

# Legislative Fiscal Division

## Revenue Estimate Profile

### Public Institution Reimbursements

**Revenue Description:** The Department of Public Health and Human Services (DPHHS) receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center (MMHNCC), Montana State Hospital (MSH), Montana Chemical Dependency Treatment Center (MCDC), and the Montana Veterans' Home (MVH). There are four sources of reimbursement income: state and federally matched Medicaid monies, insurance proceeds from companies with whom the resident is insured, payments by residents or persons legally responsible for them, and federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: the number of patient days eligible for Medicaid reimbursement, the reimbursement rate per patient day, and the private resources of Medicaid patients.

**Statutory Reference:**

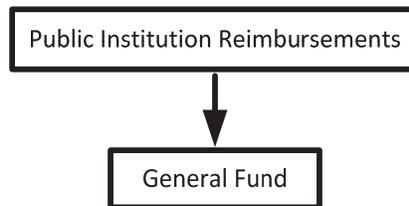
- Tax Rate (MCA) – 53-1-402 (requirement to pay)
- Tax Distribution (MCA) – 53-1-413
- Date Due – monthly (53-1-405(3))

**Applicable Tax Rate(s):** N/A

**Distribution:** Revenue collected from the above sources is deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction at these facilities. The remainder is deposited into the general fund.
2. Reimbursements received MVH and MCDC are deposited into a state special revenue account and appropriated to the facilities.

Distribution Chart:



**Summary of Legislative Action:**

House Bill 16 – This bill revises involuntary commitment and emergency detention laws, which will increase the number of emergency detentions and admissions to the Montana State Hospital.

Public Institution Reimbursements – Legislation Passed by 63rd Legislature			
State Special Revenue Impact (\$ Millions)			
Bill Number and Short Title	FY 2013	FY 2014	FY 2015
HB0016 Revise involuntary commitment and emergency detention laws	\$0.000	\$0.139	\$0.139
<b>Total State Special Revenue Impact</b>	<b>\$0.000</b>	<b>\$0.139</b>	<b>\$0.139</b>

**Collection Frequency:** Monthly

**% of Total General Fund Revenue:**

- |                 |                 |                 |
|-----------------|-----------------|-----------------|
| FY 2004 – 1.31% | FY 2007 – 0.58% | FY 2010 – 1.35% |
| FY 2005 – 0.82% | FY 2008 – 0.78% | FY 2011 – 1.13% |
| FY 2006 – 0.75% | FY 2009 – 0.78% | FY 2012 – 0.78% |

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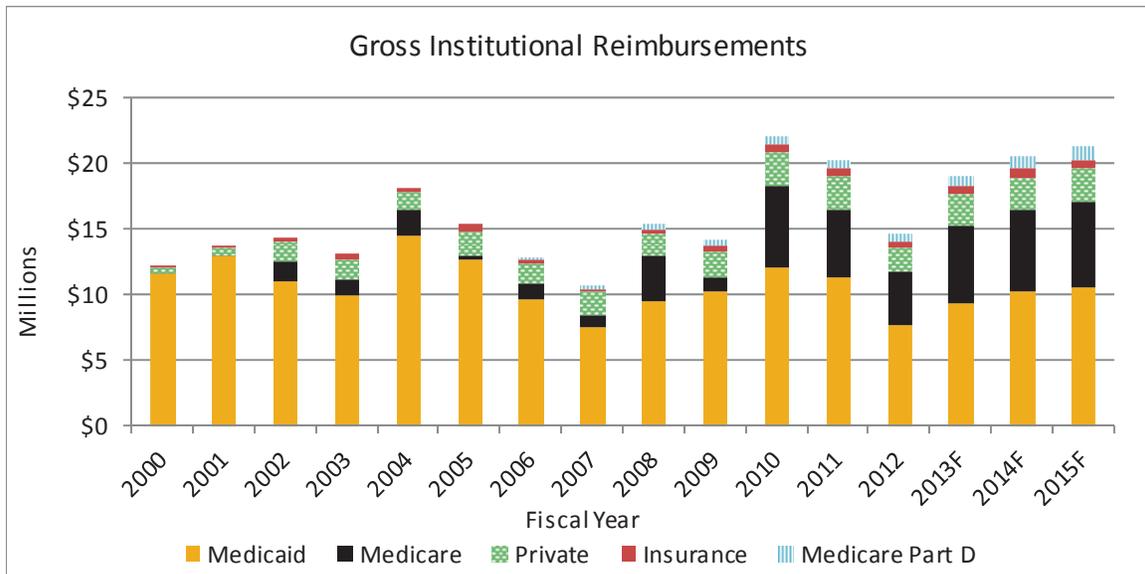
#### Revenue Estimate Methodology:

##### Data

Data are collected from the DPHHS and the state accounting system (SABHRS) to develop the estimate for the public institution reimbursements. In addition to residency data, DPHHS provides the data used to develop relationships of payment patterns of individuals and insurance companies to the federal government reimbursements (Medicaid and Medicare). SABHRS provides historical data used to assess the accuracy of the estimates.

##### Analysis

The largest component of Montana's institutional reimbursements is Medicaid, as seen in the figure below. Medicaid and Medicare payments are responsible for most of the variability in reimbursement collections, due to the changes in the FMAP rates for the state. The FMAP rates are set annually based on the state's relative per capita income. States like Montana, with a relatively low per capita income and a higher FMAP rate, receive more federal assistance than states with a higher per capita income. The American Recovery and Reinvestment Act of 2009 temporarily increased the FMAP rate. The enhanced rate will no longer be in effect for the forecast period. Most of the Medicare payments result from billings at MSH, while most Medicaid payments are generated through care at MMHCC.



Estimates for institutional reimbursements are derived using average daily population (ADP) estimates and reimbursement rates provided by DPHHS for three state hospitals: MDC, MMHCC, and MSH. Both the ADP and the facility rates are estimated with expected growth percentages. The ADP is adjusted by Medicare and Medicaid eligibility rates. The forecast FMAP rate is adjusted for the state fiscal year. The final step is to combine the estimates by payment type estimates.

##### Adjustment and Distribution

Gross reimbursements must be reduced by two debt service payments in each fiscal year. The debt service is the result of bonds issued for the purpose of facility upgrades.

#### Forecast Methodology:



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#### Revenue Estimate Assumptions:

This section contains the assumptions used to generate the revenue estimates contained in Senate Joint Resolution 2. It does not reflect changes, if any, enacted by the 2013 Legislature that may affect future estimates of this revenue source.

	t	Total Rev.	GF Rev.	Private	Insurance	Medicaid	Medicare
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	14.283	14.283	1.483	0.317	10.995	1.488
Actual	2003	13.043	13.043	1.564	0.452	9.900	1.126
Actual	2004	18.110	18.110	1.424	0.311	14.337	2.038
Actual	2005	12.509	12.509	1.888	0.557	12.631	0.211
Actual	2006	12.728	12.728	1.535	0.284	9.531	1.274
Actual	2007	10.669	10.669	1.850	0.187	7.473	0.867
Actual	2008	15.335	15.335	1.647	0.346	9.392	3.456
Actual	2009	14.101	14.101	1.894	0.440	10.109	1.145
Actual	2010	22.000	22.000	2.525	0.661	12.030	6.177
Actual	2011	20.158	20.158	2.477	0.687	11.176	5.256
Actual	2012	14.562	14.562	1.840	0.462	7.645	3.996
Forecast	2013	16.332	16.332	2.433	0.668	9.296	5.904
Forecast	2014	17.663	17.663	2.487	0.664	10.151	6.219
Forecast	2015	18.301	18.301	2.517	0.660	10.361	6.527

	t	MDC Debt	MSH Debt	Adjustments	Medicare
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Part D</u> <u>Millions</u>
Actual	2002	1.075	1.911	0.000	
Actual	2003	1.046	1.776	-1.573	
Actual	2004	0.869	1.752	-3.180	
Actual	2005	1.006	1.785	0.013	
Actual	2006	0.951	1.775	0.000	0.104
Actual	2007	0.959	1.793	0.000	0.291
Actual	2008	0.982	1.797	0.000	0.495
Actual	2009	0.959	1.746	0.000	0.513
Actual	2010	0.989	1.691	0.000	0.608
Actual	2011	0.980	1.760	0.000	0.561
Actual	2012	0.984	1.834	0.000	0.619
Forecast	2013	0.988	1.794	0.000	0.812
Forecast	2014	0.988	1.794	0.000	0.922
Forecast	2015	0.988	1.794	0.000	1.018

Total Rev. = Private + Insurance + Medicaid + Medicare - MDC Debt - MSH Debt + Adjustments + Medicare Part D  
 GF Rev. = Total Rev.

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**Revenue Projection:**

