

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

Senior and Long Term Care Division

DIVISION CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

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WHAT THE DIVISION DOES

The Senior and Long Term Care Division (SLTC) plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages

The Division manages payments to Medicaid funded nursing facilities and Medicaid funded home and community long term care programs; provides nursing facility services in two state veterans nursing homes, manages programs for senior citizens under the federal older Americans act, provides adult protective services to vulnerable senior citizens and people with disabilities; manages the state supplement to the federal SSI payments system, and plans for and educates the public about long term care issues and services and addresses aging related issues.

The Mission of the Division is to advocate for and promote dignity and independence for older Montanans and Montanans with disabilities by:

- Providing information, education and assistance:
- Planning, developing and providing for quality long-term care services, and.
- Operating within a cost-effective service delivery system.

Statutory Authority For Division

Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401, MCA (authorizes and establishes Montana Veteran's Homes); 53-1-602, MCA (Eastern Montana Veteran's Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

HOW SERVICES ARE PROVIDED

The Division is charged with serving three key groups of people: 1. Senior citizens who are in need of or who are planning for long term care; 2. People with serious disabilities who are in need of long term care and who are not developmentally disabled; and 3. Baby Boomers who are helping their parents as they age or planning to meet their own long term care needs in the future.

The Division has a total staff of 193.44 FTE, with 123.69 of these FTE working in the state operated veterans nursing facility. The Division makes services available through six major programs:

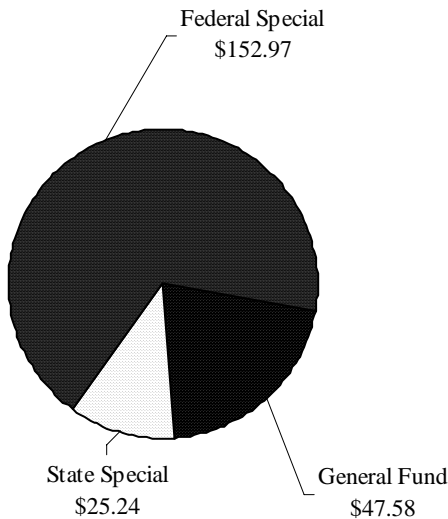
- 1) The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman and other services;
- 2) Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
- 3) Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 90 Montana nursing homes;
- 4) Protective services, including the investigation of abuse, neglect and exploitation are provided by adult protective services social workers;
- 5) Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home in Glendive; and
- 6) The State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

The largest source of funding in the Division is the federal Medicaid program. The federal government pays approximately 69% of Medicaid expenditures, while the state provides the remaining 31% in matching funds.

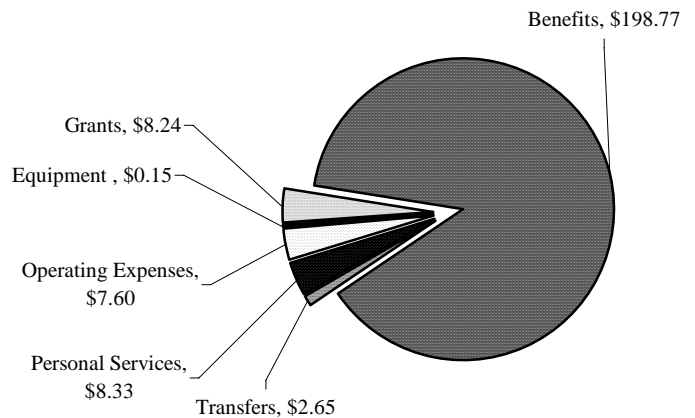
Spending and Funding Information

The following figures show funding and expenditure information for FY 2006 for all sources of funding of the Senior and Long Term Care Division. Because the figures include all sources of funding there are no direct relationships between these figures and appropriation levels presented in the Budget Analysis for the 2007 Biennium.

FY 2006 Funding



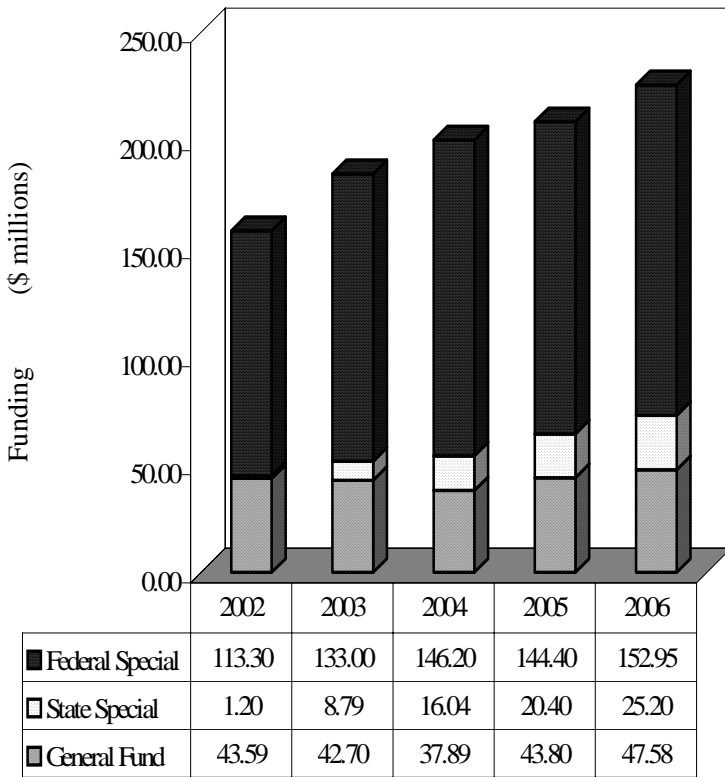
FY 2006 First Level Expenditures



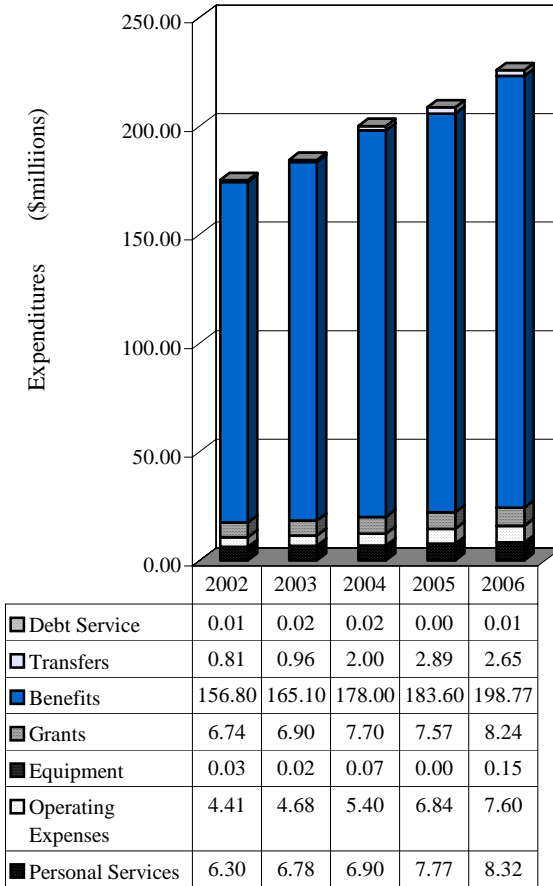
The division did not have any administrative appropriations in fiscal year 2006.

The following figures show funding and expenditures from FY 2002 through FY 2006, which includes funding from HB 2 as well as HB 749 Nursing Facility Provider Tax (\$11.949 million).

Historical Funding



Historical Expenditures



The change in revenues and expenditures between fiscal 2002 through 2006 represent increases in the Medicaid funded services in the Division related to caseload, federal medical assistance FMAP matching rate changes, provider rate increases and expansion of the home and community based waiver. Increases in state special revenues are related to increases in nursing facility provider tax, intergovernmental fund transfers, cigarette tax funding and use of I-149 funding in 2005 and 2006 to fund direct care wages and provider rate increases. Increases in general funds are also related to increases in aging service programs for meals and caregiver services. Detailed break downs are provided in each individual program write-up.

2007 BIENNIUM NEW PROGRAM IMPLEMENTATION AND PROGRAM EXPANSION

Program Expansion

The Division implemented or expanded several programs with (general, state or federal) funding in the 2007 biennium. Some of the areas are highlighted below and others are addressed in more detail in the program templates related to those Division programs.

*The 2005 Legislature provided for biennial, restricted, one-time-only general fund appropriation of \$600,000 to support in-home caregiver services. These funds were passed through to Area Agencies on Aging to provide in-home care giving services to elderly citizens residing in their homes. The appropriation was designated as one-time-only and as such, it is not included in the 2006 base budget.

*The 2005 Legislature provided \$567,000 of OTO general funds to the Aging programs for grants to local Area Agencies on Aging for Meals on Wheels, congregate feeding programs and other programs for the elderly in the community. \$257,000 of this dollar amount represents funding that was removed during the 2003 biennium from these programs and was temporarily restored during FY2004 with federal funds from Jobs and Growth Tax Relief Reconciliation Act and \$310,000 which represents new general fund added in the 2005 biennium. This appropriation was designated as one-time- only and as such, it is not included in the 2006 base budget.

*The 2005 legislature allocated skilled nursing facilities and community based providers direct care worker wage increases of \$13.7 of general fund, tobacco state special revenue and federal funds over the biennium to increase direct care worker wages by a \$1.00 (75 cents and hour in salary and 25 cents and hour in benefits). A report on the implementation of these direct care wage increases was provided to the Legislative Finance Committee in the interim.

*The 2005 legislature approved a 3% provider rate increase in nursing facility and community services programs funded with I-149 state special revenue and federal Medicaid matching funds.

*The 2005 legislature funded an expansion of the home and community based services waiver by approximately 112 people using general funds, state special revenue from I -149 funds and federal Medicaid funds

*Nursing Facility Provider Tax provided increased funding for the nursing home program. The provider tax increased between FY 06 and FY 07 from \$7.05 to \$8.30 per day providing state special revenue funds for increases in nursing facility payments.

FTE

No additional FTE were approved in the 2007 Biennium for this Division.

2007 Biennium FTE Hire Dates	FTE	Date

CORRECTIVE ACTION PLANS

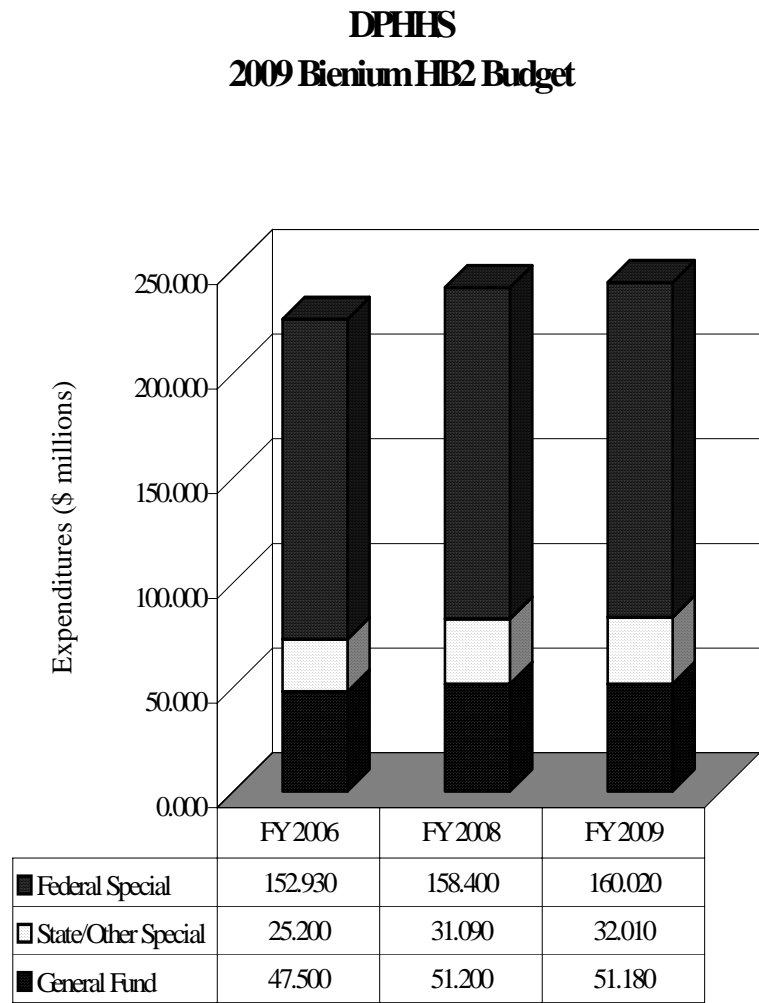
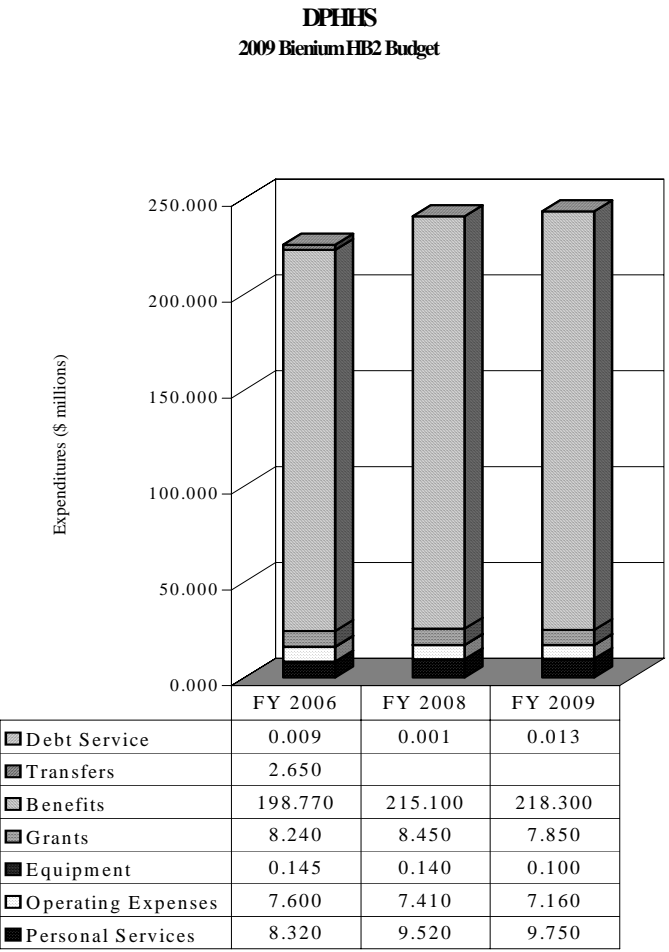
The Adult Protective Services program had a Caseload Management Performance Audit (04P-09) performed by the Legislative Audit Division in September, 2004 that addressed workload/caseload issues. Auditors recommended improvements in managing caseload and staff workload by developing management action plans that address: 1) developing caseload/workload management policies and procedures; 2) establishing useful management reports to better manage caseloads; 3) defining criteria to close cases; 4) performing on-going management assessment to address problems and documenting successes.

The Adult Protective Services program has implemented all of the components of the corrective action plan. The program underwent a system wide review of its caseload/workload management processes and policies. Commencing on July 1, 2005, the program initiated a sophisticated web-based computer data system known as Operation Protect Montana (OPM) and simultaneously adopted policies and coordinated changes with the computer system. The program instituted comprehensive

caseload tracking by social worker; workload or acuity (difficulty of case) tracking; comparisons of workload and caseload by social worker, region, county and state; developed comprehensive reporting on duration of open referrals and comparisons among social workers, county, region and state; computer driven criteria to close cases; improved on-going management assessment on referrals, intervention and resources by instituting social work accepted standards.

2009 BIENNIUM BUDGET

The following figures show the proposed HB 2 budget for the 2009 biennium.



Goals and Measurable Objectives

The following figure shows the department base year and budgeted biennium goals and performance measures that are associated with the proposed 2009 biennium HB 2 budget.

Department of Public Health and Human Services Senior and Long Term Care Division		
Measurable Objectives for the 2009 Biennium		
Goal	Measurable Objectives	Current status of Measures
Operate an efficient and cost effective long-term care system. (Medicaid Goal 6 and 7)	<ol style="list-style-type: none"> 1. Maintain the total long-term care expenditures of the SLTCD within the budget established by the legislature for each year of the 2008/2009 biennium. 2. Pursue additional federal funding opportunities to enhance or expand services without the need for additional state dollars. 	<ol style="list-style-type: none"> 1. Budget has been managed within appropriation levels since 1998. Continue contract with Mountain Pacific Quality Health Foundation to authorize Personal Assistance Services uniformly across the State. Monthly analysis of paid claims, utilization activity for trending and projection of program expenditures. 2. Division currently operates 4 grants which provide federal funding for service development; Alzheimer's grant, TBI grant, Big Sky Bonanza grant; Aging Resource Grant
Increase the ability of Montanans to prepare to meet their own long-term care needs, or the long-term care needs of a relative or a friend.	<ol style="list-style-type: none"> 1. Increase the number of requests for information on the State Aging Hotline and AAA toll free number each year. 2. Maintain or increase the number of home delivered meals served through the Aging Network. 3. Increase the number of Information and Assistance program contacts each year. 4. Increase the number of individuals served each year by the State Health Insurance Program (SHIP). 5. Maintain the number of participants at the Governor's Conference on Aging each year. 6. SLTCD staff will conduct at least 100 public presentations each year. 7. Increase the number of visits to the SLTCD website each year. 8. Develop a coordinated continuing public education campaign to inform Montanans about long term care issues and options emphasizing the need for individual long term care planning and personal responsibility for individual health care needs. 9. Revise or update the annual State of Aging in Montana report. 10. Maintain or increase the average monthly visitation rates by ombudsmen to licensed nursing facilities, assisted living facilities and Critical Access Hospitals 	<ol style="list-style-type: none"> 1. AAA line calls were 20,000 Aging Hotline 3,000 2. 630,371 home delivered meals were provided in 2006 DP 22109 continue meal program and add \$125,000 in additional funds to serve about 100 people or up to 20,000 meals/year. 3. 70,000 contacts made in 2006 4. 42,000 contacts were made in 2006 6. 260 presentations were provided in 2006 7. 190,000 people accessed web site 8. Continue aging horizons TV shows airings at 100 or more airings per week. 9. State of aging report was completed in Nov. 2006 10. Visits to nursing homes, assisted living facilities were on average one per month

	<p>with swing beds each year.</p> <p>11. Increase the number of counties that have Aging and Disability Resource Centers and increase the number of clients these Centers assist with eligibility for public benefits.</p> <p>12. Increase the number of caregivers receiving supportive services (including respite care) and increase the project income for these services.</p>	<p>11. Yellowstone and surrounding counties have resource centers, Missoula/Ravalli Co added in 2007</p> <p>12. Current project income is based on suggested donations and is approximately \$180,000 in 2006</p>
<p>Increase the number of Montanans who meet some or all of their own, or someone else's long-term care needs.</p>	<p>1. Increase the number of people with long term care insurance as measured by the number of people claiming a tax deduction for long term care insurance on their state income tax returns.</p> <p>2. Increase the number of people taking the tax credit for caring for an elderly dependent.</p> <p>3. Increase the average amount of daily patient contributions paid towards Medicaid nursing home care.</p> <p>4. Increase the funds recovered under the Medicaid lien and estate recovery program.</p> <p>5. Increase the percentage of people privately paying for nursing home care each state fiscal year.</p> <p>6. Implement long term care insurance partnership program which allows individuals who use long term care insurance to protect assets up to established limits for Medicaid eligibility determination purposes.</p>	<p>1 and 2. Monitor utilization of tax deduction and credit for impacts on Medicaid program as a whole.</p> <p>Tax Deductions 10,500 Tax Credits 50 (2005 DOR income tax returns)</p> <p>3. \$24.50 is FY 2006 current patient contribution</p> <p>4. Monitor collections and impact on programs that use these revenues as a source of funding.</p> <p>5. 30% private pay currently</p> <p>6. Move to implement long term care partnerships by 9/30/2007. Implementation is contingent on passage of HB 156 which clarifies long term care insurance laws, development of rules that define partnership plans in conjunction with insurance commissioner and implementation of Medicaid eligibility state plan changes. * If there are complications with defining policies or establishing rules this timeline may need to be extended to 1/1/2008.</p>
<p>Ensure high quality of publicly funded long-term care services to Montanans.</p> <p>(Medicaid Goal 5)</p>	<p>1. Pursue provider rate increases and direct care wage and health insurance initiatives for providers that serve a high proportion of Medicaid consumers to maintain access to services.</p> <p>2. Pursue avenues to maintain the current level of funding that is derived from provider taxes to enhance and stabilize Medicaid nursing facility price based reimbursement system.</p> <p>3. Continue to assist financially strapped rural county affiliated nursing homes by increasing their Medicaid reimbursement rates through the use of intergovernmental transfers of matching funds to the SLTCD.</p> <p>4. Maintain or increase the current percentage of reasonable costs per day reimbursed by the Medicaid nursing home program.</p>	<p>1,2,3. Continue to utilize nursing facility provider taxes and county funding mechanisms through IGT's to fund programs within federal guidelines.</p> <p>4. 99.87% cost per day covered using net funding. 102% using total gross rate to cost analysis</p> <p>DP 22501 Provider rate increase 2.5%</p>

<p>Support Montanans in their desire to stay in their own homes or live in smaller community based residential settings for as long as possible.</p>	<ol style="list-style-type: none"> 1. Increase the total amount of the Senior and Long Term Care Division budget that goes to home and community services. 2. Increase the percentage of Montanans age 65 or older who live at home or in small residential alternatives. 3. Increase the number of people served under the Medicaid Home and Community Based Services (HCBS) Waiver by at least 100 over the biennium. 4. Maintain or reduce the percentage of nursing facility residents under age 65 by targeting at least 25 individuals each biennium who are under age 65 for transition to community placements with money follows the person funding approaches. 5. Pursue grants to improve services to underserved populations and solidify quality assurance practices. 6. Maintain the average length of stay for an individual on the HCBS Waiver waiting list at less than one year. 	<ol style="list-style-type: none"> 1. 25% of the overall division budget supports community service programs 2. Currently 94.5% of all Montanans age 65 or older live in community settings 3. Current Caseload is 1938 DP 22119 expand community based waiver by 102 4.. Currently 431 individuals under age 65 reside in nursing facilities or 13% of the Medicaid nursing facility population 6. Currently Average Length of Stay is 280 Days
<p>Enhance the ability of the state to protect senior citizens and people with disabilities who are at risk of abuse, neglect and exploitation while ensuring maximum independence and self- determination</p>	<ol style="list-style-type: none"> 1. Work, within budgetary constraints, to maximize services to vulnerable individuals through continuing to pursue additional discretionary monies to support abuse prevention activities over the next biennium. 2. Continue to support the development of Chapters affiliated with the National Committee for the Prevention of Elder Abuse and other, similar, prevention organizations. 3. Work to effectively decrease the number of guardianships of incapacitated adult individuals held by state agencies by assisting in the development of private, non-profit guardianship provider entities (e.g., councils, individuals and other groups) and transferring appropriate guardianships to those entities. A goal for reduction of state-held guardianships will be 5% (approximately 10 individuals) per year over the next biennium. 4. Maintain and utilize the Operation Protect Montana (OPM) protective services data management and reporting system to address ongoing issues of workload/caseload, referrals, guardianships and other protective service needs for the protection of vulnerable adults. 	<p>DP 22204 Will provide the ability to use contingency funds that were redirected to maintain OPM system to provide ongoing support to vulnerable individuals</p> <ol style="list-style-type: none"> 3. Current APS guardianships are 200 statewide 4. DP 22204 request for ongoing operations funds for operating and maintaining OPM system.
<p>Provide efficient, effective, high quality nursing facility services to Montana Veterans, at the Montana Veterans home and the Eastern Montana Veterans Home (Medicaid goal 3)</p>	<ol style="list-style-type: none"> 1. Meet the annual state standards necessary for licensure and certification of nursing facilities at MVH and EMVH during each year in the coming biennium. 2. Achieve and maintain occupancy rates equal to, or greater than, those of other nursing facilities in the region of the state in which each facility is located. 3. Continue to assess and address direct care staff recruitment and retention difficulties at MVH and EMVH by developing alternative compensation proposals and wage incentives to attract and retain direct care staff at both facilities. 	<ol style="list-style-type: none"> 1. Both Facilities are operating within all licensure and certification standards and meets Veterans Administration and meets Federal Survey and Certification guidelines. Facility certified with no significant deficiencies 2. Occupancy rate 68% at EMVH MVH Current facility occupancy is 90% while regional average is about 84% 3. DP 22104 Recruitment and Retention Contingency. Recruitment and Retention report follow-up. Monitor staff turn over rate and status of recruitment and retention efforts.

	<p>4. Request funding to upgrade physical plant at EMVH by replacing roof on building.</p> <p>5. Request funding for remodeling and expansion projects at MVH, which would add additional dining/lounge space, remodel existing nursing station, add three (3) private rooms in order to improved dining capacity, improved nurse supervision of residents, improved quality of care and increased staff efficiency.</p> <p>6. Request additional staffing resources to better meet the needs of residents with dementia/Alzheimer's residing in MVH special care unit.</p> <p>7. Continue to evaluate the operations of both facilities and assess the feasibility of contracting versus direct operation of Montana's State Veterans' facilities in light of Veterans' Study data.</p> <p>8. Continue to utilize "School to Work" programs in Dawson County to further enhance and improve the grounds at the EMVH facility.</p>	<p>4. HB-5 LRBP</p> <p>5. HB-5 Long Range Building</p> <p>DP 22205 Expense Adjustment DP 22103 Facility Upgrades</p> <p>6. DP 22105 SCU staff DP 22106 pharmacy staff</p> <p>7. Completed Veterans Long Term Care Study in November 2006</p> <p>8. Ongoing projects will be undertaken</p>
<p>Ensure accountability through reporting and performance expectations in providing services to aged and older Montanans.</p>	<p>1. Establish service goals in Area Agencies on Aging four year plan and update them annually. Plans will include service goals and objectives to meet the needs of the elderly in each area served by Area Agencies on Aging. Public input will be solicited on plan changes</p> <p>2. Conduct periodic assessments and evaluations of Area Agencies on Aging with annual program service goal evaluations.</p> <p>3. Conduct follow-up activities based on deficiencies, issues and recommendations on an annual basis.</p> <p>4. Include a service summary report which includes and assessment of the adequacy of advocacy, in-home, educational, nutritional, legal, ombudsman and psycho-social support services for the elderly as part of the annual state of aging report.</p>	<p>1. Area Agencies on Aging are in the process of developing new area plans for 2007 to 2011. Part of this plan is to establish service goals.</p> <p>2. Assessments and evaluations of Area Agencies on Aging are conducted and service performance goals are reviewed to insure services are being delivered and goals of aging service programs and area agencies on aging are being met.</p> <p>3. Follow-up activities are currently being completed to ensure that deficiencies, issues and recommendations are being addressed.</p> <p>4. Currently, the Office on Aging provides an annual State of Aging report but does not include a service report summary related to adequacy of advocacy in-home, educational, nutritional, legal, ombudsman and psycho-social support services. This component will be added to the report.</p>

BUDGET AND POLICY ISSUES

The following budget or policy issues are included in the Division budget submission to the Governor's Office. Detailed budget or policy issues pertaining to each of the Divisions programs have been highlighted in each of those program writeups.

Significant Budget Requests:

DP 22119-Waiver Expansion -LFD B -201 Expansion of the Home and Community Based Waiver program to serve approximately 102 new individuals waiting to access community services in home or assisted living settings, supported living, or heavy care services. Request for \$5,298,110 total funds over the biennium including \$1.6 million in general funds.

NP- 22109 - Elderly Meal Programs –LFD B-210 This is a request for \$692,000 general fund each year over the biennium to support aging programs and grants administered by Area Agencies on Aging. This request makes permanent the one-time-only general fund appropriation of \$567,000 from the 2007 biennium and adds a new general fund appropriation of \$125,000 for the aging program.

NP- 22110 - Continue Aging In-Home Caregiver Program – LFD B-211Request for \$600,000 in general fund over the biennium for Area Agencies on Aging to provide in-home caregiver services to elderly citizens residing in their homes. These funds were originally appropriated as one-time-only in the 2007 Biennium. In order to continue providing in-home services

DP 22501- Provider Rate Increase - LFD B-201 Request for increases for provider rates by 2.5% for the biennium all program. Total funds requested are \$10,372,211 with \$358,026 general funds and \$3,148,464 I-149 Tobacco Initiative funds.

DP 22104 Recruitment and Retention Contingency:- LFD B- 185/206 A request for the establishment of a recruitment and retention contingency in the amount of \$183,000 for FY 2009, for the purpose of maintaining a competitive wage for direct care staff in the Flathead Valley and assist in recruitment and retention of staff.

Other Budget Requests:

Miscellaneous:

PL- 22201 - SLTC Field Office Rent Adjustment – LFD B- 215 This decision package requests \$39,304 total funds for the biennium including \$30,166 in general fund to manage the rent increases needed for existing rental contracts.

PL- 22206 - Dept of Transportation Cars – LFD B-215 This decision package requests \$47,155 total funds over the biennium including \$23,577 general fund to replace six cars owned by the Senior & Long Term Care division with cars from the State Motor Pool. Each of the currently owned cars has reached its functional life-cycle expectancy.

PL- 22208 - State Supplement Caseload Increase – LFD B210 This decision package reflects the projected cost for caseload increase in State Supplemental payments for 20 individuals who will transfer from institutional disability services to community programs. \$24,960 in general fund is requested for FY 2008 and \$49,920 in general fund is requested for FY 2009.

Aging Programs:

NP- 22108 - Additional Aging Ombudsman Position – LFD B-210 Request for an additional 1.00 FTE Ombudsman in the Aging Bureau to address the increasing number of long term care facility options and concerns related to access and advocacy issues for long term care service recipients. This position will be funded from federal funds at approximately \$50,000 per year over the biennium.

NP- 22112 - Additional SHIP FTE for Aging Services –LFD B-212 Request for 1.00 FTE in the Aging Services Bureau for the State Health Insurance Program (SHIP). The position would cost approximately \$48,000 per year in federal funds over the biennium.

NP- 22127 - SLTC Alzheimer Grant Continuation – LFD B212 (Technical Adjustment DP moved to HB 4)

This decision package requests \$290,000 in federal funds over the biennium. This is a continuation of funding for the third year of grant to implement goals and activities required to develop and/or improve systems for assistance to Montanans diagnosed with, or caring for those with, Alzheimer's disease and related disorders.

Home Based Programs:

DP 22211 PLA Home Based Medicaid FMAP Adjustment LFD B 196 Changes related to the federal participation rate (FMAP) reduction.

DP 22214 PLA Medicaid Home Based Caseload Adjustment LFD B 198 Caseload adjustment for Medicaid home based services that include personal assistance/ home health/ and hospice. Medicaid caseload adjustments of approximately 5 % per year over the biennium in all Home Based services. Total funds of \$3.1 million and \$1.3 million general funds.

DP 22216 PLA FMAP change for I 149 Home Based Provider Increases - LFD B-199

DP 22219 FMAP I-149 Home Based Direct Care Wages LFD B-200 Adjustment for FMAP changes

Home and Community Based Waiver:

DP 22209 Annualize Waiver Expansion Costs LFD B-195 Annualize the expansion of the waiver program which occurred in 2007 and is not included in the base and adjust the funding from general fund to state special revenue. \$2.3 million over biennium with \$1.6 from tobacco tax revenue.

DP 22212 Medicaid Waiver FMAP Adjustment LFD- B- 196 Recognition of changes in the federal participation rate change (FMAP) for Medicaid funded programs.

DP 22217 FMAP Changes for I 149 Provider Rate Increase LFD B-199 \$25,000 in state special revenue.

DP 22220 FMAP Changes for I 149 Direct Care Wages for Medicaid Waiver LFD B-200

Nursing Facility Programs:

DP 22207 – Annualize Nursing Home Provider Tax HB 749 LFD B-194: A request for \$15,689,553 in total funds over the biennium includes \$5 million in state special revenue funds. This request provides for an adjustment for the increase in the nursing home provider tax to \$7.05 per bed day beginning July 1, 2005, and to \$8.30 per bed day beginning July 1, 2006. This is an increase of \$1.75 in FY 2006 and an increase of \$3.00 in FY 2007 over the FY 2005 rate of \$5.30 per day.

DP 22210– Medicaid Nursing Home FMAP Adjustment LFD B-196 A request for an increase of general fund over the biennium and a reduction in federal funds of \$5.9 million reflects the change in the federal participation match rate (FMAP). The request provides for the change in the state Medicaid matching funds for nursing home costs due to the reduction in the federal matching rate from 29.34% in FY06 to 31.29% in FY08 and 31.49% in FY09

DP 22213 – Nursing Home Caseload Adjustment LFD B-196 A request to reduce total funds of \$9 million over the biennium includes \$3.1 million in general funds due to the anticipated caseload change in occupancy levels at Montana's nursing facilities. The request reflects an anticipated caseload change for Medicaid nursing facility services of one-half a percent per year during the 2009 biennium as compared to the FY06 base. This proposal will continue to reflect a decline in census at a slightly less amount of one-half percent in each year of the 2009 biennium, and represents approximately 17 less individuals per year, or approximately 11,909 less bed days in FY08 over the FY06 base, and approximately 17,819 less bed days in FY09 over the FY06 base.

DP 22215 – FMAP change for I-149 Nursing Home Provider Tax: LFD B-199 A request for an adjustment in state special revenue over the biennium and a reduction on federal funds for \$228,933 reflects the FMAP rate change. This request results in no change in costs, rather it reflects the funding changes and increased costs between FY06 and FY07. The cost of the I-149 Provider rate increase for Nursing Home Providers increased from FY06 and FY07 due to the projected decrease in the federal participation match rate.

DP 22218 – Annualize Nursing Home Direct Care Wages: LFD B-199 A request to annualize the nursing home direct care wage initiative reflects a funding switch from general fund to state special revenue and FMAP rate change.

This adjustment is for \$995,497 in state special revenue funds over the biennium and a reduction in Federal funds of \$204,382 and general funds of \$755,115. The Direct Care Wage Increase for Medicaid Nursing Home Providers increased from FY06 and FY07 and switched funding from the general fund to the state special revenue funds. This proposal reflects the change in funding type, and reflects the FMAP rate changes between FY06 and FY08 that resulted in a need for additional state funds to keep the total base the same in FY08 and FY09 as the FY06 base.

DP 22223 – Nursing Home IGT Adjustment: LFD B-200 A request for \$7.4 million over the biennium, with the state share coming from local county resources and none from the general fund to fund the anticipated increase in Nursing Home Intergovernmental Payments from the FY06 base and the 2009 biennium.

DP 22904 – Personal Needs Increase: LFD B-202 A request for \$256,509 in tobacco trust interest funds over the biennium is for increases in the personal needs allowance for nursing facility residents from \$40.00 per month to \$50.00 per month. The personal needs funds are used by residents to purchase personal items that are not covered under the nursing home facility reimbursement such as postage, cards, gifts, and beauty shop services for residents.

Veterans Programs:

DP 22107 EMVH Fire Alarm System -OTO LFD B-208 A request for one-time-only funding to upgrade the fire alarm system at EMVH which is estimated to cost \$15,000 in state special revenue.

DP 22101 EMVH Resident Bus Replacement-OTO LFD B-205 A request for one-time-only funding to replace the facility bus, which is used to transport residents', which is estimated to cost \$40,000 in state special revenue. The current 1990 bus is unreliable for use in transporting residents safely.

****DP 20910 EMVH VA Reimbursement: LFD- None** Added in list of technical budget adjustment letter.

Increase federal authority in FY 2008 by \$174,309 and FY 2009 by \$197,910 to recognize anticipated federal VA per diem reimbursement increase that is passed through to facility contractor.

****List of Technical Budget Adjustments: Technical Adjustment LFD B-204** Adjust the base budget for the Montana Veterans Home (RL-22-02-37). Revised the state special revenue funding to increase funding in Third Party Reimbursement in FY 2008 by \$1,695,729 and in FY 2009 by \$1,705,161 and decrease by the same amount the cigarette tax revenue needed in the base. (Letter of January 8, 2007 to Chairman Clark from Budget Director David Ewer)

DP 22205 Montana Veterans Home Expense Adjustment: LFD B-204 and 205 Request for \$1.8 million over the biennium from state special revenue funds to provide for adjustment in operating costs for overtime, holiday pay, differential pay, increases in food, utilities and other supplies.

DP 22103 MVH Facility Upgrades OTO: LFD B-205 - A request for one-time-only state special revenue funds for facility upgrades is estimated to cost \$330,000 over the biennium. These upgrades include replacing eighty (80) beds and remodeling resident bathrooms.

DP 22105 Special Care Unit Staff: LFD B-207 A request for 5.2 FTE in additional staff for the Special Care Unit (SCU) is estimated at \$140,000 in state special revenue each fiscal year. SCU.

DP 22106 Pharmacy Clerk: - LFD B- 208 A request for a .60 FTE position for a pharmacy clerk. This position would be responsible for Medicare reimbursement billing and activities related to the new Medicare Part D prescription program. Request for \$23,000 in state special revenue each fiscal year.

DP 22909 Contingency Funds: LFD B-205 A request for continuation of the current restricted contingency fund (authorized in both the 2003 and 2005 legislatures) appropriation in HB2 costs \$250,000 in each year of the biennium. These funds may be utilized only subject to a determination by the office of budget and program planning that federal and/or state special revenue appropriations are insufficient to operate the facility.

Adult Protective Services:

DP 22239 Adult Protective Services Field Staff: LFD B -214 Request for 1.5 FTE Adult Protective Services field social workers to provide direct services related to referrals and caseload increases using state special revenue from lien and estate recovery funds. \$148,000 over the biennium.

DP 22204: Adult Protective Services Database Maintenance LFD B-215 Request for \$105,464, over the biennium, for ongoing maintenance of the Adult Protective Services client data base, Operation Protect Montana (OPM), caseload/workload computer system.

SIGNIFICANT ISSUES EXPANDED

DP 22219-Waiver Expansion Currently, there are 516 people waiting for the HCBS Waiver program. The waiting list is expected to grow due to the aging population, the increase in demand for assisted living facilities and the desire of more individuals who are older or who have disabilities to receive care at home rather than in a nursing facility or hospital. The average length of stay on the waiting list was 274 days in fiscal year 2004; 293 days in fiscal year 2005; and 280 days in fiscal year 2006.

NP- 22109 - Elderly Meal Programs –LFD B-210 The 2005 Legislature provided \$567,000 of OTO general funds to the Aging programs for grants to local Area Agencies on Aging for Meals on Wheels, congregate feeding programs and other programs for the elderly in the community. \$257,000 of this dollar amount represents funding that was removed during the 2003 biennium from these programs and was temporarily restored during FY2004 with federal funds from Jobs and Growth Tax Relief Reconciliation Act and \$300,000 which represents new general fund added in the 2005 biennium. This appropriation was designated as one-time- only and as such, it is not included in the 2006 base budget. This proposal requests that this funding be restored and continued for aging grants with general fund dollars on a permanent basis in the 2009 biennium.

NP- 22110 - Continue Aging In-Home Caregiver Program – LFD B-211 The 2005 Legislature provided for this biennial, restricted, one-time-only general fund appropriation of \$600,000 to support in-home caregiver services. The legislature added language to HB2 that the appropriation be used to contract with local providers and not expended in the form of Medicaid matching funds. These funds were passed through to Area Agencies on Aging to provide in-home caregiving services to elderly citizens residing in their homes. The appropriation was designated as one-time-only and as such, it is not included in the 2006 base budget.

DP 22104 Recruitment and Retention Contingency: LFD B- 185/206 This request will assist the facility of maintaining a competitive wage for direct care staff in the Flathead Valley and assist in recruitment and retention of staff. Wages for direct care staff in Columbia Falls must compete with numerous other health care facilities in the Flathead Valley. As facility wages fall behind other facilities, recruitment and retention of qualified direct care staff becomes difficult to achieve and results in contracting with temporary employment agencies at a much higher cost to the facility in order to maintain mandated staffing levels. This request provides a contingency fund to maintain competitive wages, utilizing a Flathead Valley market survey for licensed staff and a methodology for wage increases to remain competitive with other employers. This contingency funding of \$183,000 from state special revenue would be for the purpose of maintaining competitive wages for direct care staff and would allow the facility to react to changing market conditions if the state wage scale lagged behind the current market rates being paid for direct care staffing.

Other Issues:

Nursing Home Caseload Adjustment: A request to reduce total funds of \$9 million over the biennium includes \$3.1 million in general funds due to the anticipated caseload change in occupancy levels at Montana's nursing facilities. The request reflects an anticipated caseload change for Medicaid nursing facility services of one-half a percent per year during the 2009 biennium as compared to the FY06 base. Occupancy levels have fallen 12% from 1997 to the present, yet, Medicaid percentage of days covered has held relatively constant at 61%. The decline seems to have stabilized or flattened out over the last few years. The 2005 legislature adopted a 1% annual

caseload decline for nursing facilities for the 2007 biennium. This proposal will continue to reflect a decline in census at a slightly less amount of one-half percent in each year of the 2009 biennium, and represents approximately 17 less individuals per year, or approximately 11,909 less bed days in FY08 over the FY06 base, and approximately 17,819 less bed days in FY09 over the FY06 base.

Intergovernmental Fund Transfer (IGT)/General Fund Replacement: Montana has had an IGT program, which provides additional financial support to at-risk nursing facilities by utilizing local county revenues as match in the Medicaid program since 2001. The 2003 Legislature utilized IGT state special revenue funding to replace general fund dollars in the base budget of the nursing facility program of approximately \$640,000 in each year of the biennium and an additional \$1,000,000 in each year of the biennium in the home based (personal assistance) base budget. There is a definite possibility that there will be counties that will decide to not participate in the "at risk" program once the state defines what allowable arrangements between counties and their affiliated facilities are. To the extent some of these counties do not participate, the ability to have the funds necessary to fund the base budget in the home based and nursing facility programs on an ongoing basis comes into question. Not only is the "at risk" payment program at risk of being reduced, but also so is the funding of the base budget in these programs. *New rules have recently been published in January 18th Federal Register that will limit the amount of funds that can be paid to certain providers under these types of payment plans. The Department is analyzing the impact of these new restrictions on the program and does not yet have an assessment of the impact to Montana...

Nursing Facility Provider Tax: Montana has had a nursing facility provider tax in place since 1992. The tax was originally \$1.00 on third party payor days (excluding private payors) and increased to \$2.00 on third party payer days in 1993. Federal law changed and in order to continue to utilize this source of funding it needed to be broadly assessed on all payor days. Since 1994 the tax has been assessed on all payor days in nursing facilities at the rate of \$2.80 until 2004 when the tax was increased. The tax rate in 2004 was \$4.50 and in 2005 was \$5.30. The 2005 Legislative Session (HB 749) increased the Utilization Fee on Nursing Facility Bed days. HB-749 raises the bed tax on nursing homes to \$7.05 per bed day beginning July 1, 2005, and to \$8.30 per bed day beginning July 1, 2006. This is an increase of \$1.75 in FY 2006 and an increase of \$3.00 in FY 2007 over the FY 2005 rate of \$5.30 per day. Previously the 6 percent allowable rate for revenue that could be generated from provider taxes was established in regulation (paragraph (3)(i) of Section 433.68 of 42CFR). According to congressional staff, the Congress intended to ensure that CMS did not issue a regulation that would phase in a 3 percent cap on the provider tax rate, per the Administration's FY2007 budget proposal. Congress recently adopted legislation that includes a provision (Title IV, Section 403) to lower the allowable Medicaid provider tax rate from 6 percent to 5.5 percent. The 5.5 percent tax rate cap is effective as of January 1, 2008 through October 1, 2011. This is estimated to save the federal government over \$300 million in FY2007. The impact of reducing Montana Provider tax from 6% to 3% was estimated at over \$9 million in state special revenue.