



BEHAVIORAL HEALTH SYSTEM FOR FUTURE GENERATIONS RECOMMENDATION #6: ENHANCE THE TARGETED CASE MANAGEMENT PROGRAM

Recommendation Overview:

Montana's Targeted Case Management (TCM) program, designed to assist people with complex behavioral health needs, currently operates under a reimbursement model that does not include patient and health care quality measures. **This recommendation will evaluate the current reimbursement model and develop a value-based pilot program which will link financial incentives to performance on specific cost and quality metrics.** This new model will ensure TCM providers are reimbursed based on the quality of care they deliver, not just the quantity of services provided. By implementing a value-based model, it will allow providers to be reimbursed at a higher rate for people with complex needs who require more staff attention, compared to those with lower acuity.

Intended Impact:

This recommendation proposes evaluating and enhancing the existing TCM reimbursement model to incorporate factors such as acuity, health-related social needs, and clinical presentation, with performance linked to reimbursement. Value-based reimbursement models have been shown to decrease use of avoidable, high-cost services and increase the utilization of primary (preventative) care. An example of a value-based payment could be an incentive payment when a client who discharged from a psychiatric residential treatment facility (PRTF) engages in community-based services and does not readmit to PRTF level of care after one year. Example performance measures for this recommendation may include:

- Decreased emergency department utilization.
- Increased access to community-based services.
- Decreased inpatient stays.

Governor's Budget Amounts:

Funding by Year ¹		Funding Sources ²	
SFY26	SFY27	State Special Revenue	Federal Funds
\$1.3M	\$750K	\$2M	\$0





This recommendation includes enhancements to the reimbursement model, including an expected increase in people receiving services, start-up costs, a value-based payment (VBP) pilot, and a VBP plan vendor, collectively impacting an estimated ten thousand people. The BHSFG funding request will support a VBP pilot program, including hiring a vendor, funding provider incentives, and covering start-up costs for program expansion. Long-term sustainability funding is required to serve the additional people who will receive



TCM services (estimated as a 25% increase).³ This assumes federal Medicaid matching funds that will require the submission of a state plan amendment (SPA).

Implementation Considerations:

This Phase 1 foundational recommendation establishes the necessary infrastructure for subsequent recommendations to succeed and is critical to strengthening and sustaining system operations.⁴ It is designated to receive funding in both SFY26 and SFY27 in the Governor’s budget.

Project Requirements	Project Needs
Staffing 	<ul style="list-style-type: none"> The enhanced TCM program will require hiring a state employee to oversee the program.
System / Infrastructure 	<ul style="list-style-type: none"> Develop a request for proposals for one-time funding to support development and implementation of the new model. Engage stakeholders on the new value-based model.
Legislative / Regulatory 	<ul style="list-style-type: none"> Establish and update operating policies and the provider manual and revise the Medicaid Management Information System and Administrative Rules of Montana (ARM). Submit SPAs to CMS.
Finance / Sustainability 	<ul style="list-style-type: none"> Establish updated rates and identify start-up costs. Establish an implementation plan for new assessment tools and transition to new rates.

¹ In November 2024, Governor Gianforte authorized \$100M for SFY26 and SFY27 to implement 10 recommendations identified by the BHSFG Commission. The cost estimates for this recommendation in the BHSFG final report may vary due to the timing of projected expenditures and additional adjustments.

² Federal match is projected to cover part of ongoing costs but is not expected to begin immediately.

³ The listed long-term recurring program costs are assumed to be eligible for federal matching.

⁴ The BHSFG recommendations included in the Governor’s budget are all eight Phase 1 recommendations and two Phase 2 recommendations. Phase 2 BHSFG Commissioner Identified Focus Area Recommendations are those the Commission identified as a leading focus area that may be impacted by the completion of a foundational recommendation and/or are not foundational in nature.

For more information contact Macey Curry at Macey.Curry@mt.gov or call (406) 444-2727.