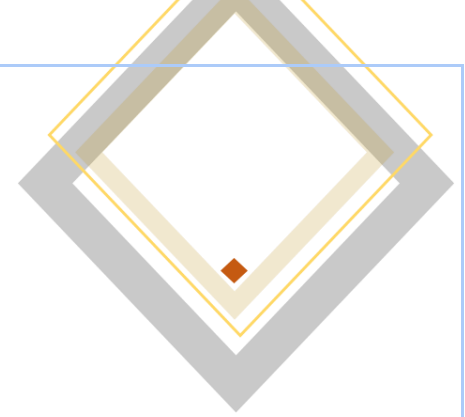


JANUARY 2018

Children, Families, Health, and Human Services Interim Committee
Sue O'Connell, Legislative Research Analyst



AGENCY OVERSIGHT: DPHHS SPENDING REDUCTIONS

Background

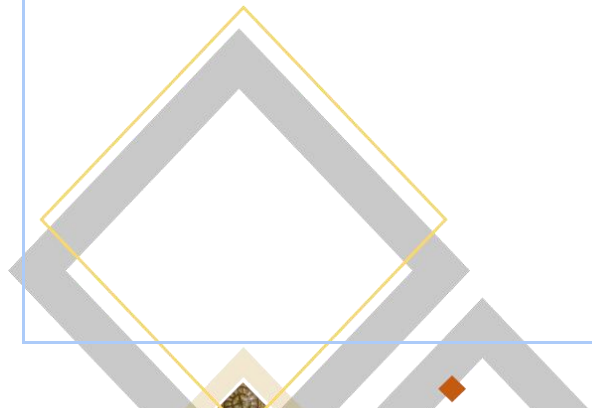
Gov. Steve Bullock ordered spending reductions for state agencies in November 2017 to avoid a budget deficit. State law gives the governor the ability to reduce general fund spending by up to 10% without legislative approval to make sure state spending doesn't exceed revenues. Governor Bullock reduced general fund spending an average of 6.6% for executive branch agencies at the start of a special legislative session in November. During the special session, legislators also transferred funds and imposed certain fees to help cover the budget shortfall. At the same time, they enacted the governor's spending reductions into law by passing House Bill 2.

This briefing paper summarizes the spending reductions that could be on tap for the Department of Public Health and Human Services (DPHHS).

Range of Reductions

At the time he called the special session, the governor released a list of reductions totaling nearly \$77 million that would be made under 17-7-140, MCA, the law that allows a governor to reduce spending without legislative approval under certain circumstances. With a budget that represents about one-fourth of the general fund budget by function, DPHHS saw the largest dollar amount of reductions among the agencies, at \$49.2 million. However, the percentage of reduction for DPHHS was slightly below the average, at 4.7%.

The DPHHS divisions slated to see the largest general fund cuts are the Human Resources Division, at \$15.3 million; the Human and Community Services Division, at \$7.2 million; the Addictive and Mental Disorders Division, at \$6.8 million; and the Developmental Services Division, at \$6.7 million. Some divisions receive little in the way of general fund dollars. For example, many of the activities undertaken by the Public Health and Safety Division are funded with federal or other grants. Under 17-7-140, MCA, the governor may only direct agencies to reduce general fund spending.



The table on the following pages lists reductions released by the governor in November.¹ DPHHS has been working on a plan to implement the cuts and may decide to reduce spending in other ways.

The table groups the spending reductions by division, using the following abbreviations for each division:

- AMDD, the Addictive and Mental Disorders Division, which provides chemical dependency services and adult mental health services;
- BFSD, the Business and Financial Services Division, which provides operational support for managing DPHHS;
- CFSD, the Child and Family Services Division, which handles child protective services;
- CSED, the Child Support Enforcement Division, which collects financial support owed by parents;
- DETD, the Disability Employment and Transitions Division, which provides or contracts for services that help people with disabilities live and work in the community;
- DSD, the Developmental Services Division, which administers children’s mental health services and services to developmentally disabled children and adults;
- HCSD, the Human and Community Services Division, which determines eligibility for public assistance programs and administers certain assistance programs;
- HRD, the Health Resources Division, which administers the Medicaid program and the Healthy Montana Kids Plan;
- PHSD, the Public Health and Safety Division, which provides services designed to prevent disease and promote the health of individuals and communities;
- SLTC, the Senior and Long-Term Care Division, which administers services for senior citizens and physically disabled persons; and
- TSD, the Technology Services Division, which provides information technology services to the department.

¹ “17-7-140, MCA, Implemented Reductions 2019 Biennium,” *Governor’s Office of Budget and Program Planning*, published Nov. 6, 2017, on balancedbudgetmt.gov.

Reductions by Division

Division	Reduction	FY 2018		FY 2019	
		General Fund	Total Funds	General Fund	Total Funds
AMDD	Reduce the number of staff hours providing support services to Medicaid enrollees	\$187,500	\$375,00	\$187,500	\$375,000
	Reduce the use of temporary professional staff by establishing appropriate salary levels for psychiatrists	\$450,000	\$450,000	\$600,000	\$600,000
	Require utilization review for Medicaid substance abuse disorder services	\$0	\$0	\$112,954	\$436,264
	Require an assessment to determine Severe Disabling Mental Illness (SDMI) status for receiving more than 12 sessions of outpatient therapy per year	\$0	\$0	\$173,100	\$500,000
	Eliminate chemical dependency services funded only with state funds	\$822,088	\$822,088	\$822,088	\$822,088
	Reduce county grants for jail diversion and crisis intervention	\$240,841	\$240,841	\$240,841	\$240,841
	Reduce Medicaid substance use disorder targeted case management services	\$15,500	\$89,544	\$31,000	\$179,086
	Reduce SDMI targeted case management services for adults	\$985,755	\$2,845,791	\$1,971,508	\$5,691,578
	Total for Addictive and Mental Disorders Division	\$2,701,684	\$4,448,264	\$4,138,991	\$8,844,857
BFSD	Refinance positions to use enhanced funding	\$12,000	\$0	\$0	\$0
	Reduce training, travel, and temporary services costs	\$19,800	\$44,100	\$19,800	\$44,100
	Total for Business and Financial Services Division	\$31,800	\$44,100	\$19,800	\$44,100
CFSD	Eliminate cell phone plans for some employees	\$16,430	\$23,472	\$22,084	\$31,548
	Reduce personal services to restructure division management	\$47,135	\$60,682	\$78,908	\$101,504
	Eliminate Second Chance Home/The Center for Children and Families services	\$430,103	\$430,103	\$737,320	\$737,320
	Reduce chemical dependency screening costs by using the Request for Proposal (RFP) process	\$907,355	\$907,355	\$1,200,000	\$1,200,000
	Eliminate unmatched general fund support for the pre-hearing conference program in Yellowstone County	\$46,928	\$46,928	\$46,928	\$46,928
	Total for Child and Family Services Division	\$1,447,951	\$1,468,540	\$2,085,240	\$2,117,300
CSED	Reduce personal services	\$173,651	\$419,419	\$170,236	\$457,461
	Reduce expenses by cutting travel and eliminating free online payment	\$1,932	\$5,665	\$1,932	\$5,665
	Total for Child Support Enforcement Division	\$175,583	\$425,084	\$172,168	\$463,126

Division	Reduction	FY 2018		FY 2019	
		General Fund	Total Funds	General Fund	Total Funds
DETD	Reduce personal services	\$85,239	\$664,269	\$85,239	\$664,269
	Close satellite offices: Bozeman, Browning, Hamilton, Polson	\$6,180	\$29,012	\$6,180	\$29,012
	Eliminate all in-person staff trainings and hold by WebEx	\$21,300	\$100,000	\$21,300	\$100,000
	Reduce rates for community rehabilitation providers from \$64/hour to \$37.88/hour for individual services and \$21.90/hour for group services	\$29,830	\$140,049	\$32,230	\$151,313
	Reduce extended employment contracts for ongoing support services	\$285,000	\$285,000	\$285,000	\$285,000
	Total for Disability Employment and Transitions Division	\$427,549	\$1,218,330	\$429,949	\$1,229,594
Director's Office	Eliminate non-matched general fund for Children's Trust Fund education and awareness activities related to shaken baby syndrome	\$110,000	\$110,000	\$110,000	\$110,000
	Reduce personal services by centralizing legal services, eliminating a position on the senior management team, and making other cuts	\$178,509	\$317,068	\$179,709	\$319,199
	Total for the Director's Office	\$288,509	\$427,068	\$289,709	\$429,199
DSD	Reduce optional targeted case management services for the children's mental health program	\$294,942	\$892,420	\$1,179,769	\$3,569,681
	Eliminate general fund for the Family Education and Support Program	\$143,500	\$293,500	\$287,000	\$587,000
	Eliminate evaluation and diagnosis clinics for diagnosing developmental disabilities and coordinate through PHSD instead	\$125,000	\$125,000	\$250,000	\$250,000
	Require prior authorization for the children's mental health partial hospitalization program	\$33,851	\$212,500	\$67,702	\$425,000
	Reduce non-Medicaid targeted case management for children	\$27,542	\$27,542	\$36,723	\$36,723
	Eliminate the Supported Employment Leadership Network	\$13,700	\$35,000	\$13,700	\$35,000
	Eliminate coordinated dental care contract; use internal resources	\$30,000	\$30,000	\$30,000	\$30,000
	Eliminate Parents Let's Unite for Kids contract for a referral library	\$28,453	\$28,453	\$28,453	\$28,453
	Reduce personal services	\$137,625	\$275,250	\$183,500	\$367,000
	Require utilization review for genetics testing in children's mental health	\$97,145	\$307,037	\$194,290	\$614,074
	Reduce Medicaid rates for out-of-state psychiatric residential treatment facility services to 133% of the state rate	\$55,864	\$168,750	\$223,457	\$675,000
	Reduce grant funding for youth mental health crisis diversion	\$91,000	\$91,000	\$300,000	\$300,000
	Restructure provider billing for home support services	\$46,762	\$140,400	\$187,049	\$748,649
	Reduce Medicaid outpatient children's mental health services from 24 to 10 sessions before a child is diagnosed with Serious Emotional Disturbance (SED)	\$10,272	\$39,349	\$41,091	\$125,000
	Limit therapeutic group home stays to 120 days and require utilization review for longer stays	\$24,623	\$74,375	\$49,246	\$148,750

Division	Reduction	FY 2018		FY 2019	
		General Fund	Total Funds	General Fund	Total Funds
DSD (cont.)	Reduce optional targeted case management as a Medicaid State Plan service for the Developmental Disabilities Program	\$438,632	\$1,345,369	\$877,264	\$2,690,738
	Eliminate the non-matched general fund support for room and board placements for SED youth	\$487,500	\$487,500	\$650,000	\$650,000
	Total for the Developmental Services Division	\$2,086,411	\$4,573,445	\$4,599,244	\$11,281,068
HCSD	Reduce personal services	\$92,036	\$308,716	\$92,036	\$308,716
	Reduce funding for quality provisions of STARS infrastructure (advisory council, grants, professional development, contracts)	\$852,205	\$852,205	\$923,605	\$923,605
	Eliminate Temporary Assistance for Needy Families (TANF) funding for Second Chance Homes: Billings, Helena, Missoula	\$178,500	\$178,500	\$300,000	\$300,000
	Close public assistance offices with three or fewer staff,* permanently eliminating 13 FTE	\$263,684	\$649,256	\$464,347	\$1,241,671
	Reduce TANF Pathways contracts by 10%	\$1,919,612	\$1,919,612	\$1,919,612	\$1,919,612
	Restructure division management	\$85,862	\$198,856	\$125,683	\$292,862
	Total for Human and Community Services Division	\$3,391,899	\$4,107,145	\$3,825,283	\$4,986,466
HRD	Reduce personal services for Medicaid provider support	\$75,000	\$150,000	\$150,000	\$300,000
	Eliminate the Medicaid Passport to Health program	\$415,315	\$1,216,406	\$996,757	\$2,919,375
	Reduce targeted case management for children with special health care needs	\$59,632	\$172,646	\$138,457	\$400,860
	Reduce Medicaid outpatient prospective payment system hospital rates	\$1,074,330	\$3,047,227	\$1,745,309	\$4,958,256
	Require prior authorization for certain physician-administered drugs	\$98,239	\$284,421	\$196,478	\$568,842
	Reduce dental coverage of high-cost, extensive dental procedures and dentures for adult Medicaid enrollees	\$807,262	\$2,337,180	\$1,614,523	\$4,674,357
	Reduce Medicaid provider rates for provider-based clinics	\$732,702	\$2,121,314	\$1,465,404	\$4,242,629
	Require prior authorization for advanced imaging services	\$130,390	\$377,504	\$260,780	\$755,009
	Reduce Medicaid rates for incontinence supplies	\$125,839	\$364,328	\$251,678	\$728,657
	Require utilization review for Medicaid genetic and molecular lab tests	\$74,360	\$215,287	\$148,720	\$430,573
	Reduce rates for Medicaid durable medical equipment	\$340,419	\$985,579	\$680,838	\$1,971,158
	Pay for Medicaid eye exams and glasses every two years rather than every year	\$81,867	\$237,021	\$163,734	\$474,042
	Redefine the medical necessity criteria for orthodontia for Medicaid enrollees under the age of 20	\$221,828	\$642,235	\$443,656	\$1,284,470

Division	Reduction	FY 2018		FY 2019	
		General Fund	Total Funds	General Fund	Total Funds
HRD (cont.)	Reduce rates for Medicaid Comprehensive Primary Care Plus to match the Patient-Centered Medical Home (PCMH) rates	\$172,991	\$500,843	\$345,982	\$1,001,685
	Reduce rates by allowing National Committee for Quality Assurance-certified providers to become PCMH providers	\$76,226	\$220,689	\$182,942	\$529,653
	Reduce Medicaid inpatient prospective payment system hospital rates	\$752,444	\$2,178,471	\$1,313,550	\$3,802,982
	Total for the Health Resources Division	\$5,238,844	\$15,051,151	\$10,098,808	\$29,042,548
Medicaid/ Health Ser	Reduce Medicaid Management Information System and Flexible Rx contracts	\$233,198	\$932,792	\$233,317	\$933,268
	Total for Medicaid and Health Services	\$233,198	\$932,792	\$233,317	\$933,268
Mgtm/ Fair Hrng	Reduce personal services	\$85,741	\$218,690	\$86,198	\$219,857
	Total for Management and Fair Hearings	\$85,741	\$218,690	\$86,198	\$219,857
PHSD	Reduce personal services and operating costs	\$56,327	\$56,327	\$57,072	\$57,072
	Total for Public Health and Safety Division	\$56,327	\$56,327	\$57,072	\$57,072
SLTC	Reduce personal services for Medicaid provider support	\$124,500	\$249,000	\$187,500	\$375,000
	Reorganize Adult Protective Services offices by closing one-person offices	\$68,600	\$112,600	\$102,290	\$168,290
	Reduce Medicaid Big Sky Waiver services	\$571,730	\$1,705,251	\$1,143,460	\$3,410,603
	Obtain federal approval of the Tribal Big Sky Waiver	\$0	\$0	\$600,000	\$600,000
	Reduce Medicaid personal assistance services	\$206,383	\$597,519	\$412,766	\$1,195,038
	Reduce Medicaid Community First Choice costs by streamlining the authorization process and reducing household support services and mileage	\$463,865	\$1,615,774	\$927,731	\$3,231,549
	Total for Senior and Long-Term Care Division	\$1,435,078	\$4,280,144	\$3,373,747	\$8,980,480
TSD	Reduce use of state ITSD service items	\$180,693	\$467,876	\$211,710	\$548,190
	Reduce network connections associated with closure of OPA offices	\$17,147	\$44,399	\$34,294	\$88,800
	Reduce the IT contract for child and adult protective services by 20%	\$257,898	\$330,638	\$257,898	\$330,638
	Reduce the IT contract for CHIMES by 10%	\$502,844	\$982,996	\$498,201	\$1,079,648
	Eliminate three FTE	\$67,678	\$155,408	\$105,188	\$241,542
	Eliminate desk phones for CSFD workers who have cell phones	\$35,153	\$50,218	\$35,153	\$50,218
	Total for Technology Services Division	\$1,061,413	\$2,031,535	\$1,142,444	\$2,339,036
DPHHS	Total for Department of Public Health and Human Services	\$18,661,987	\$39,282,615	\$30,551,970	\$70,967,971

* Offices of Public Assistance in the following communities were listed for closure: Big Timber, Chinook, Choteau, Columbus, Conrad, Cut Bank, Deer Lodge, Dillon, Forsyth, Fort Benton, Glendive, Livingston, Malta, Plentywood, Red Lodge, Roundup, Shelby, Sidney, and Thompson Falls.

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