						
General Fund	65,032,228	0	65,032,228	60,403,484	4,628,744	7.1%
State Special Revenue	36,091,646	0	36,091,646	32,963,082	3,128,564	8.7%
Federal Funds	<u>196,955,249</u>	<u>0</u>	<u>196,955,249</u>	<u>186,276,396</u>	<u>10,678,853</u>	5.4%
Subtotal	298,079,123	0	298,079,123	279,642,962	18,436,161	6.2%
<b>33 Addictive and Mental Disorders</b>						
General Fund	11,092,758	(2,634,781)	8,457,977	8,190,597	267,380	2.4%
State Special Revenue	8,793,317	203,487	8,996,804	8,918,369	78,435	0.9%
Federal Funds	<u>41,014,471</u>	<u>237,555</u>	<u>41,252,026</u>	<u>37,166,470</u>	<u>4,085,556</u>	10.0%
Subtotal	\$60,900,546	(\$2,193,739)	\$58,706,807	\$54,275,436	\$4,431,371	7.3%
<b>Grand Total All Medicaid Services</b>						
General Fund	296,978,624	(3,167,557)	293,811,067	279,087,788	14,723,279	5.0%
State Special Revenue	120,393,612	(1,808,051)	118,585,561	112,588,952	5,996,609	5.0%
Federal Funds	<u>926,696,520</u>	<u>(29,253,133)</u>	<u>897,443,387</u>	<u>811,246,498</u>	<u>86,196,889</u>	9.3%
<b>Grand Total All Funds</b>	<b>\$1,344,068,756</b>	<b>(\$34,228,741)</b>	<b>\$1,309,840,015</b>	<b>\$1,202,923,239</b>	<b>\$106,916,776</b>	<b>8.2%</b>
<sup>1</sup> Estimated expenditures are based on Datamine as as FYE expenditures had not been reported by DPHHS as of publication. <sup>2</sup> Changes in appropriation authority can include: reorganizations, transfers of authority among Medicaid programs, transfers of authority to other DPHHS programs, reallocations of authority between program functions within a division, additions due to budget amendments, and special session changes to HB 2. <sup>3</sup> Expenditures and accruals are based on SABHRS Datamine. Expenditure data are not yet final. <sup>4</sup> The general fund appropriation at Health Resources Division (HRD) was reduced by \$13.5 million in HB 3, passed during the 2019 legislative						

## BUDGET CHANGES

The Medicaid benefits and claims budget decreased by \$34.2 million during June 2019, including \$3.2 million in general fund. Most of the general fund modifications involved program transfers of Medicaid appropriations to Children and Families Division (CFSD) to cover unexpected caseloads. The reduction in Medicaid general fund was offset by \$5.5 million at DSD which was transferred from MDC (non-Medicaid) to Medicaid as authorized by HB 639 (2017 Session). HB 639 authorized the department to “transfer from Montana Developmental Center for other necessary services for individuals served or who would have otherwise been served at the Montana Developmental Center”.

State Special funds decreased by a total of \$1.8 million during June. The state special appropriation at HRD was reduced by \$2.0 million as a result of FYE program transfers.

Most of the change in federal appropriation occurred at HRD when \$27.2 million was moved from Medicaid hospital services to cover operations expenses at technology services division.

## ACCRUALS

Medicaid providers have one year from the date of providing a service to file a claim. DPHHS always includes an accrual to cover program year expenses that are not billed until the following year. The majority of claims are billed and paid during the fiscal year in which services occur. However, some services provided in FY 2019 will be billed during FY 2020. The table below shows FY 2019 accruals, the amounts represent what DPHHS expects to use to cover claims from FY 2019 in FY 2020.

Medicaid FY2019 Accruals by Division and Fund Type				
DPHHS Division	General Fund	State Special	Federal Special	Total
Developmental Services Division	\$6,532,045		\$12,359,915	\$18,891,960
Health Resources Division	24,942,780	1,228,382	58,587,213	84,758,375
Senor & Long Term care	8,763,393	4,364,222	25,510,371	38,637,985
Addictive and Mental Disorders Division	1,185,588	592,884	3,771,976	5,550,448
<b>Total Medicaid Accruals</b>	<b>\$41,423,806</b>	<b>\$6,185,488</b>	<b>\$100,229,476</b>	<b>\$147,838,769</b>
Source: SABHRS				

The \$41.4 million accrued in general funds represent just 14.8% of expected FY 2019 general fund expenditures for benefits and claims. The majority of claims are billed during the fiscal year in which services are provided. Further analysis shows that most of the accruals are used to cover services provided near the end of the fiscal year, too late to be billed during the year in which services were provided.

# MONTANA HELP ACT – MEDICAID EXPANSION

The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expanded Medicaid in Montana, as allowed by the Patient Protection and Affordable Care Act (ACA). Specifically, this provides Medicaid coverage for adults ages 19-64, with incomes less than 138% of the federal poverty rate for Montana. The implementation of HELP has significantly impacted the budget of the State of Montana. Currently, benefits and claims for the expansion population are matched at a rate of 93% by federal funds (less an adjustment made for continuous eligibility), with a phased-in reduction to an eventual final federal matching rate of 90% (90% federal, 10% state) in 2020 and beyond. The purpose of this report is to provide an up-to-date synopsis of the Medicaid expansion and the financial implications.

Federal Match Rate		
Calendar Year	Federal Share	State Share
2016	100.0%	0.0%
2017	95.0%	5.0%
2018	94.0%	6.0%
2019	93.0%	7.0%
2020+	90.0%	10.0%

The 2019 Legislature passed HB 658, extending Medicaid expansion in Montana. Prior to HB 658 Medicaid expansion had been statutorily appropriated, including FY 2019. HB 658 includes appropriation authority for the 2021 biennium. As directed in HB 658, expansion appropriations will be included in HB 2 beginning in the 2023 biennium. HB 658 will become effective July 1, 2019 and has a termination date of June 30, 2025.

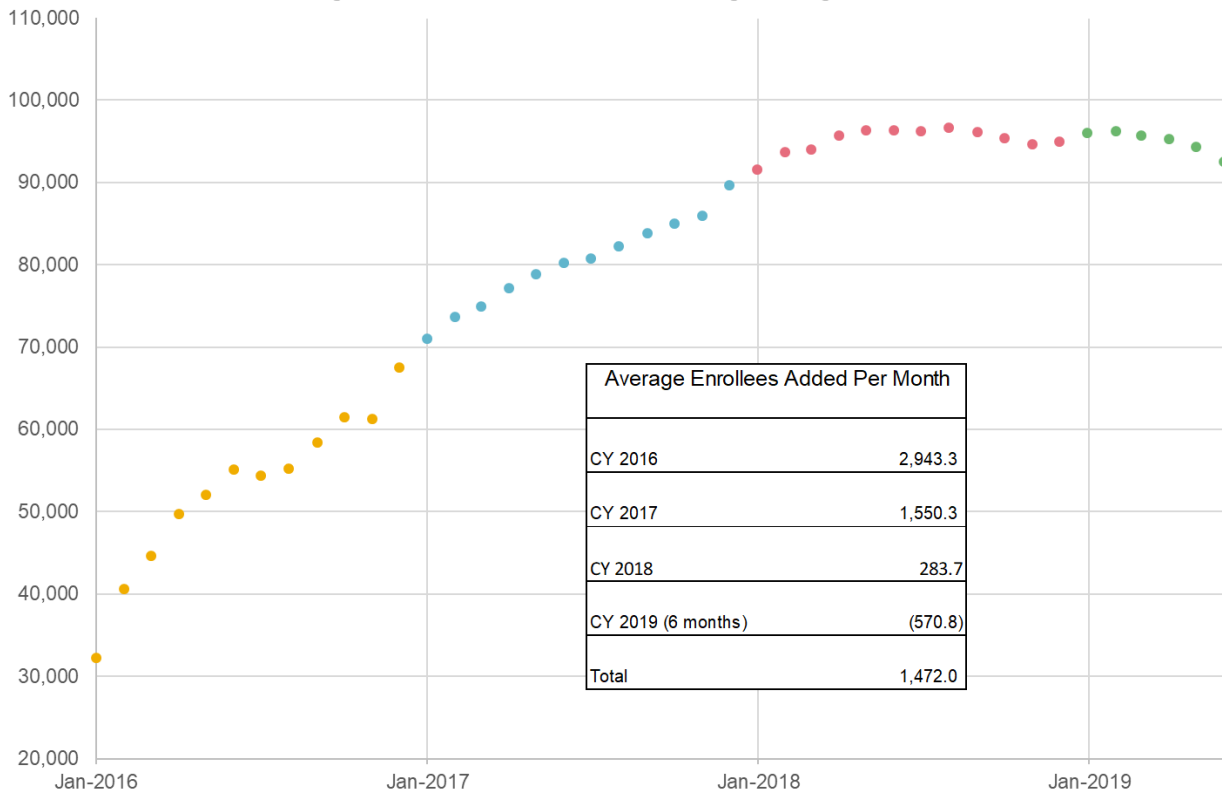
The bill includes several changes to expansion including: establishing community engagement requirements, revising eligibility verification procedures, establishing an employer grant program, and enacting fees on health service corporations and on hospital outpatient revenue, in addition to others.

## EXPANSION IMPLEMENTATION STATUS

### Current Enrollment

As of June 2019, DPHHS was reporting a total of 92,548 individuals covered by Medicaid expansion. The graph below illustrates HELP Act enrollment since the program was instituted. The enrollment growth rate for the HELP Act has slowed each calendar year since the HELP act was implemented, and during CY 2019, has been decreasing.

The number of HELP Act Enrollees increased during CY 2016 and CY 2017 before leveling off in CY 2018 and decreasing during the first half of CY 2019.



## MONTANA HELP ACT OVERSIGHT COMMITTEE

The HELP oversight committee was repealed by HB 658. Information required to be reported by DPHHS and the Department of Labor and Industry (DLI) will now be submitted to the Legislative Finance Committee and the Children, Families, Health, and Human Services interim committee. This reporting includes activities to establish a workforce development program and an employer grant program established by the bill.

## FINANCIAL UPDATE

Expenditures for Medicaid benefits experience a lag due to the fact that providers have up to a year to submit a billable claim. The expenditures below reflect all paid claims with a date of service during FY 2019 and any accrual amounts included by DPHHS. In the traditional Medicaid tables presented earlier in this report, only benefits and claims are covered. The HELP Act expenditures presented below show benefits and claims, and administration costs statutorily appropriated outside of HB 2 during FY 2019.

## Expenditures

Fiscal Year 2019 Montana HELP Act Expenditures (Including Accruals)			
	General Fund	Federal Funds	Total
Benefits & Claims			
Health Resources Division	\$33,398,269	\$614,944,440	\$648,342,709
Senior & Long Term Care	570,615	9,211,730	9,782,345
Addictive & Mental Disorders	<u>3,039,179</u>	<u>44,578,220</u>	<u>47,617,399</u>
	37,008,062	668,734,390	705,742,452
Administration			
Personal Services	896,895	1,888,045	2,784,939
Operating Expenses	<u>7,760,819</u>	<u>6,989,033</u>	<u>14,749,852</u>
	8,657,713	8,877,077	17,534,791
<b>Total</b>	<b>\$45,665,776</b>	<b>\$677,611,467</b>	<b>\$723,277,243</b>

## OTHER INTERACTIONS

### Department of Labor and Industry (DLI) HELP-Link – Financial Update

The Department of Labor and Industry was appropriated state special revenue of \$888,531 for FY 2019 in HB 2 to provide workforce activities included in the HELP Act. Through the end of FY 2019, DLI had expended more than 99.0% of the total appropriation. This includes \$328,431 in personal services, \$59,170 in operating expenses, and \$492,357 in grants.

### HELP-Link Participation

Every HELP enrollee receives information about HELP-Link services. The first step in HELP-Link participation is completing the HELP-Link survey. The survey is available online and at all job service locations. As of August 1, 2019, 14,319 HELP clients had completed the survey. According to the department, more than 8,000 survey completers have received some form of employment services from DLI.

In order to become an official HELP-Link participant, a survey completer must make an in-person visit to a job service office.

All participants receive two basic services when they visit a job service office, an individualized employment plan and workforce/labor market information services. These two services are required for HELP-Link enrollment. Information gathered by job service staff and the participant, including the HELP-Link survey, labor market information (including job openings and in-demand jobs in the state) and other

Medicaid Clients and DLI	
HELP -Link Survey Completers	14,319
DLI Clients	32,855
Workforce Disenrollment Exemption	6,818
HELP-Link Participants	4,020
Source: MT DLI on 8//2019. Total since 01/01/2016. DLI Clients are people w ho have received staff-assisted services from MT DLI w hile on Medicaid. This includes HELP Link, RESEA, WIOA, 100% appointments, Wagner-Peyser services, apprenticeships, etc.	

services are used to develop an individualized employment plan. This process is what the department considers one-on-one intensive service.

Many HELP participants use DLI services other than the HELP-Link program. A breakdown of services provided to all Medicaid DLI clients is provided in the table below.

Participatioin in Workforce Training Programs by State Fiscal Year for Montana Medicaid Populations					
	SFY2016 (6 months)	SFY 2017	SFY 2018	SFY 2019	Total
MTDLI Montana Medicaid Clients	4,267	10,921	16,657	13,616	31,999
HELP-Link Clients	604	1,525	1,058	1,159	4,257
HELP-Link Clients that received training assistance	82	438	466	436	884
HELP-Link Clients that Completed Training	5	203	241	226	670
Other Federally-Funded Workforce Programs					
RESEA	352	887	767	911	2,774
WIOA	585	1,015	937	848	2,015
100% Appointment	574	1,157	796	710	3,136
Wagner – Peyser	3,110	9,653	15,645	12,581	30,496

Source: DLI HELP-Link Program Update July 2019

Note: Table only includes individuals in eligible types of Montana Medicaid. Clients can be co-enrolled in programs.