

Program Budget Comparison

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	444,575	432,582	462,194	461,263	877,157	923,457	46,300	5.28%
Operating Expenses	7,490,576	6,751,683	7,857,772	8,048,877	14,242,259	15,906,649	1,664,390	11.69%
Total Costs	\$7,935,151	\$7,184,265	\$8,319,966	\$8,510,140	\$15,119,416	\$16,830,106	\$1,710,690	11.31%
General Fund	2,195,280	1,933,491	2,322,205	2,367,589	4,128,771	4,689,794	561,023	13.59%
State Special	38,345	25,079	36,708	39,755	63,424	76,463	13,039	20.56%
Federal Special	5,701,526	5,225,695	5,961,053	6,102,796	10,927,221	12,063,849	1,136,628	10.40%
Total Funds	\$7,935,151	\$7,184,265	\$8,319,966	\$8,510,140	\$15,119,416	\$16,830,106	\$1,710,690	11.31%

Program Description

The Medicaid and Health Services Management Program works in conjunction with the state Medicaid director and division administrators by providing oversight and guidance on management of the Medicaid programs. It also oversees the Medicaid Management Information System (MMIS) contractor that is responsible for the processing and payment of Medicaid claims. The Medicaid and health services branch manager is attached to this program for budget purposes.

Mission – Pay Medicaid and other health claims in an accurate and timely manner.

MCA 2-4-201
ARM 37.1.101

Program Highlights

Medicaid and Health Services Management Program Major Program Highlights
<ul style="list-style-type: none"> ◆ As part of its agency reorganization DPHHS created this program by shifting FTE, costs, and funds from other divisions ◆ 99.5% of operational costs support IT consulting and professional services related to the MMIS contract ◆ The positions funded in the Governor’s request include: <ul style="list-style-type: none"> ● Branch manager ● Program manager ● Health program representative ● 2 computer systems analysts
Major LFD Issues
<ul style="list-style-type: none"> ◆ Contractual increases for MMIS have not been included in other biennia

Program Narrative

As discussed in the agency summary, DPPHS reorganized in FY 2010. The Medicaid and Health Services Management Program received funding and FTE mainly from the Director’s Office to support its operations. The positions transferred include:

- o Branch manager position, which also happens to be the Medicaid state director
- o Program manager
- o Health program representative
- o 2.00 FTE computer system analysts

The 2013 biennium budget request increases 11.3% overall when compared to the 2011 biennium. The increases are driven by personal services costs and contractual increases for MMIS.

The vast majority of the costs in the new program, 94.4% of total program costs and 99.5% of the operational costs, are for IT consulting and professional services related to the MMIS contract. The Governor is requesting almost \$1.0 million in additional support to provide for contractual increases in the MMIS contract. MMIS is the computer system used to process provider claims for the Medicaid and Health Services Branch, excluding the Disability Services Division.

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Contractual Increases For MMIS Have Not Been Included In Other Biennia

The MMIS contract includes a provision for contractual increases to the price of the contract driven by increases in the Consumer Price Index (CPI). The contract has been in place for the last 3 biennia. A review of executive budget requests for the various divisions that have administered the MMIS contract over the last 3 biennia shows that no contractual increases were requested in the budget.

Both Operations and Technology and the Director’s Office are funded through the use of indirect cost allocations from the department’s other divisions. These divisions previously housed the MMIS contract. In previous biennia the department was able to absorb the approximately \$350,000 in annual contractual increases within current appropriations that are the basis of the executive budget request for the 2013 biennium budget. The Governor also requests \$3.0 million in additional support in the Technology Services Division (TSD) 2013 biennium budget for other maintenance and enhancement contracts supporting legacy data systems. In one case TSD believes that the cost for expiring contracts will increase under new contracts. The other request is for a new system that was implemented in the 2011 biennium. The MMIS contract is neither new nor an expiring contract.

Option: Require the department to absorb the increase driven by increases in CPI as in other biennia.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Governor.

Program Funding Table						
Medicaid And Health Services Management						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 2,195,280	27.7%	\$ 2,322,205	27.9%	\$ 2,367,589	27.8%
01100 General Fund	2,195,280	27.7%	2,322,205	27.9%	2,367,589	27.8%
02000 Total State Special Funds	38,345	0.5%	36,708	0.4%	39,755	0.5%
02220 02 Indirect Activity Prog 12	38,345	0.5%	36,708	0.4%	39,755	0.5%
03000 Total Federal Special Funds	5,701,526	71.9%	5,961,053	71.6%	6,102,796	71.7%
03305 03 Indirect Activity Prog 12	5,701,526	71.9%	5,961,053	71.6%	6,102,796	71.7%
Grand Total	<u>\$ 7,935,151</u>	<u>100.0%</u>	<u>\$ 8,319,966</u>	<u>100.0%</u>	<u>\$ 8,510,140</u>	<u>100.0%</u>

The department shifted \$1.9 million of general fund, \$5.2 million in federal special revenues, and a small portion of state special revenues to this program from the Director’s Office to support MMIS. The remaining funds were transferred from the Health Resources Division to fund the branch manager/state Medicaid director position.

General fund supports 27.8% of the Medicaid and Health Service Management Program in the 2013 biennium budget, increasing slightly due to a request for a contract increase related to MMIS. State special revenue funds derived from departmental indirect cost allocations support less than 1% of the 2013 biennium budget. Federal special revenue funds support 71.7% of the budget and are also derived through indirect cost allocations.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,195,280	2,195,280	4,390,560	93.62%	7,935,151	7,935,151	15,870,302	94.30%
Statewide PL Adjustments	33,697	30,712	64,409	1.37%	16,556	15,667	32,223	0.19%
Other PL Adjustments	93,228	141,597	234,825	5.01%	368,259	559,322	927,581	5.51%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$2,322,205	\$2,367,589	\$4,689,794		\$8,319,966	\$8,510,140	\$16,830,106	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					36,877					35,907
Vacancy Savings					(19,258)					(19,219)
Inflation/Deflation					(15)					(15)
Fixed Costs					(1,048)					(1,006)
Total Statewide Present Law Adjustments		\$33,697	(\$1,637)	(\$15,504)	\$16,556		\$30,712	\$1,410	(\$16,455)	\$15,667
DP 12001 - MMIS Contract Increase	0.00	93,228	0	275,031	368,259	0.00	141,597	0	417,725	559,322
Total Other Present Law Adjustments	0.00	\$93,228	\$0	\$275,031	\$368,259	0.00	\$141,597	\$0	\$417,725	\$559,322
Grand Total All Present Law Adjustments	0.00	\$126,925	(\$1,637)	\$259,527	\$384,815	0.00	\$172,309	\$1,410	\$401,270	\$574,989

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited by LFD staff as necessary for brevity and/or clarity.

- o **Pay Plan Exceptions** - None
- o **Program Specific Obstacles** - For all agency programs, decreased numbers of staff and increased stress and burnout for employees has resulted in fewer internal referrals, decreased satisfaction with work/life balance, lack of available time and resources to train and develop current staff and new recruits, and fear and uncertainty with government job stability. In combination, these factors have led to a shortage of high-level skilled workers seeking public service work with this agency.
- o **Vacancy** - Ongoing vacancies have increased overtime, contributed to delays in client application processing and subsequent delays in delivery of client benefits, and increased employee workload and stress. Supervisors are carrying increasingly heavy workloads across all agency programs to cope with staff vacancies and as new

employees are trained to be fully productive in their positions.

- o **Legislatively Applied Vacancy Savings** - Each agency division was given a target for personal services budget reductions. In general, vacancies were held open until the 7% savings was accomplished. However, the agency managed the vacancy savings based on ongoing assessment of what positions constituted the most critical need and allocating resources using an agency-wide strategy. Some critical positions were filled quickly while others were held open longer. Each Request to Fill was reviewed, evaluated, and either held open or approved to be filled by the program administrator. After approval by the administrator, each Request to Fill was also thoroughly scrutinized and considered for final approval by the agency director.
- o **Pay/Position Changes** – None within this program
- o **Retirements** - Out of 5 total FTE in MHSM, 2 or 40.0% are eligible for retirement. The division estimates 1 employee will retire in the 2011 and 2013 biennia (including actual retirements in FY 2010) at a total cost of \$8,855. Planning for these vacancies is ongoing but doesn't contemplate double filling positions at this time due to budget restrictions.

DP 12001 - MMIS Contract Increase - This decision package requests \$927,581 over the biennium for the Medicaid Management Information System (MMIS). The current MMIS fiscal agent contract contains a pricing adjustment per an increase in CPI. The annual pricing adjustment shall not exceed 75% of the rate of increase in the cost of living as reflected in the Federal Bureau of Labor Statistics, Consumer Price Index (CPI). The increase is implemented annually in July and over the prior 6 years has increased on average 2.5% annually. The funding for the biennium is \$234,825 in general fund and \$692,756 in federal funds.

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Please see the issue on this request in the Program Narrative section.