

# Other General Fund Revenue

All Other Revenue  
Highway Patrol Fines  
Nursing Facilities Fee  
Public Institution Reimbursements  
Tobacco Settlement



[www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)

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# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

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**Revenue Description:** There are a number of other taxes, fees, and fines that historically have generated less than \$2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making meaningful comparison between tax years impractical and accurate estimation of the revenue difficult.

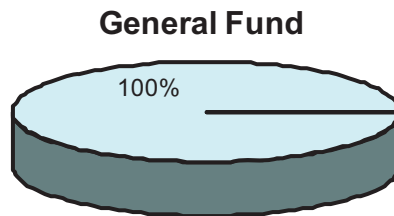
“All Other Revenue” sources are estimated in aggregate except for the following: court automation surcharge (enacted by the 2005 Legislature in House Bill 536), investment license transfers, liquor license fee transfers, civil fines, lodging facility use tax, deposits by state agencies for SWCAP/SFCAP, district court fees, BOI reimbursement of State Street Banking fees, transfers of excess coal tax revenue in the shared account (beginning FY 2013), bentonite tax enacted in SB 276 by the 2005 Legislature, excess balances in the captive insurance and the procurement accounts, and transfer of the excess over \$2.0 million from the veterans’ cigarette tax account administered by DPHHS. In the past, general fund wildfire costs incurred on federal jurisdiction fires and reimbursed by the federal government had been included in this revenue source, but beginning in FY 2003 they are deposited to the federal special revenue fund. Due to a settlement with Federal Express, a one-time amount of \$1.457 million was added to FY 2011.

**Statutory Reference:** Various

**Applicable Tax Rate(s):** Various

**Distribution:** “All Other Revenue” is deposited in the general fund.

Distribution Chart:



**Collection Frequency:** The various revenue sources are generally collected on a monthly basis.

**% of Total General Fund Revenue:**

FY 2004 – 2.19%	FY 2007 – 1.04%	FY 2010 – 2.17%
FY 2005 – 2.27%	FY 2008 – 1.96%	
FY 2006 – 1.87%	FY 2009 – 1.77%	

**Revenue Estimate Methodology:**

There are numerous smaller sources of revenue deposited to the general fund that are treated as a single source termed “All Other”. Fifteen of these revenue sources are estimated individually with the remainder estimated as a group.

Data

Numerous data sources are consulted for each of the applicable 13 revenue sources that are estimated individually.

Analysis

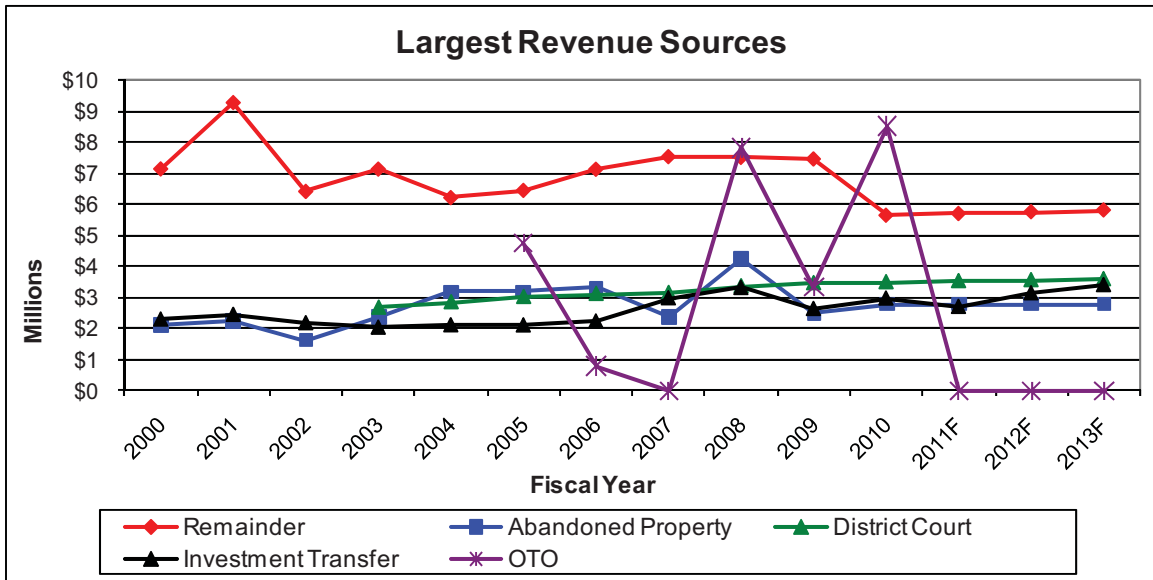
1. Largest Revenue Sources (see the figure below)

# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

- a. The remainder of “All Other” revenue, after the 13 revenue sources have been estimated individually, is estimated by increasing the amount received in FY 2010 and each subsequent forecast year by 1%.
- b. Abandoned Property – The amount collected in FY 2010 (less an unusual \$8.5 million one-time payment) is used for the estimates for FY 2011-FY 2013.
- c. District Court Fees – The previous year’s amount is increased by the growth rate between the prior two years.
- d. Investment License Fee Transfer – The transfer amount is the net between non-general fund investment fee revenue collected by the State Auditor and its expenses. These amounts are determined in the “Investment License Fee” revenue source.



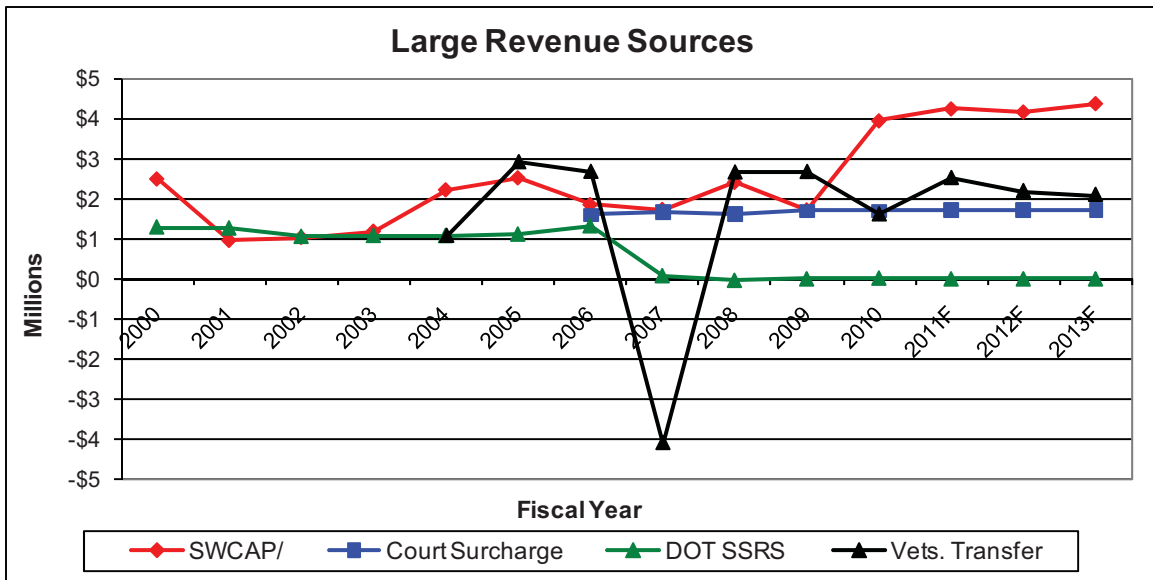
2. Large Revenue Sources (see the figure below)

- a. Statewide Cost Allocation Plan – Amounts budgeted for agencies in HB 2 for the SWCAP are used for the forecast amounts from this source.
- b. Court Surcharge – The previous year’s amount is increased by the growth rate between the prior two years.
- c. Veteran’s Cigarette Account Transfer – Money in the account at the end of a fiscal year in excess of \$2.0 million is transferred to the general fund. To estimate the excess amounts, distributions of cigarette tax revenue to the account (as determined in the “Cigarette Tax” revenue source) is reduced by budgeted present law amounts from the account for each fiscal year obtained from MBARS. Included are expenditure estimates from long range building appropriations. The \$2.0 million limit is then subtracted from the net revenue.

# Legislative Fiscal Division

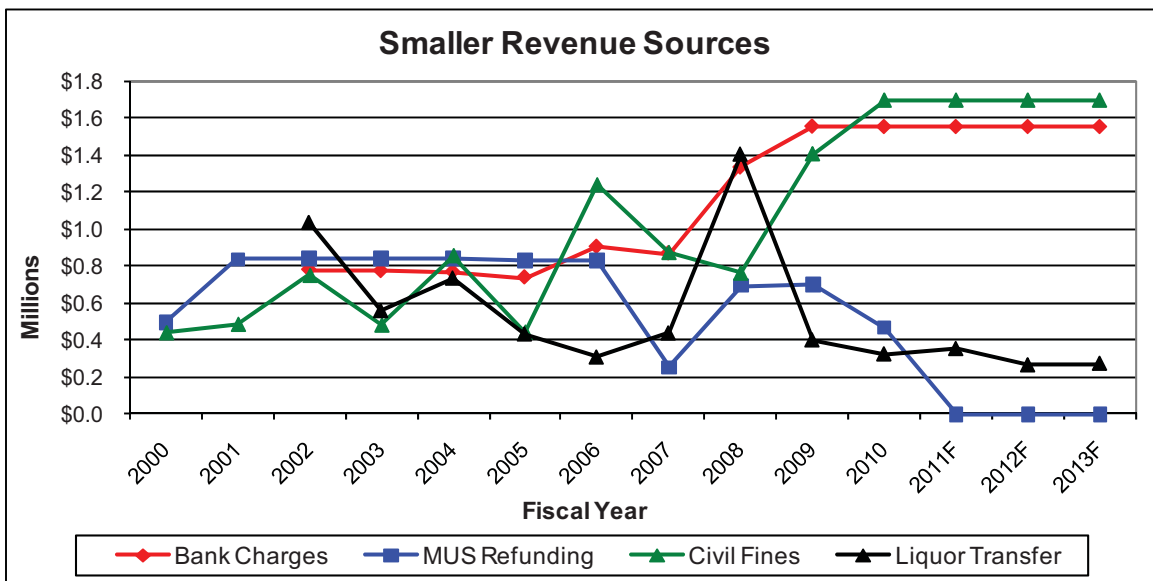
## Revenue Estimate Profile

### All Other Revenue



3. Smaller Revenue Sources (see the figure below)

- a. Banking Charges – The rate the Board of Investments charges funds for its services is determined by a contract with a financial institution. Board personnel state that the current contract is \$1,550,000, but may be more if additional accounts are established. The current contract amount for FY 2010 was used for all forecast years.
- b. Montana University System Refunding – Payments are determined by a loan repayment schedule calculated by the Department of Administration. The loan was paid off in FY 2011.
- c. Civil Fines – The amount collected in FY 2010 is carried forward for FY 2011-FY2013.
- d. Liquor License Fee Transfer – Money collected from liquor license fees, net of operating costs of the Department of Revenue and Department of Justice, is transferred to the general fund. License fee revenue and operating costs (obtained from MBARS budgets) are estimated and shown in the “Liquor Profits” revenue source.

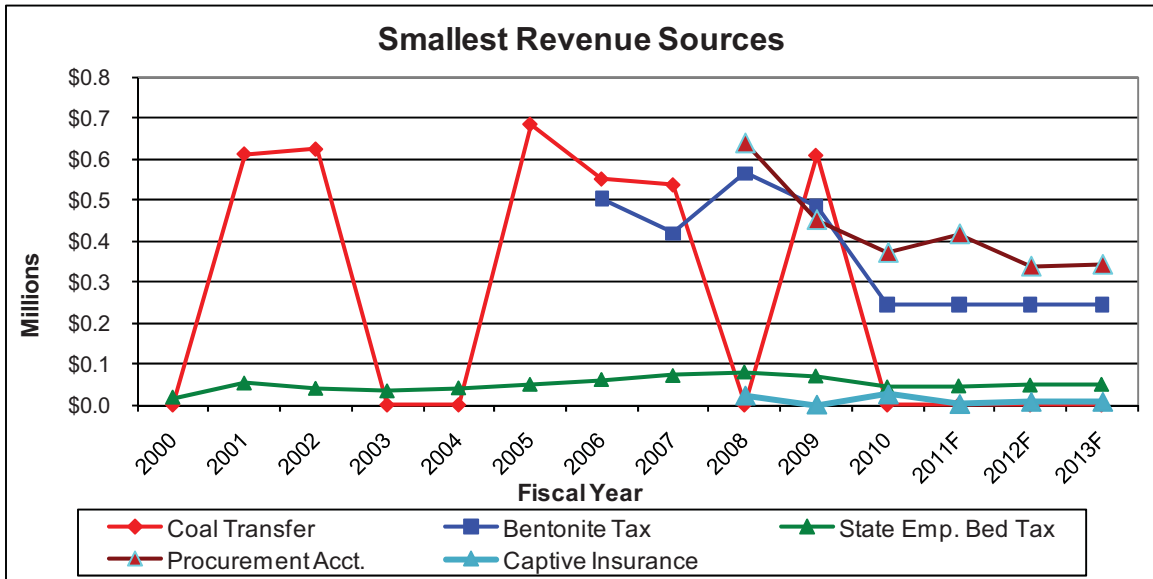


# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

4. Smallest Revenue Sources (see the figure below)
- a. Coal Shared Account (beginning FY 2013), Captive Insurance Account, and Procurement Account Transfers – Any excess fund balance in the accounts are transferred to the general fund. To estimate the excess amounts, distributions of coal severance tax revenue to the account (as determined in the “Coal Severance Tax” revenue source) and revenues estimated by the Governor’s budget office are reduced by budgeted present law amounts for each fiscal year from the account obtained from MBARS.
  - b. Bentonite Tax – The amount collected in FY 2010 is carried forward for FY 2011-FY2013.
  - c. State Employees Lodging Facility Use Tax – Revenue from this tax paid by state employees is returned to the funds from which they were paid, including the general fund. The general fund estimate is calculated by multiplying the estimate for non-general fund (estimated in the “Lodging Taxes” revenue source) by the ratio of the previous lodging facility use tax general fund portion to the total non-general fund portion.



Adjustments and Distribution

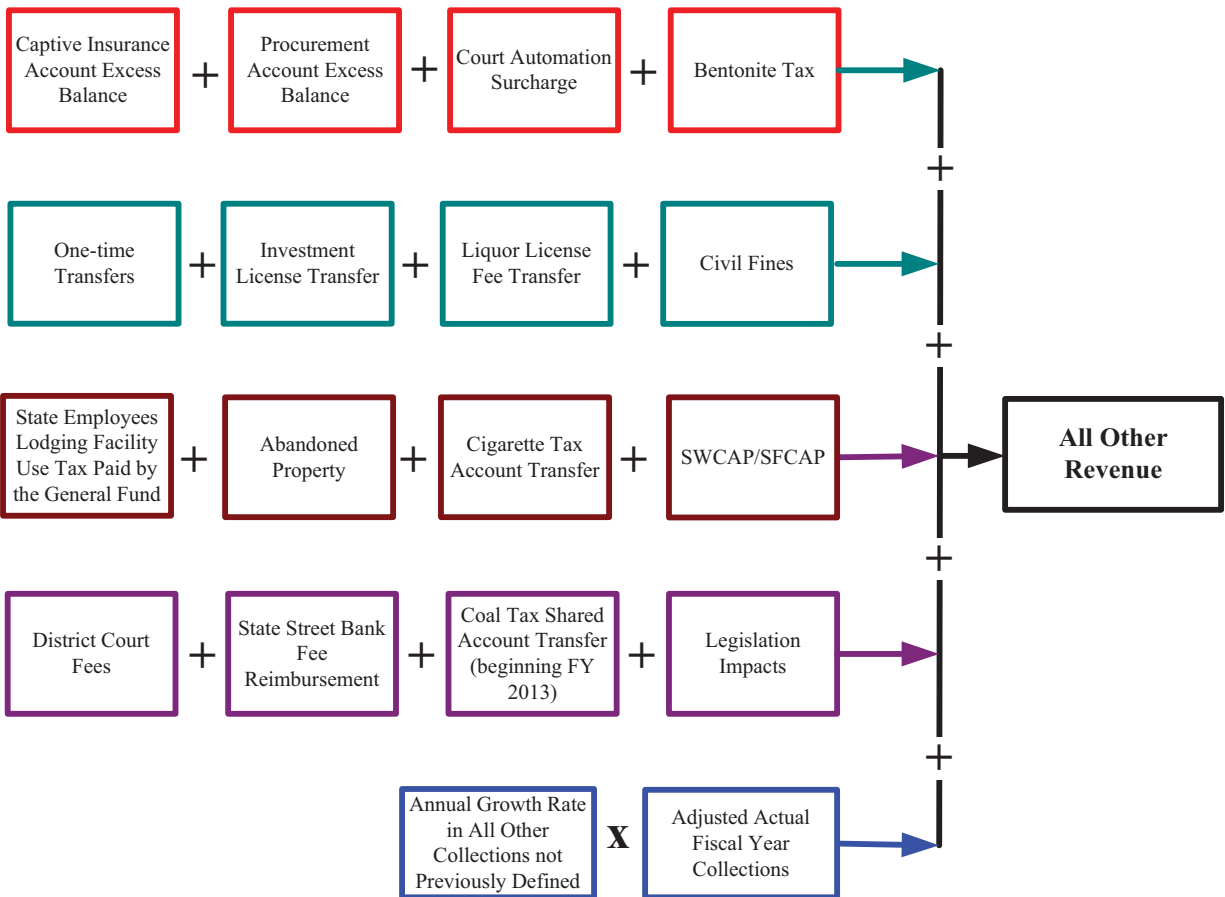
Once total revenue for each fiscal year is determined 100% of the revenue is distributed to the general fund.

# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

#### Forecast Methodology:



# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

#### Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Base	Annual	Adjustments	Vet. Account	One-Time
	Fiscal	Millions	Millions	Millions	Growth	Millions	Transfer	Transfer
							Millions	Millions
Actual	2000	20.488330	20.488330	7.125477	-35.0763%			
Actual	2001	51.821783	51.821783	9.260235	29.9595%			
Actual	2002	43.215892	43.215892	6.401065	-30.8758%	1.162288		
Actual	2003	42.440179	42.440179	7.119579	11.2249%	21.282497		
Actual	2004	30.241562	30.241562	6.201217	-12.8991%	8.189612	1.054958	
Actual	2005	34.724084	34.724084	6.434436	3.7609%	0.000000	2.893230	4.767070
Actual	2006	31.867090	31.867090	7.114255	10.5653%	0.000000	2.652808	0.781063
Actual	2007	19.090874	19.090874	7.520019	5.7035%	0.000000	-4.115855	0.000000
Actual	2008	38.433555	38.433555	7.493960	-0.3465%	0.000000	2.636252	7.821451
Actual	2009	31.921805	31.921805	7.445692	-0.6441%	0.000000	2.650261	3.350186
Actual	2010	35.360264	35.360264	5.634170	-24.3298%	0.000000	1.590230	8.509366
Forecast	2011	28.883000	28.883000	5.690512	1.0000%	1.457000	2.499299	0.000000
Forecast	2012	27.394000	27.394000	5.747417	1.0000%	0.000000	2.172698	0.000000
Forecast	2013	28.077000	28.077000	5.804891	1.0000%	0.000000	2.079418	0.000000

	t	Investment	Land Grant	Civil Fines	GVW Fees	Accom. Tax	MSU&EMC	SABHRS
	Fiscal	Transfer	Millions	Millions	Millions	Millions	Debt	Debt
		Millions					Millions	Millions
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693	2.506520
Actual	2001	2.445000	0.091699	0.484739	1.252221	0.052215	0.837170	2.490067
Actual	2002	2.179165	0.000000	0.749382	1.044512	0.038912	0.839583	2.468857
Actual	2003	2.036200	0.000000	0.480945	1.071278	0.032547	0.838186	2.050913
Actual	2004	2.113000	0.000000	0.855870	1.067278	0.040021	0.837743	0.000000
Actual	2005	2.110000	0.000000	0.442752	1.100125	0.048903	0.833016	0.000000
Actual	2006	2.234000	0.000000	1.238230	1.304052	0.061096	0.831704	0.000000
Actual	2007	2.977013	0.000000	0.872801	0.078732	0.071144	0.251949	0.000000
Actual	2008	3.309251	0.000000	0.761666	-0.034714	0.080180	0.694164	0.000000
Actual	2009	2.635640	0.000000	1.405939	0.000563	0.070188	0.697341	0.000000
Actual	2010	2.968882	0.000000	1.695480	0.018772	0.042582	0.466249	0.000000
Forecast	2011	2.703000	0.000000	1.695480	0.000000	0.045000	0.000000	0.000000
Forecast	2012	3.138000	0.000000	1.695480	0.000000	0.047000	0.000000	0.000000
Forecast	2013	3.398000	0.000000	1.695480	0.000000	0.049000	0.000000	0.000000

# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

	<u>t</u>	<u>FEMA</u>	<u>Coal</u>	<u>SFCAP</u>	<u>Liquor License</u>	<u>District</u>	<u>Bank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Transfer</u>	<u>SWCAP</u>	<u>Transfer</u>	<u>Court</u>	<u>Charges</u>
			<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	2.486250	0.000000	0.000000	0.000000
Actual	2001	31.097802	0.611432	0.949777	0.000000	0.000000	0.000000
Actual	2002	23.246341	0.623227	1.023875	1.036184	0.000000	0.777640
Actual	2003	0.000000	0.000000	1.179279	0.558198	2.664891	0.771108
Actual	2004	0.145792	0.000000	2.214579	0.734102	2.839310	0.766000
Actual	2005	5.540426	0.684019	2.514237	0.431146	3.009058	0.736556
Actual	2006	3.535414	0.550453	1.844039	0.305976	3.107784	0.902735
Actual	2007	0.302060	0.536230	1.722981	0.436316	3.134942	0.866971
Actual	2008	0.088273	0.000000	2.399295	1.407218	3.349474	1.334035
Actual	2009	0.291001	0.607935	1.714515	0.399280	3.449824	1.556085
Actual	2010	0.027817	0.000000	3.937773	0.322967	3.481407	1.553958
Forecast	2011	0.000000	0.000000	4.235768	0.357769	3.513279	1.553958
Forecast	2012	0.000000	0.000000	4.159821	0.277011	3.545443	1.553958
Forecast	2013	0.000000	0.000000	4.367810	0.278798	3.577901	1.553958

	<u>t</u>	<u>Abandoned</u>	<u>Court</u>	<u>Bentonite</u>	<u>Captive</u>	<u>Procurement</u>
	<u>Fiscal</u>	<u>Property</u>	<u>Surcharge</u>	<u>Millions</u>	<u>Account</u>	<u>Account</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000					
Actual	2001					
Actual	2002					
Actual	2003					
Actual	2004					
Actual	2005					
Actual	2006	3.310185	1.589184	0.504112		
Actual	2007	2.358695	1.659546	0.417330		
Actual	2008	4.253455	1.615904	0.563727	0.023101	
Actual	2009	2.470295	1.685550	0.482705	0.000000	0.450750
Actual	2010	2.778109	1.691840	0.243547	0.026093	0.371022
Forecast	2011	2.778109	1.698153	0.243547	0.026093	0.371022
Forecast	2012	2.778109	1.704490	0.243547	0.026093	0.371022
Forecast	2013	2.778109	1.710851	0.243547	0.026093	0.371022

Total Rev. = Base × (1+ Annual Growth) + Vet. Account Transfer + Investment Transfer + Civil Fines +  
 GVW Fees + Accom. Tax + MSU/EMC Debt + Coal Transfer + SFCAP/SWCAP +  
 Liquor License Transfer + District Court + Bank Charges + Court Automation +  
 Abandoned Property + Bentonite + Captive Account + Procurement Account  
 Total Rev. = GF Rev.

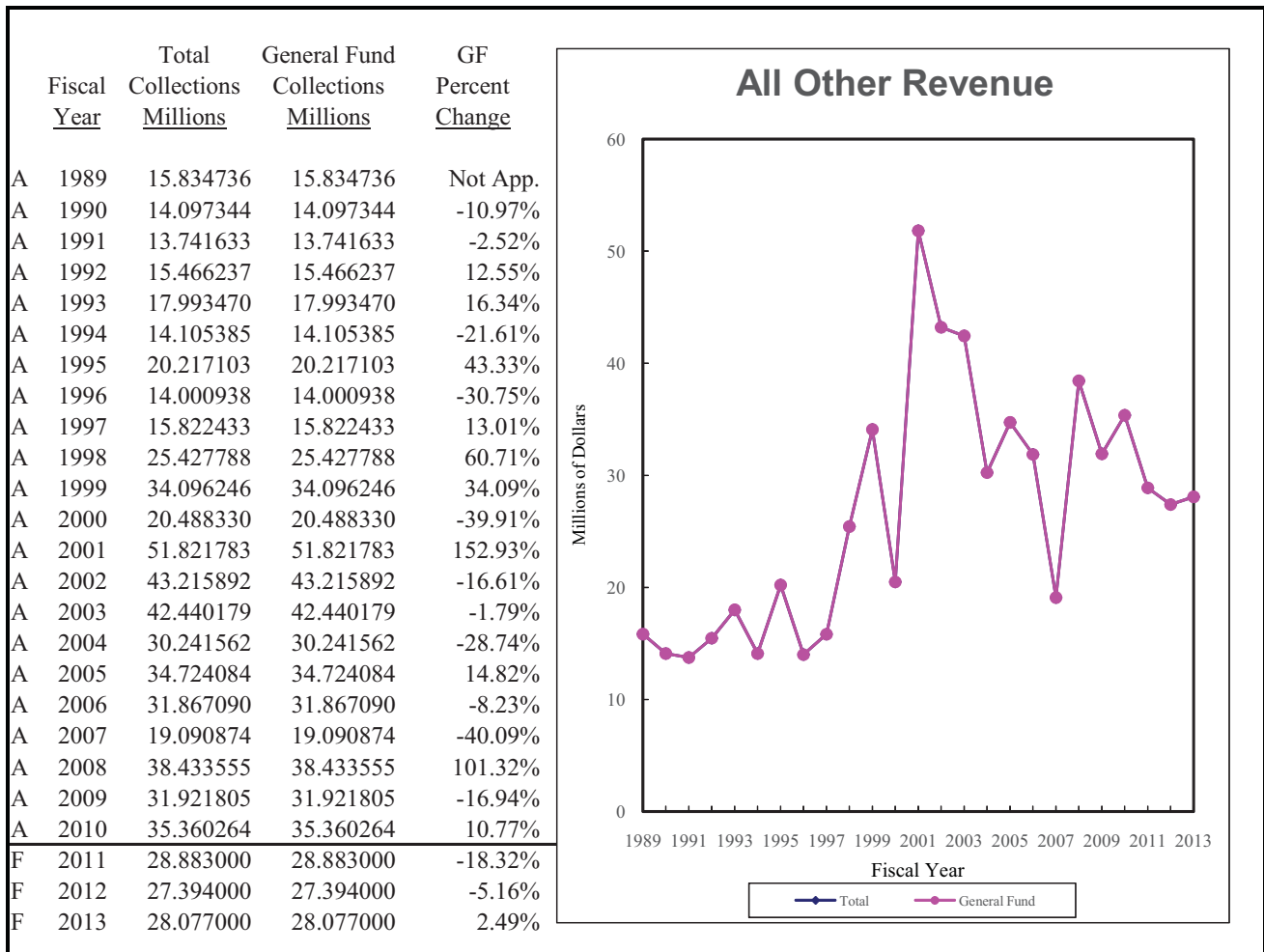


# Legislative Fiscal Division

## Revenue Estimate Profile

### All Other Revenue

#### Revenue Projection:



**Data Source(s):** SABHRS, Office of Budget and Program Planning, Department of Justice, Department of Public Health and Human Services, Department of Administration, Department of Revenue, and the State Auditor

**Contacts:** Multiple state agencies

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# Legislative Fiscal Division

## Revenue Estimate Profile

### Highway Patrol Fines

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**Revenue Description:** The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. The fines and forfeitures associated with these citations are collected by various state and local courts.

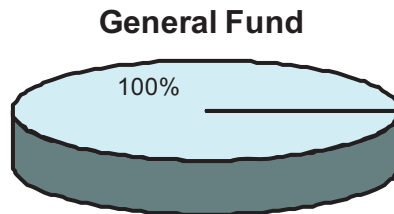
**Statutory Reference:**

Tax Rate (MCA) – general fines (61-3-601, 61-5-307, 61-7-118, 61-8-711, 61-9-511), multiple others  
Tax Distribution (MCA) – 3-10-601 (fines collected in justice court are included in “All Other General Fund”), 61-10-148 (violations of vehicle size, weight & load), 61-12-701 (fines by Highway Patrol)  
Date Due – upon conviction

**Applicable Tax Rate(s):** Fines for citations are variable.

**Distribution:** All of Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justices’ court, and received by the state are deposited in the general fund.

Distribution Chart:



**Collection Frequency:** Monthly

**% of Total General Fund Revenue:**

FY 2004 – 0.30%	FY 2007 – 0.23%	FY 2010 – 0.29%
FY 2005 – 0.28%	FY 2008 – 0.21%	
FY 2006 – 0.25%	FY 2009 – 0.23%	

**Revenue Estimate Methodology:**

The estimate for the highway patrol fine revenue is derived by estimating a growth rate for each of the fiscal years for the 3-year period in question.

Data

Data from the statewide accounting system (SABHRS) provide a history of highway patrol fine revenue.

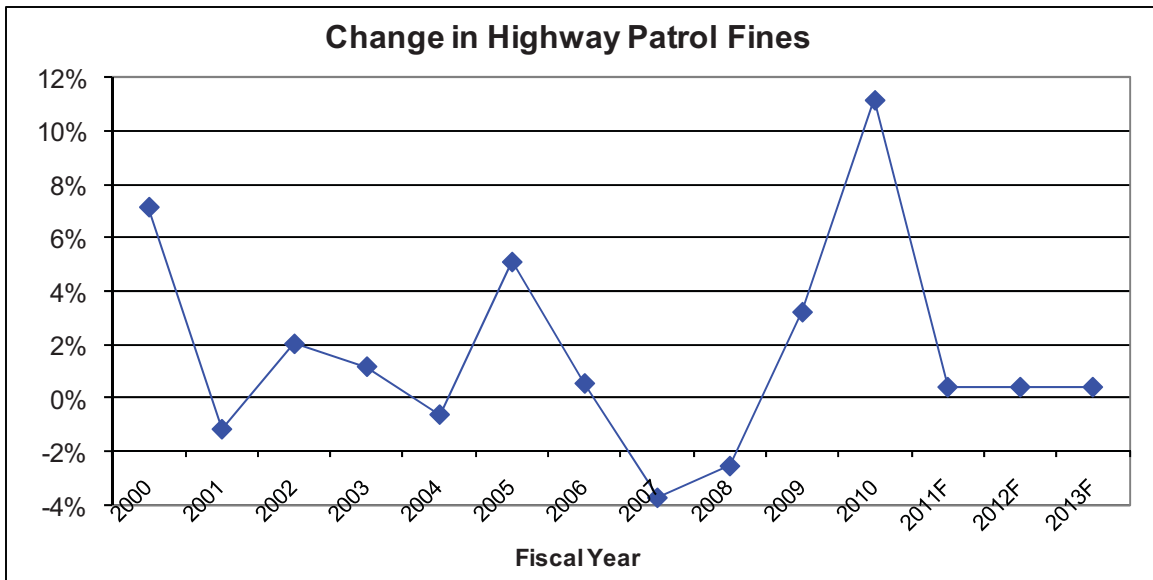
Analysis

The estimate for highway patrol fines is derived by multiplying the revenue amount from the last known fiscal year by the average annual growth between FY 2000 and FY 2009. All subsequent years are held constant at this amount. Legislation impacts, if any, are added.

# Legislative Fiscal Division

## Revenue Estimate Profile

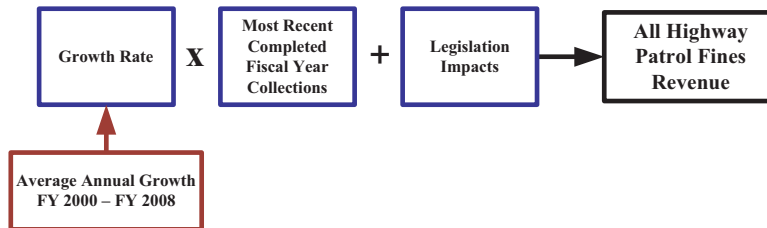
### Highway Patrol Fines



#### Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the applicable distribution percentage, 100% to the general fund, is applied.

#### **Forecast Methodology:**



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# Legislative Fiscal Division

## Revenue Estimate Profile

### Highway Patrol Fines

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#### Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Fine
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth Rate</u>
Actual	2000	4.027557	4.027557	0.071580
Actual	2001	3.980688	3.980688	-0.011637
Actual	2002	4.061733	4.061733	0.020360
Actual	2003	4.109703	4.109703	0.011810
Actual	2004	4.084340	4.084340	-0.006171
Actual	2005	4.292730	4.292730	0.051022
Actual	2006	4.316381	4.316381	0.005510
Actual	2007	4.155144	4.155144	-0.037355
Actual	2008	4.049390	4.049390	-0.025451
Actual	2009	4.179882	4.179882	0.032225
Actual	2010	4.646462	4.646462	0.111625
Forecast	2011	4.666000	4.666000	0.004133
Forecast	2012	4.685000	4.685000	0.004133
Forecast	2013	4.704000	4.704000	0.004133

Total Tax = Previous year × (1 + Growth Rate)

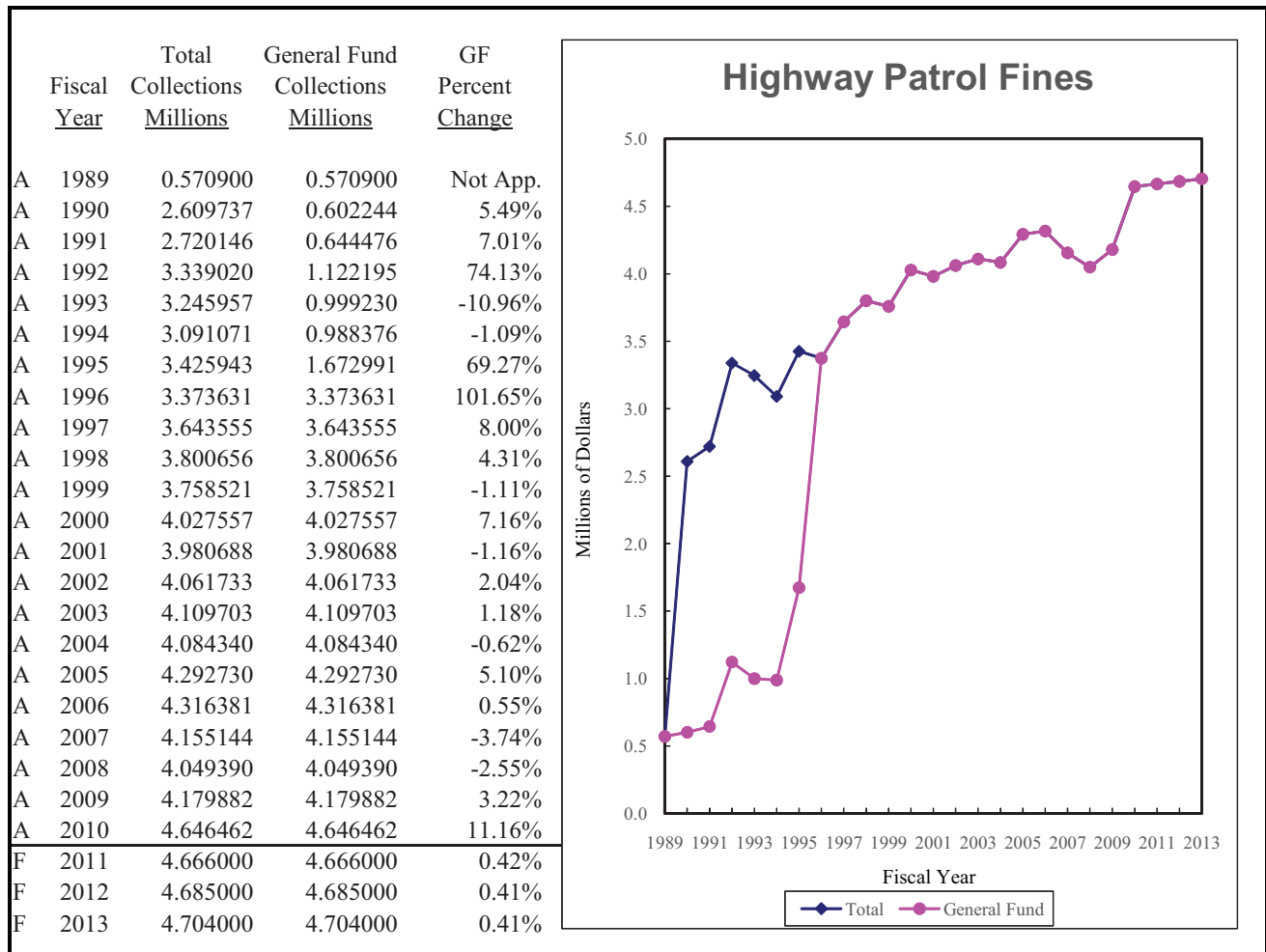
GF Tax = Total Tax

# Legislative Fiscal Division

## Revenue Estimate Profile

### Highway Patrol Fines

#### Revenue Projection:



**Data Source(s):** Department of Justice, Highway Patrol, SABHRS

**Contacts:** Department of Justice, Highway Patrol

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# Legislative Fiscal Division

## Revenue Estimate Profile

### Nursing Facilities Fee

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**Revenue Description:** This source consists of two similar utilization fees on nursing homes: 1) nursing facility utilization fee and 2) intermediate care facility utilization fee.

With the enactment of House Bill 749 by the 2005 Legislature, qualified nursing facilities are required to pay a nursing facility utilization fee of \$8.30 for each bed day in the facility. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. Specifically included by statute is the Montana Mental Health Nursing Care Center. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

An intermediate care facility utilization fee is imposed on resident bed days of intermediate care facilities for the mentally disabled. The only qualifying facility is the Montana Developmental Center. With the enactment of Senate Bill 82 by the 2005 Legislature, the fee is 6% of a facility's quarterly revenue divided by the quarterly bed days.

#### Statutory Reference:

Tax Rate (MCA) – Nursing facility utilization fee (15-60-102), intermediate care facility utilization fee (15-67-102(2))  
Tax Distribution (MCA) – Nursing facility utilization fee (15-60-102 & 15-60-210), intermediate care facility utilization fee (15-67-102(3))

Date Due – Nursing facility utilization fee due the last day of the month following the close of the calendar quarter (15-60-201), intermediate care facility utilization fee due the month following the close of the calendar quarter (15-67-201(1))

**Applicable Tax Rate(s):** 1) Nursing facility utilization fee – \$8.30 per bed day; 2) Intermediate care facility utilization fee - 6% of a facility's quarterly revenue divided by the quarterly bed days

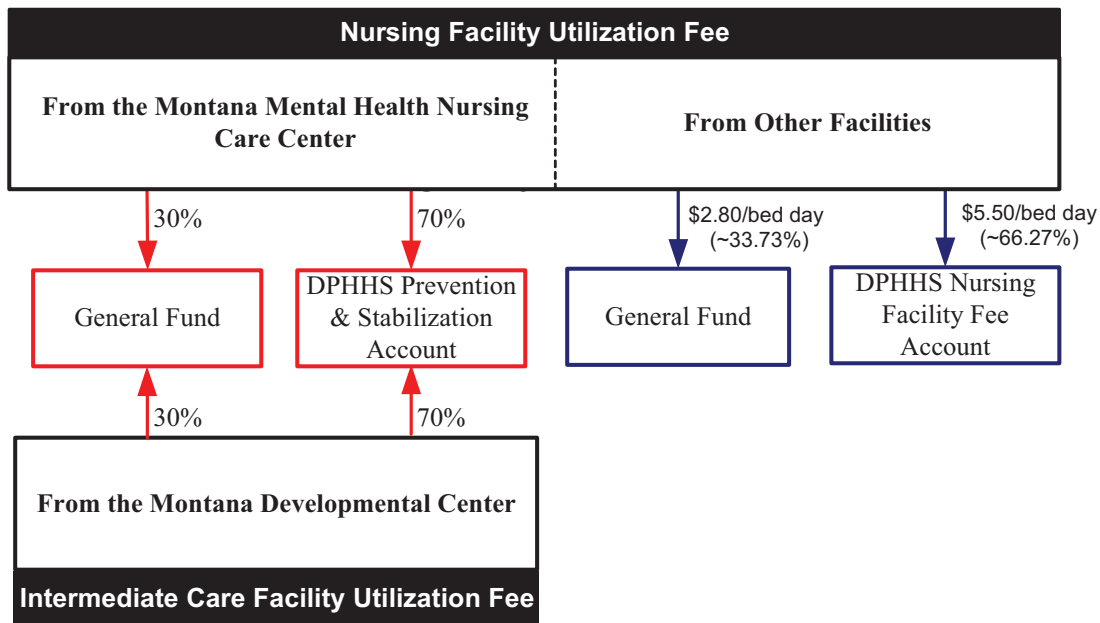
**Distribution:** Nursing facility utilization fee: 1) for fees paid by the Montana Mental Health Nursing Care Center – 30% to the general fund and 70% to the prevention and stabilization account (for use by the Department of Public Health and Human Services to provide health and human services); 2) for all other facilities - \$2.80/bed day to the general fund, and \$5.50/bed day to the nursing facility fee account (for use by the Department of Public Health and Human Services to increase the average price paid for Medicaid nursing home services). Intermediate care facility utilization fee: for fees paid by the Montana Developmental Center - 30% to the general fund and 70% to the prevention and stabilization account.

# Legislative Fiscal Division

## Revenue Estimate Profile

### Nursing Facilities Fee

#### Distribution Chart:



**Collection Frequency:** Quarterly

#### **% of Total General Fund Revenue:**

FY 2004 – 0.43%	FY 2007 – 0.31%	FY 2010 – 0.33%
FY 2005 – 0.39%	FY 2008 – 0.29%	
FY 2006 – 0.33%	FY 2009 – 0.30%	

#### **Revenue Estimate Methodology:**

##### Data

To create the nursing facility fees projection, data are obtained from the Department of Revenue (DOR), the Department of Public Health and Human Services (DPHHS), and the state accounting system (SABHRS). DOR provides the number of taxable bed days occupied by clientele of private and state run nursing homes. DPHHS provides counts on the bed days at the Montana Developmental Center (MDC) and total revenues collected, which are used in the calculation of the intermediate care facility fee. SABHRS data provides aggregate historic collections of the nursing facility fees. No adjustments to the raw data are required in the data step for the nursing facility fee analysis.

##### Analysis

Nursing facility fees consist of two distinct fees, the nursing facility fee and the intermediate care facility fee. Consequently, two techniques are required to estimate the collection of these fees. The nursing facility fees are estimated using a log model to project future bed days at nursing care facilities. MDC is the only intermediate care facility in Montana and the only facility subject to the intermediate care facility fee. The intermediate facility fee is projected by applying the average growth rate of the past fiscal years (2007 to 2010) to the last year of actual revenue collections at MDC, FY 2010.

# Legislative Fiscal Division

## Revenue Estimate Profile

### Nursing Facilities Fee

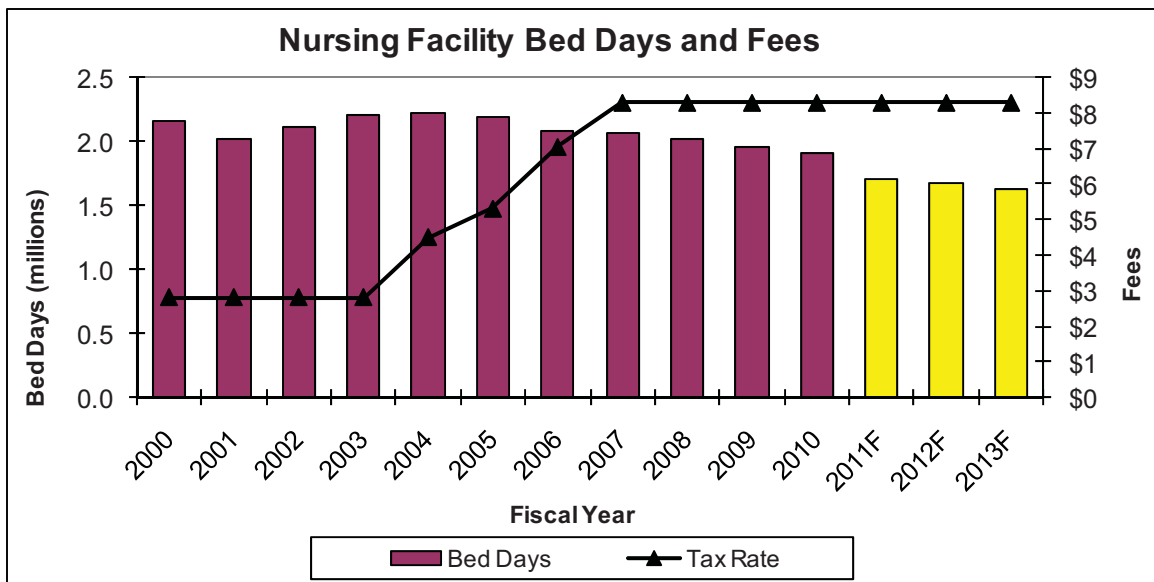
Total nursing fee revenue has increased since FY 2003, as a result of fee increases and new fees, but as seen in the figure below the number of taxable bed days at nursing care facilities has declined at the same time. Generally, taxable bed days have been in decline since the fee was imposed in the mid 1990's. Consequently, taxable nursing facility bed days are projected with a log model which smoothes the excessive variability in the data for the purpose of measurement. To obtain the projection for nursing facility fees, the following equation is employed:

$$\text{Projected Nursing Facility Fees} = \text{TBD}_{\text{NCF}} * \text{NFFR}$$

Where:

TBD<sub>NCF</sub> = Taxable Bed Days, Nursing Care Facilities

NFFR = Nursing Facility Fee Rate



The statistics of fit show that a logarithmic curve accurately measures the rate of growth in the number of taxable nursing facility bed days in Montana. The model has an R<sup>2</sup> rating of 0.962. This means that the linear trend explains 96.2% of the variability of the number of taxable nursing facility bed days in Montana, when all other impacts are held constant.\* The model projects average compound growth of negative 3.2% per fiscal year resulting in bed day projections of 1.71 million, 1.67 million, and 1.63 million in FY 2011 through 2013, respectively. Next, the current fee of \$8.30 is applied to the projected taxable bed days to obtain the estimate for nursing facility fees.

In addition to private nursing homes, the Montana Mental Health Nursing Care Center (MMHNCC) is also required to pay the nursing facility fee. The MMHNCC component of the tax is calculated separately, making use of the bed days that are calculated in the estimate for "Institutional Reimbursements". The bed days are multiplied by the fee of \$8.30 to obtain the estimate for the MMHNCC nursing fee.

The intermediate care facility fee is assessed against the per-bed day receipts of the facility. The fee is projected by applying the rate of growth in the revenues previous year of actual collection. The rate of revenue growth at MDC between FY 2007 and FY 2010 was 1.4%. In applying that rate of growth to the FY 2010 base, projections equal \$15.4 million in FY 2011, \$15.7 million in FY 2012, and \$15.9 million in FY 2013. Next, the tax is applied to the estimate of total intermediate care facility bed day receipts.

Finally, the fiscal year projections then are summed to provide the total nursing facility fees estimates.

\*For additional information concerning the statistics of fit for the model used for this projection, contact the Legislative Fiscal Division.

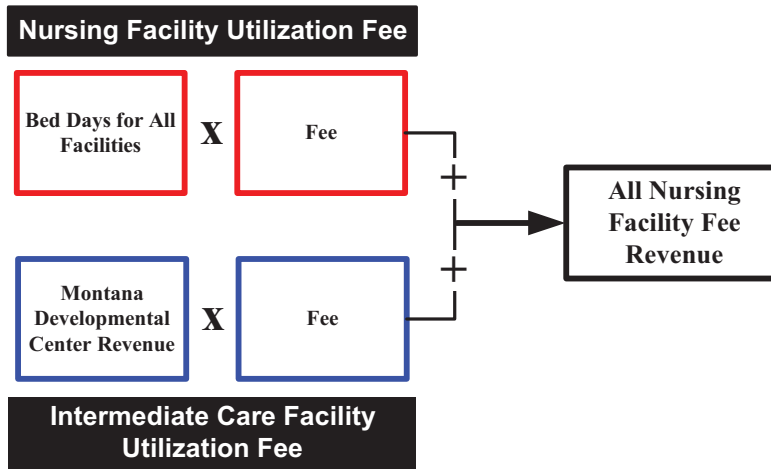


# Legislative Fiscal Division

## Revenue Estimate Profile

### Nursing Facilities Fee

**Forecast Methodology:**



**Revenue Estimate Assumptions:**

	t	Total Tax	GF Tax	Nursing Facilities	Bed	Intermediate	Intermediate	MMHNCC
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Fee</u>	<u>Days</u>	<u>Rate</u>	<u>Revenue</u>	<u>Tax</u>
								<u>Millions</u>
Actual	2000	6.054947	6.054947	2.800000	2.113805			
Actual	2001	5.655978	5.655978	2.800000	2.083501			
Actual	2002	5.918173	5.918173	2.800000	2.072696			
Actual	2003	6.178135	5.859870	2.800000	2.052202	5.0000%	11.131460	
Actual	2004	10.021866	5.915841	4.500000	2.043377	5.0000%	17.260720	
Actual	2005	11.602112	5.911586	5.300000	1.979893	5.0000%	16.438460	
Actual	2006	14.649976	5.711693	7.050000	1.922617	6.0000%	14.953783	
Actual	2007	17.073592	5.716794	8.300000	1.844016	6.0000%	14.624700	
Actual	2008	16.758718	5.610098	8.300000	1.803945	6.0000%	14.844850	0.251864
Actual	2009	16.216736	5.468766	8.300000	1.841026	6.0000%	15.129400	0.248021
Actual	2010	15.842656	5.300229	8.300000	1.794380	6.0000%	15.232850	0.252212
Forecast	2011	15.342000	5.039000	8.300000	1.706900	6.0000%	15.441135	0.248419
Forecast	2012	15.019000	4.929000	8.300000	1.666300	6.0000%	15.652268	0.249782
Forecast	2013	14.694000	4.820000	8.300000	1.625700	6.0000%	15.866288	0.248419

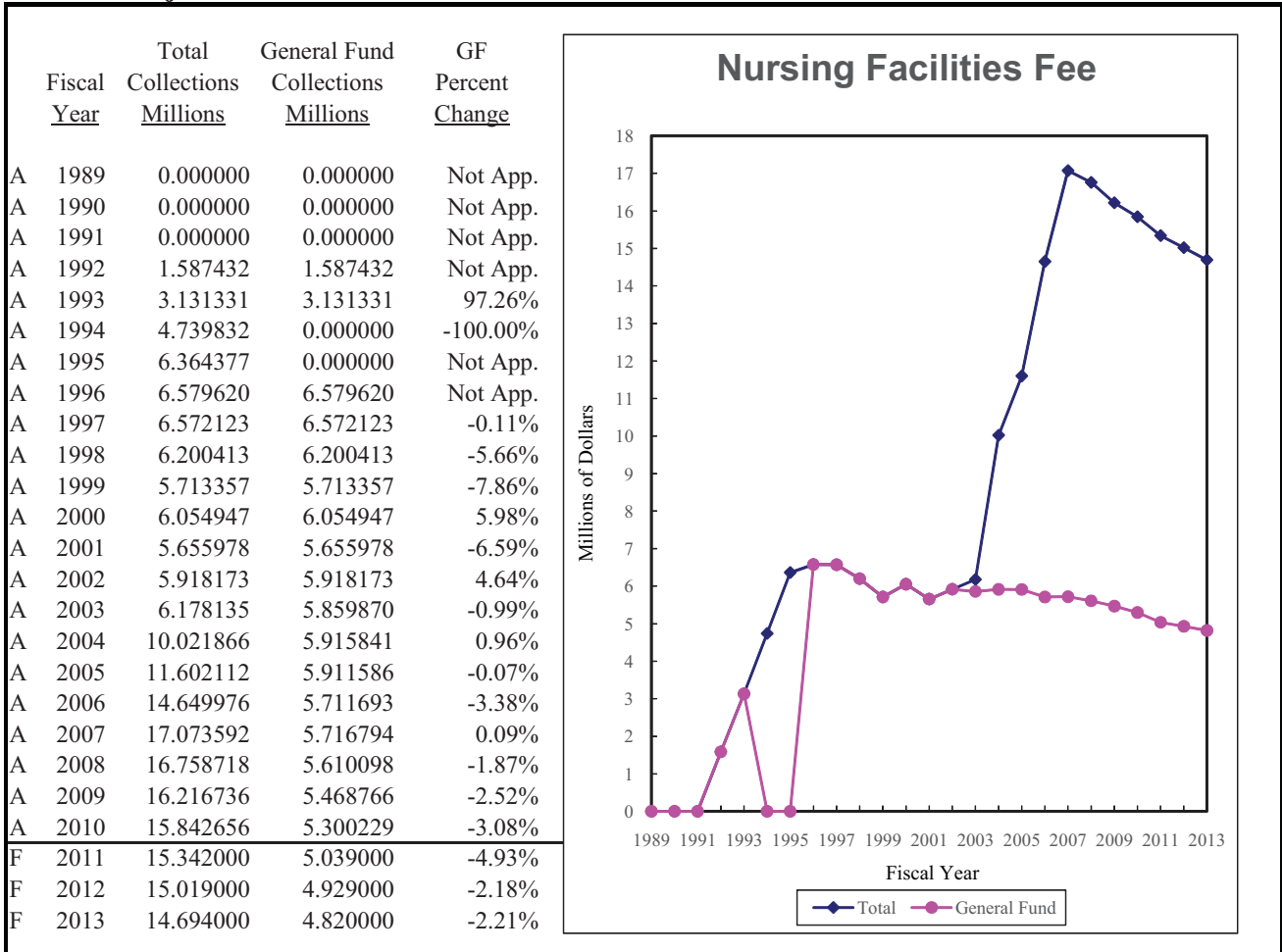
Total Tax = Nursing Facilities × Bed + Intermediate Care Rate × Intermediate Care Revenue + MMHNCC  
 GF Tax = MMHNCC × 30% + (Nursing Fee × Bed Days - MMHNCC) × \$2.80/\$8.30 +  
 Care Revenue × Care Rate × 30%

# Legislative Fiscal Division

## Revenue Estimate Profile

### Nursing Facilities Fee

#### Revenue Projection:



**Data Source(s):** Department of Public Health and Human Services, Nursing Facilities

**Contacts:** Department of Public Health and Human Services

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# Legislative Fiscal Division

## Revenue Estimate Profile

### Public Institution Reimbursements

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**Revenue Description:** The Department of Public Health and Human Services 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: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

#### Statutory Reference:

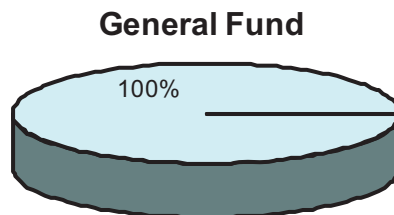
Tax Rate (MCA) – 53-1-402 (requirement to pay)  
Tax Distribution (MCA) – 53-1-413  
Date Due – monthly (53-1-405(3))

**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 for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.

#### Distribution Chart:



**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 2006 – 0.75%	FY 2009 – 0.78%	

#### **Revenue Estimate Methodology:**

##### Data

Data are collected from the Department of Public Health and Human Services (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.

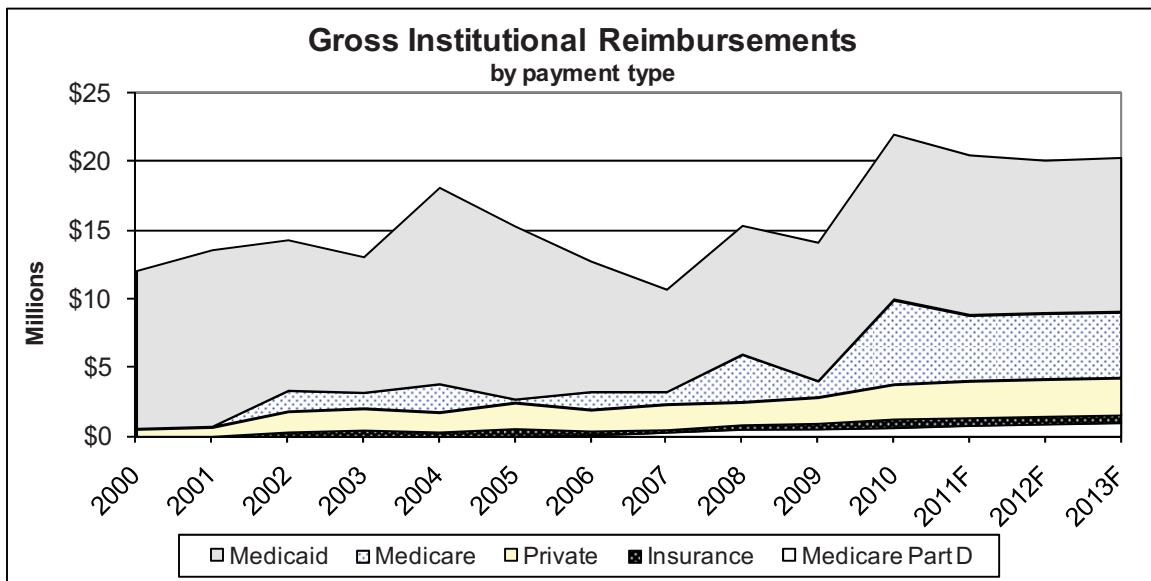
# Legislative Fiscal Division

## Revenue Estimate Profile

### Public Institution Reimbursements

#### 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. Consequently, the variability can in large part be attributed 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. If the state per capita income rises in relation to other states, the FMAP rate and federal reimbursements will decline. The American Recovery and Reinvestment Act of 2009 temporarily increased and enhanced the FMAP rate for the 2011 biennium, and the enhanced rate will continue through FY 2011. In FY 2012, the enhanced rate will no longer be in effect and the FMAP is expected to decline from approximately 71.5% in FY 2011 to 65.5% in FY 2013. Most of the Medicare payments result from billings at Montana State Hospital (MSH), while most Medicaid payments are generated through care at the Montana Mental Health Care Center (MMHCC).



Estimates for institutional reimbursements are derived using average daily population (ADP) estimates and reimbursement rates provided by DPHHS for three state hospitals: the Montana Dependency Center (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 FMAP rate, is adjusted for the state fiscal year. The equation for calculating the reimbursements for each facility follows:

$$\text{Reimbursements} = (\text{ADP}_I * \text{Rate}_I) + (\text{ADP}_P * \text{Rate}_P) + (\text{ADP}_{MR} * \text{Elig}_{MR} * \text{Rate}_{MR} * \text{FMAP}) + (\text{ADP}_{MD} * \text{Elig}_{MD} * \text{Rate}_{MD} * \text{FMAP}_{MD})$$

Where:

ADP = Average Daily Population

I = Insurance

P = Private

MR = Medicare

MD = Medicaid

ELIG = Eligibility Rate

FMAP = Federal Medical Percentage

According to DPHHS, bed days are expected to remain relatively constant at all three facilities. The state fiscal year FMAP rates are expected to be 71.5%, 66.2%, and 65.5% in FY 2011 through 2013, respectively. Private rates and insurance rates are expected to grow slowly over the biennium at all three facilities. The estimates for total private payments are estimated to be \$2.7 million and the estimates for insurance payments are expected to average 607,000 through the biennium. Medicaid payments are expected to be \$11.6 million, \$11.1 million, and \$11.2 million through the three years of this analysis. Medicare payments are estimated to average \$4.8 million per year over the three-year period. New since FY 2006 are Medicare Part D

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# Legislative Fiscal Division

## Revenue Estimate Profile

### Public Institution Reimbursements

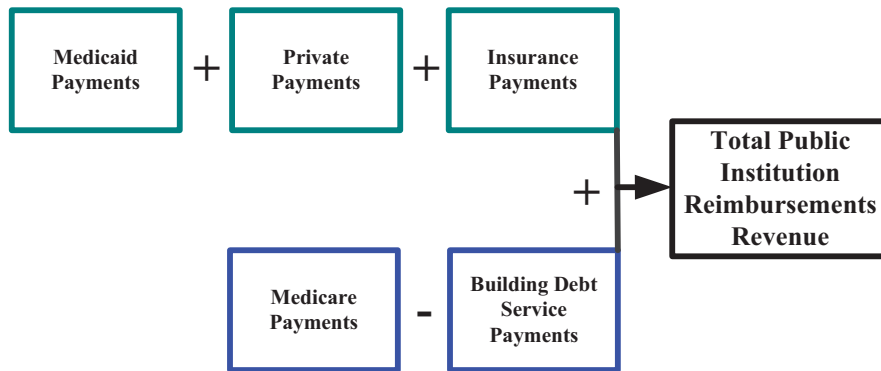
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reimbursements to MMHCC. Medicare Part D is expected to grow at a rate determined by the Congressional Budget Office and reimbursements from the source are expected to account for \$2.6 million in the 2013 biennium. The final step in creating the reimbursement estimate is to combine the estimates by payment type estimates.

#### Adjustment and Distribution

Two adjustments are required to complete the estimates for institutional reimbursements. 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. After subtracting the debt service reimbursement collections are \$17.6 million in FY 2011, \$17.2 million in FY 2012, and \$17.4 million in FY 2013.

#### **Forecast Methodology:**



**Legislative Fiscal Division**  
**Revenue Estimate Profile**  
**Public Institution Reimbursements**

**Revenue Estimate Assumptions:**

	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	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Actual	2001	13.553585	13.553585	0.649965	0.000498	12.887899	0.015223
Actual	2002	14.282894	14.282894	1.483431	0.317047	10.994744	1.487671
Actual	2003	13.042526	13.042526	1.564208	0.451974	9.900342	1.126001
Actual	2004	18.110443	18.110443	1.424453	0.311203	14.336601	2.038187
Actual	2005	12.508688	12.508688	1.887627	0.556631	12.631385	0.210973
Actual	2006	12.727569	12.727569	1.534775	0.283624	9.531139	1.273948
Actual	2007	10.669017	10.669017	1.850027	0.187443	7.472999	0.867377
Actual	2008	15.334683	15.334683	1.646587	0.345821	9.391640	3.455721
Actual	2009	14.100804	14.100804	1.893647	0.440477	10.108697	1.145015
Actual	2010	22.000354	22.000354	2.524878	0.660782	12.029551	6.176876
Forecast	2011	17.555000	17.555000	2.684861	0.606340	11.645428	4.785836
Forecast	2012	17.172000	17.172000	2.708024	0.608118	11.116472	4.799244
Forecast	2013	17.374000	17.374000	2.709477	0.606340	11.231951	4.786268

	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	2000	0.965496	0.000000		
Actual	2001	1.079220	1.909252	0.000000	
Actual	2002	1.075405	1.911032	0.000000	
Actual	2003	1.045873	1.776461	-1.572893	
Actual	2004	0.868888	1.752261	-3.180119	
Actual	2005	1.005833	1.785072	0.012977	
Actual	2006	0.950665	1.775375	0.000000	0.104083
Actual	2007	0.958509	1.792631	0.000000	0.291171
Actual	2008	0.982030	1.796631	0.000000	0.494915
Actual	2009	0.959052	1.746327	0.000000	0.512969
Actual	2010	0.988899	1.691252	0.000000	0.608265
Forecast	2011	1.015788	1.912643	0.000000	0.761235
Forecast	2012	1.013533	1.909393	0.000000	0.863385
Forecast	2013	1.014218	1.908085	0.000000	0.962573

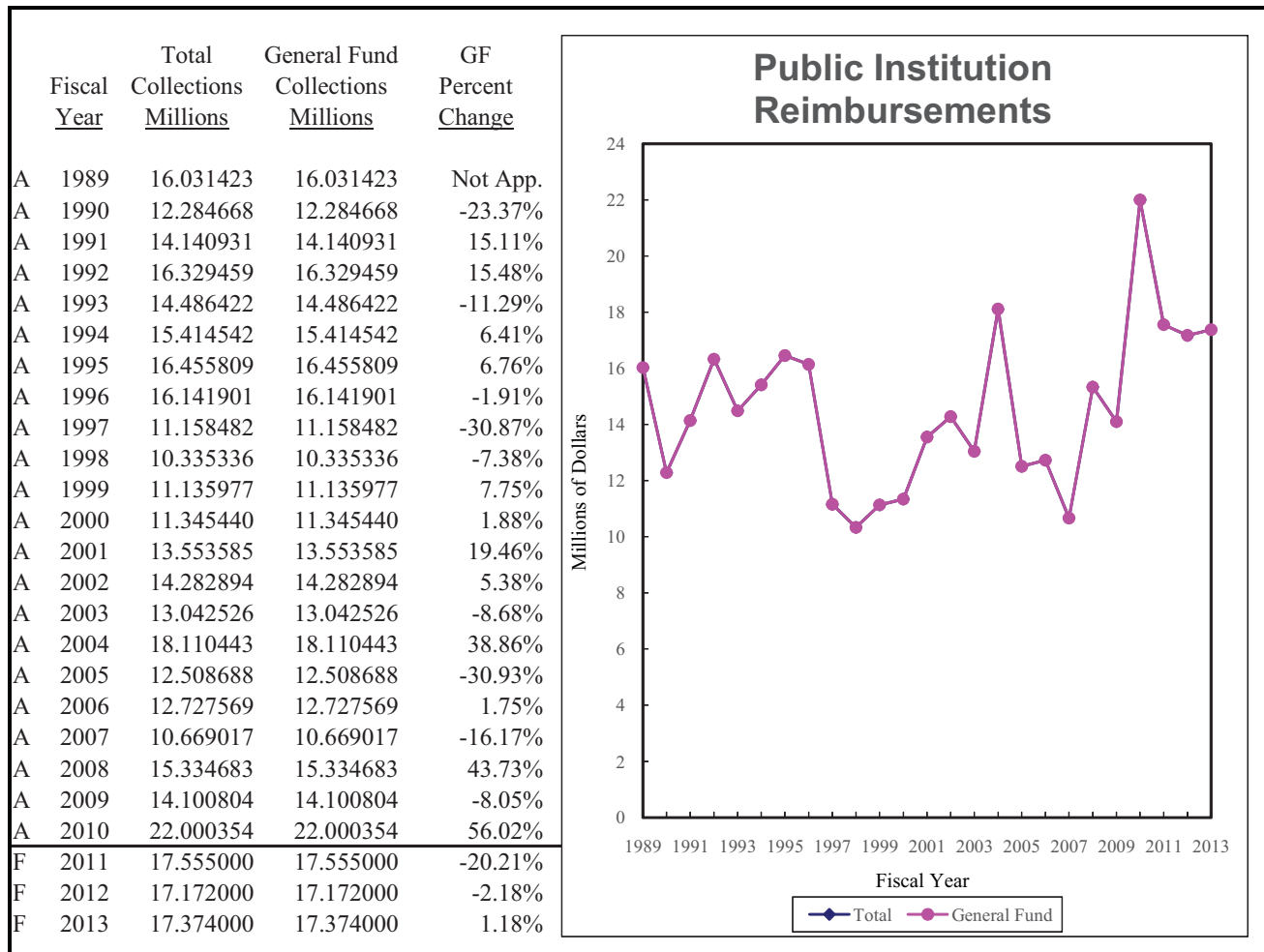
Total Rev. = Private + Insurance + Medicaid + Medicare - MDC Debt - MSH Debt + Adjustments + Medicare Part D  
GF Rev. = Total Rev.

# Legislative Fiscal Division

## Revenue Estimate Profile

### Public Institution Reimbursements

#### Revenue Projection:



**Data Source(s):** SABHRS, Department of Public Health and Human Services

**Contacts:** Department of Public Health and Human Services

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# Legislative Fiscal Division

## Revenue Estimate Profile

### Tobacco Settlement

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**Revenue Description:** Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with four original tobacco companies and 56 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in FY 2000 and one each year was received in FY 2001, 2002, and 2003); 3) on-going, perpetual annual payments; and 4) strategic contribution payments (from FY 2008 through 2017). The MSA places no restrictions on how the settling parties spend the money.

The total amount of tobacco settlement funds available to Montana is affected by a number of adjustments. These may include inflation, sales volume changes, non-participating manufacturers (NPM) adjustment for the loss of market shares, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of states reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, disputed payments, and federal tobacco legislation offsets among others.

The reduction for the NPM adjustment was first included in the revenue estimates beginning FY 2006. Amounts paid by manufacturers who participate in the MSA may decrease if they have lost market shares and it is proven that a significant portion of the loss (to companies not participating in the MSA) is due to the disadvantages caused by the MSA. An economics firm must determine if this is the case. The adjustment does not apply if a state has enacted “model statutes” and enforced them. Although it has not yet been determined if all these conditions have been met, it is expected that participating manufactures will withhold a portion of their payments in disputed escrow accounts until the matter is resolved, thus reducing payments to the settling entities.

#### **Statutory Reference:**

Tax Rate – NA

Tax Distribution (MCA) – Montana Constitution, Article X11, Section 4; 17-6-606; 53-4-1011

Date Due – annual payments from settling entities due April 15<sup>th</sup> (Master Settlement Agreement, Chapter IX(c)),  
General Tobacco annual payments through calendar 2016 due August 30<sup>th</sup> (General Tobacco Adherence Agreement)

**Applicable Tax Rate(s):** NA

**Distribution:** Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate no less than 40% of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40%. For FY 2003, the remaining 60% of the money was deposited to the general fund. Due to passage of Initiative 146 by the electorate in November 2002, beginning FY 2004, 32% of the tobacco settlement money funds tobacco prevention programs and 17% of the funds is used for the Children’s Health Insurance Program (except in the 2011 biennium [due the enactment of HB 676] when the allocation is used to fund the healthy Montana kids plan). In HB 743, the 2007 Legislature added chronic disease programs to the allowable uses of the 32% distribution. The remaining 11% of the money is deposited to the general fund.