

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	115.73	115.73	115.73	115.73	115.73	115.73	0.00	0.00%
Personal Services	6,115,754	6,674,730	6,795,930	6,800,265	12,790,484	13,596,195	805,711	6.30%
Operating Expenses	1,628,479	1,641,313	1,691,862	1,694,581	3,269,792	3,386,443	116,651	3.57%
Equipment & Intangible Assets	525	0	525	525	525	1,050	525	100.00%
Grants	584,941	554,578	584,941	584,941	1,139,519	1,169,882	30,363	2.66%
Transfers	32,695	0	0	0	32,695	0	(32,695)	(100.00%)
<b>Total Costs</b>	<b>\$8,362,394</b>	<b>\$8,870,621</b>	<b>\$9,073,258</b>	<b>\$9,080,312</b>	<b>\$17,233,015</b>	<b>\$18,153,570</b>	<b>\$920,555</b>	<b>5.34%</b>
General Fund	2,313,244	2,332,972	2,551,731	2,554,836	4,646,216	5,106,567	460,351	9.91%
State Special	517,547	735,257	552,404	553,881	1,252,804	1,106,285	(146,519)	(11.70%)
Federal Special	5,531,603	5,802,392	5,969,123	5,971,595	11,333,995	11,940,718	606,723	5.35%
<b>Total Funds</b>	<b>\$8,362,394</b>	<b>\$8,870,621</b>	<b>\$9,073,258</b>	<b>\$9,080,312</b>	<b>\$17,233,015</b>	<b>\$18,153,570</b>	<b>\$920,555</b>	<b>5.34%</b>

**Program Description**

The role of the Quality Assurance Division (QAD) is to protect the safety and well-being of Montanans by monitoring and ensuring the integrity and cost-effectiveness of department programs. The division primarily fulfills its role by:

- o Licensing, registering, and certifying health care, day care, and residential services
- o Detecting and investigating abusive or fraudulent practices within the Medicaid and Supplemental Nutrition Assistance Program (SNAP, previously food stamps) and initiating recovery efforts
- o Identifying other insurers or parties responsible for paying a beneficiary’s medical expenses
- o Providing internal and independent audits for DPHHS programs
- o Providing informal dispute resolution conferences for nursing facilities that dispute deficiency citations
- o Monitoring and evaluating health maintenance organizations (HMOs) for quality assurance and network adequacy
- o Ensuring department compliance with the federal Health Information Portability and Accountability Act
- o Operating the medical marijuana registry.

The division has field offices in Anaconda, Billings, Bozeman, Great Falls, Havre, Hinsdale, Kalispell, Miles City, and Missoula.

**Program Highlights**

<b>Quality Assurance Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature increased the 2015 biennium total funding for the division by just over 5.0% from the 2013 biennium due to:                             <ul style="list-style-type: none"> <li>• Statewide and present law adjustments of about \$1.5 million total funds primarily for personal services, offset by vacancy savings of \$0.6 million total funds</li> <li>• A \$65,000 reduction for a state special revenue transfer</li> </ul> </li> </ul>

**Program Narrative**

The legislature approved a budget of just over \$9.0 million total funds for each year of the biennium comprising:

- o 28% general fund

- 6% state special revenue
- 66% federal funds

The appropriation is an increase of about \$1.5 million total funds over the 2013 biennium budget due to:

- Statewide present law adjustments
- Approval of about \$130,000 total funds over the biennium for the federally required Recovery Audit Program that is designed to recover Medicaid funds. The legislature also approved accompanying language allowing the contractor to be paid an amount no greater than 12.5% of the amount collected. There is additional information in the language section at the end of this write-up

The legislature made two reductions to the executive request. The first reduction removed \$32,695 state special revenue from transfers in FY 2014 and FY 2015. The transfer was to the Department of Administration for the Marijuana Registry Program share of costs associated with the purchase of a laminating printer. There is additional discussion in the new proposal section of this write-up.

The second reduction of about \$340,000 over the biennium related to the executive request for 2.00 federally funded FTE for the required survey and certification of health care and nursing facilities in Montana. The legislature did not approve the request to increase federal funding authority for the FTE, directing the department to use existing authority.

### Funding

The following table shows program funding, by source for the base year and for the 2015 biennium as adopted by the Legislature.

Total Operations Services Branch Funding by Source of Authority 2015 Biennium Budget - Quality Assurance Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,106,567	\$0	\$0	\$5,106,567	28.1%		
State Special Total	\$1,106,285	\$0	\$0	\$1,106,285	6.1%		
02034 Earmarked Alcohol Funds	\$141,503	\$0	\$0	\$141,503	0.8%		
02380 02 Indirect Activity Prog 08	\$51,963	\$0	\$0	\$51,963	0.3%		
02497 6901-lien & Estate - Sltd	\$132,505	\$0	\$0	\$132,505	0.7%		
02566 Medical Marijuana	\$715,787	\$0	\$0	\$715,787	3.9%		
02585 Recovery Audit Contract	\$64,527	\$0	\$0	\$64,527	0.4%		
Federal Special Total	\$11,940,718	\$0	\$0	\$11,940,718	65.8%		
03096 Discretionary Child Care	\$1,402,681	\$0	\$0	\$1,402,681	7.7%		
03251 Child Care Admin	\$262,236	\$0	\$0	\$262,236	1.4%		
03303 Title 18 Clia	\$290,057	\$0	\$0	\$290,057	1.6%		
03335 Fda Mammography Inspections	\$85,680	\$0	\$0	\$85,680	0.5%		
03359 Recovery Audit Program	\$64,529	\$0	\$0	\$64,529	0.4%		
03530 6901-foster Care 93.658	\$134,149	\$0	\$0	\$134,149	0.7%		
03580 6901-93.778 - Med Adm 50%	\$1,463,596	\$0	\$0	\$1,463,596	8.1%		
03597 03 Indirect Activity Prog 08	\$2,583,861	\$0	\$0	\$2,583,861	14.2%		
03934 Title 19	\$528,305	\$0	\$0	\$528,305	2.9%		
03935 Title 18	\$3,625,202	\$0	\$0	\$3,625,202	20.0%		
03948 T-19 Obra Nurse Aid	\$215,039	\$0	\$0	\$215,039	1.2%		
03960 Rural Hospital Flexibility Prog	\$1,285,383	\$0	\$0	\$1,285,383	7.1%		
Total All Funds	\$18,153,570	\$0	\$0	\$18,153,570	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Quality Assurance Division is funded primarily with federal funds at just over 66.0%. General fund supports 28.0% of program costs with the remaining 6.0% of budgeted expenditures supported by state special revenues.

General fund supports some administrative functions as well as:

- o The state match for eligible costs in Medicaid, Title IV-E (foster care), and federal discretionary child care funds, community residential facilities, and program compliance
- o The full cost of radiological equipment testing, certificate of need determinations, and state licensure for assisted living or other facilities that receive no federal support as required in MCA, Title 55, part 5

State special revenue includes alcohol taxes allocated to DPHHS, lien and estate recoveries for Medicaid services, marijuana registry fees, and indirect cost recovery funds:

- o Alcohol taxes fund staff and operational costs for chemical dependency program licensure
- o Lien and estate funds support services to pursue recoveries for the costs of Medicaid, mainly for nursing home services
- o Marijuana registry fees cover the cost of administering the registry
- o Recovery Audit Contract funds support the audit process addressing fraud, waste or abuse in Medicaid

There are 12 separate federal funding sources in the Quality Assurance Division budget. Some of the federal sources support more than one function. For instance, Medicaid funds support:

- o Third party recovery
- o The surveillance, utilization, and review unit (SURS)
- o The nurse aide registry for nursing homes
- o The federal match of the Recovery Audit Program
- o The Department of Justice fraud surveillance contract

Medicaid and Medicare funds support certification of services such as nursing home and home health services. Medicare CLIA (clinical laboratory improvement amendments) pays for reviews of some laboratories in order to qualify the labs for federal funding. The rural hospital flexibility grant supports grants and other activities for local hospitals to maintain their critical access hospital status. Childcare discretionary and administrative funding supports licensure of childcare facilities. Title IV-E pays the federal share of costs of licensing community residential facilities to provide foster care. Mammography funds pay for contracted inspections of mammography equipment. Federal indirect funding represents the federal share of allocated administrative costs.

**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 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,313,244	2,313,244	4,626,488	90.60%	8,362,394	8,362,394	16,724,788	92.13%
Statewide PL Adjustments	238,487	241,592	480,079	9.40%	679,291	685,826	1,365,117	7.52%
Other PL Adjustments	0	0	0	0.00%	64,268	64,787	129,055	0.71%
New Proposals	0	0	0	0.00%	(32,695)	(32,695)	(65,390)	(0.36%)
<b>Total Budget</b>	<b>\$2,551,731</b>	<b>\$2,554,836</b>	<b>\$5,106,567</b>		<b>\$9,073,258</b>	<b>\$9,080,312</b>	<b>\$18,153,570</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					963,541					967,723
Vacancy Savings					(283,172)					(283,340)
Inflation/Deflation					(1,856)					796
Fixed Costs					778					647
<b>Total Statewide Present Law Adjustments</b>		<b>\$238,487</b>	<b>\$35,418</b>	<b>\$405,386</b>	<b>\$679,291</b>		<b>\$241,592</b>	<b>\$36,636</b>	<b>\$407,598</b>	<b>\$685,826</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(238,487)	(35,418)	(405,386)	(679,291)	0.00	(241,592)	(36,636)	(407,598)	(685,826)
DP 51 - Adjustment for Statewide Personal Services	0.00	238,489	34,765	407,115	680,369	0.00	241,065	35,311	408,007	684,383
DP 52 - Adjustment for Statewide Operations	0.00	(2)	653	(1,729)	(1,078)	0.00	527	1,325	(409)	1,443
DP 8002 - Recovery Audit Contractor Program Permanency	0.00	0	32,134	32,134	64,268	0.00	0	32,393	32,394	64,787
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$32,134</b>	<b>\$32,134</b>	<b>\$64,268</b>	<b>0.00</b>	<b>\$0</b>	<b>\$32,393</b>	<b>\$32,394</b>	<b>\$64,787</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$238,487</b>	<b>\$67,552</b>	<b>\$437,520</b>	<b>\$743,559</b>	<b>0.00</b>	<b>\$241,592</b>	<b>\$69,029</b>	<b>\$439,992</b>	<b>\$750,613</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removed statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government Subcommittee.

DP 8002 - Recovery Audit Contractor Program Permanency - The legislature approved funding to make the Recovery Audit Program, which was established in the 2011 session via a legislative language appropriation, permanent.

The legislature also approved a language appropriation related to the recovery audit program allowing QAD to pay recovery audit costs. Payments to the contractor are contingent upon the amount of funds recovered. The language appropriation follows the New Proposal Section below.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8004 - Reduce State Special Revenue Transfer	08	0.00	0	(32,695)	0	(32,695)	0.00	0	(32,695)	0	(32,695)
<b>Total</b>		<b>0.00</b>	<b>\$0</b>	<b>(\$32,695)</b>	<b>\$0</b>	<b>(\$32,695)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$32,695)</b>	<b>\$0</b>	<b>(\$32,695)</b>

DP 8004 - Reduce State Special Revenue Transfer - The legislature removed \$32,695 state special revenue from the division's appropriated fund transfer in FY 2014 and FY 2015.

**Language and Statutory Authority**

The legislature included the following language in HB 2:

"The Quality Assurance Division is appropriated funding for the 2015 biennium in an amount not to exceed \$210,208 of the state special revenue fund share and \$396,734 of the federal special revenue share from the recovery audit contract to pay recovery audit costs. Payments to the contractor are contingent upon the amount of funds recovered and may not exceed 12.5% of the amount recovered."