

PROGRAM: ADMINISTRATION AND SUPPORT

	1982		1983		1984		1985	
	Actual	Approp.	Executive	Current Level	Difference	Executive	Current Level	Difference
FTE	86.38	86.38	83.50	85.88	2.38	83.50	85.88	2.38
Personal Service	\$ 1,674,261	\$ 1,979,419	\$ 1,996,740	\$ 2,053,172	\$ 56,432	\$ 1,996,546	\$ 2,050,129	\$ 53,583
<u>Operating Expenses</u>								
Contract Services	\$ 139,015	\$ 116,453	\$ 306,007	\$ 286,956	\$ (19,051)	\$ 197,166	\$ 176,964	\$ (20,202)
Supplies	71,355	69,013	79,699	80,777	1,078	84,948	86,082	1,134
Communications	223,652	208,177	214,892	227,665	12,773	244,816	259,137	14,321
Travel	21,683	26,199	20,922	28,568	7,646	21,868	29,801	7,933
Rent	325,915	309,292	275,873	275,870	(3)	292,426	292,419	(7)
Repairs	21,457	16,689	24,053	26,011	1,958	25,496	27,568	2,072
Other	50,319	29,134	5,146	7,792	2,646	5,455	8,257	2,802
Total	\$ 853,396	\$ 774,957	\$ 926,592	\$ 933,639	\$ 7,047	\$ 872,175	\$ 880,228	\$ 8,053
Equipment	27,084	10,185	40,475	28,157	(12,318)	1,500	10,977	9,477
Total Adm.	\$ 2,554,741	\$ 2,764,561	\$ 2,963,807	\$ 3,014,968	\$ 51,161	\$ 2,870,221	\$ 2,941,334	\$ 71,113
<u>Funding</u>								
General Fund	\$ 429,884	\$ 556,840	\$ 625,362	\$ 640,380	\$ 15,018	\$ 605,616	\$ 624,739	\$ 19,123
Other Funds	2,124,857	2,207,721	2,338,445	2,374,588	36,143	2,264,605	2,316,595	51,990
Total	\$ 2,554,741	\$ 2,764,561	\$ 2,963,807	\$ 3,014,968	\$ 51,161	\$ 2,870,221	\$ 2,941,334	\$ 71,113
Other Fund %	83%	80%	79%	79%	-0-	79%	79%	-0-

## ADMINISTRATION AND SUPPORT

### A. FTE

Executive added a .5 FTE data entry operator and transferred 2.88 FTE to other programs.

LFA maintained status quo.

### B. Contracted Services

Executive increased base by \$21,875 to reflect increased fees for filing administrative rules.

LFA increased base \$6,592 based on the amount of the fee raise and the average number of pages printed in 1981 and 1982.

### C. Supplies

LFA increased base by \$970 to reflect SRS operating its own merit system. (SRS did not operate its merit system for the first half of fiscal 1982.)

### D. Communications

LFA increased base by 12,000 for mailing computer generated turn-around documents for food stamps.

### E. Travel

Executive reduced base by \$2,500 (out-of-state travel).

LFA increased base by \$4,625 for increased training.

F. Repairs

Executive reduced base by \$53 (tires, tubes, vehicle damage).

LFA increased base \$1,700 for maintenance contract for typing equipment.

G. Other

Executive reduced base by \$2,600 for training.

H. Equipment

Executive included a word processor in fiscal 1984.

LFA included office equipment and a car.

<u>EQUIPMENT</u>					
		<u>1984</u>		<u>1985</u>	<u>Biennium</u>
Executive		\$10,475		\$ 1,500	\$41,975
LFA		<u>28,157</u>		<u>10,977</u>	<u>39,134</u>
	(LFA under)	\$12,318	(LFA over)	\$ 9,477	\$ 2,841
		=====		=====	=====

Difference as charted:

<u>Items Included</u>	---Executive----		-----LFA-----	
	<u>1984</u>	<u>1985</u>	<u>1984</u>	<u>1985</u>
Four-station mail inserter	\$22,000		\$22,000	
Folding machine		1,500		
Word Processor, incl.legal unit	15,225			
Postal&Parcel Post scales	1,500	1,500	1,500	\$1,500
CRT Terminal, General Services Bureau	1,750		1,750	
IBM correcting selectric typewriters			950	1,000
Desk chairs			198	198
Locking file cabinets			259	259
Car to replace AMC Concorde				<u>8,020</u>
	-----	-----	-----	-----
Totals	\$40,475	\$1,500	\$28,157	\$10,977
	=====	=====	=====	=====

# FUNDING

Source	Executive	LFA	Difference	Executive	LFA	Difference
Title IV-A	\$ 229,399	\$ 233,359	\$ (3,960)	\$ 222,155	\$ 227,659	\$ (5,504)
Food Stamps	129,815	132,056	(2,241)	125,716	128,830	(3,114)
Commodities	22,229	22,612	(383)	21,527	22,060	(533)
Title XIX	293,417	298,492	(5,065)	284,152	291,192	(7,040)
Section 110	246,292	250,544	(4,252)	238,515	244,424	(5,909)
Aging (III-F)	32,601	33,165	(564)	31,572	32,355	(783)
Dis. Det.	96,916	98,589	(1,673)	93,856	96,182	(2,326)
Title IV-E	46,828	47,636	(808)	45,350	46,473	(1,123)
Title IV-B	152,564	161,301	(2,737)	153,557	157,361	(3,804)
DD Serv. & Fee	4,150	0	4,150	4,018	0	4,018
LIEAF	41,790	42,511	(721)	40,470	41,473	(1,003)
SSBE (XX)	450,499	458,275	(7,776)	436,274	447,083	(10,809)
CSOE	1,186	1,206	(20)	1,148	1,177	(29)
Co. RA	584,759	594,253	(10,094)	568,295	580,325	(14,030)
Control Fund	625,362	640,380	(15,018)	605,916	624,739	(19,123)
<b>Total</b>	<b>\$ 2,963,297</b>	<b>\$ 3,014,962</b>	<b>\$ (51,161)</b>	<b>\$ 2,877,221</b>	<b>\$ 2,941,334</b>	<b>\$ (71,113)</b>

# FUNDING

Source	Expenditure	LFA	Difference	Expenditure	LFA	Difference
Title III	\$ 229,399	\$ 233,359	\$ (3,960)	\$ 222,155	\$ 227,659	\$ (5,504)
Food Stamps	129,215	132,156	(2,941)	125,716	128,230	(3,111)
Commodities	22,229	22,612	(383)	21,527	22,060	(533)
Title XIX	293,417	293,492	(5065)	284,152	291,192	(7,040)
Senior 90	246,592	250,544	(4252)	238,515	244,424	(5,909)
Agings (E-A)	32,601	33,165	(564)	31,572	32,355	(783)
Dis. Det.	96,916	96,569	(1673)	93,256	96,182	(232)
Title II-E	46,228	47,636	(808)	45,350	46,473	(112)
Title III-E	158,564	161,301	(2737)	153,557	157,361	(3804)
DD Serv. & Exp.	4,150	0	4150	4,018	0	4018
LIEP	41,790	42,511	(721)	40,470	41,473	(1,003)
SSSE (XX)	450,499	456,275	(7,776)	436,274	447,083	(10,809)
CSE	1,186	1,206	(20)	1,148	1,177	(29)
Co. RA	584,759	594,253	(10,094)	568,295	580,325	(14,030)
General Fund	625,262	640,380	(15,018)	605,616	624,739	(19,123)
Total	\$ 2,963,297	\$ 3,014,962	\$ (51,161)	\$ 2,873,221	\$ 2,941,334	\$ (68,113)

Medical Assistance - Administration  
Executive/LFA Comparison  
Fiscal 1984 - 1985

	Actual 1982	Appropriated 1983	-----Fiscal 1984-----			-----Fiscal 1985-----		
			Exec.	LFA	Difference	Exec.	LFA	Difference
FTE	13.61	13.61	12.99	12.61	(0.38)	12.99	12.61	(0.38)
Personal Services	\$ 282,526	\$ 362,708	\$ 369,718	\$ 363,902	\$ (5,816)	\$ 369,406	\$ 363,411	\$ (5,995)
-Operating Expenses-								
Contract Ser.	\$ 1,713,826	\$ 2,280,565	\$ 2,036,893	\$ 1,621,157	\$ (415,736)	\$ 2,159,106	\$ 1,718,424	\$ (440,682)
Supplies	1,316	12,845	921	1,478	557	976	1,565	589
Communications	2,074	7,053	2,121	2,415	294	2,434	2,745	311
Travel	12,432	9,317	13,416	12,960	(456)	13,972	13,483	(489)
Rent	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Repairs	-0-	466	-0-	-0-	-0-	-0-	-0-	-0-
Other	1,741	1,780	1,329	1,952	623	1,409	2,066	657
Total	\$ 1,731,389	\$ 2,312,026	\$ 2,054,680	\$ 1,639,962	\$ (414,718)	\$ 2,177,897	\$ 1,738,283	\$ (439,614)
Equipment	10,593	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Adm.	\$ 2,024,508	\$ 2,674,734	\$ 2,424,398	\$ 2,003,864	\$ (420,534)	\$ 2,547,303	\$ 2,101,694	\$ (445,609)
-Funding-								
General Fund	\$ 537,091	\$ 807,462	\$ 1,272,809	\$ 1,045,817	\$ (226,992)	\$ 1,337,334	\$ 1,062,616	\$ (274,718)
Federal Funds	1,487,417	1,867,272	1,151,589	958,047	(193,542)	1,209,969	1,039,078	(170,891)
Total	\$ 2,024,508	\$ 2,674,734	\$ 2,424,398	\$ 2,003,864	\$ (420,534)	\$ 2,547,303	\$ 2,101,694	\$ (445,609)

## MEDICAL ASSISTANCE PROGRAM

### I. Administration

#### A. FTE (Difference = .38 FTE)

Executive transferred a .38 FTE administrative officer from the Administrative and Support Program to the Medical Assistance Program.

#### B. Operating Expenses

1. Contract Services - LFA did not include rate development contract (\$85,000). This contract was authorized last session to develop nursing home rate reimbursement rules. The contract was not used, but the rules were developed and implemented. LFA did not include \$200,000 for Montana Foundation of Medical Care contract. Previously this was paid with federal funds. The federal government will no longer pick up this cost.

#### C. Funding

Special Match Rate (Administration Funding) - Two services, professional medical personnel and qualified medicare information management system, receive a 75 percent federal fund - 25 per-cent general fund match. Because a bill was introduced into congress last year to eliminate the special (75/25) match, neither the executive nor the LFA included it. However, the bill died with the end of the session. If the special match is used, the administration matching rate will be approximately .6446 percent federal funds.

Issue - Should the state budget for the special match?

option a: assume the federal rate will be .6446 percent in fiscal 1984 and in fiscal 1985.

option b: assume federal funds will be 50 percent plus adjustments in both fiscal 1984 and 1985 or \_\_\_\_\_ in fiscal 1984 and \_\_\_\_\_ in fiscal 1985.

Medical Assistance - Benefits  
Executive/LFA Comparison  
Fiscal 1984 - 1985

	Actual 1982	Appropriated 1983	-----Fiscal 1984-----		-----Fiscal 1985-----	
			Exec.	LFA	Exec.	LFA
				Difference		Difference
-Benefits-						
Buy-in	\$1,010,196	\$1,149,500	\$ 1,218,470	\$ (125,964)	\$ 1,296,452	\$ (1,174,444)
DHES Surveys	118,846	194,048	205,496	(72,641)	218,648	111,492
Indian Health	875,387	1,400,000	1,482,600	-0-	1,577,486	-0-
Renal Disease	124,800	125,000	132,375	(7,375)	140,487	125,000
-Medicaid-						
Nursing Homes	N/A	\$39,508,785	\$10,069,825	\$ (1,939,046)	\$42,090,020	\$ (1,680,710)
Institutions	N/A	9,721,646	10,596,594	(2,752,797)	12,566,288	9,820,898
Medicaid Other	N/A	36,199,754	36,501,753	(2,782,119)	39,847,732	36,464,930
Total Medicaid	\$74,360,802	\$85,430,185	\$87,168,172	\$ (7,473,962)	\$93,488,040	\$ (7,808,902)
Total Benefits	\$76,490,031	\$88,298,733	\$90,207,113	\$ (7,679,942)	\$97,737,473	\$ (8,053,913)
-Funding-						
General Fund	\$29,292,356	\$32,564,795	\$34,692,803	\$ 3,426,164	\$37,697,272	\$ 5,325,298
Federal Funds	47,197,675	55,733,938	55,514,310	4,253,778	60,040,201	57,311,586
Total	\$76,490,031	\$88,298,733	\$90,207,113	\$ 7,679,942	\$97,737,473	\$ 8,053,913



A. Medicaid

1. Nursing Homes

a. Issue 1 - Number of Days

	<u>Executive</u>	<u>1982 Care Days As of December</u>	<u>1982 Care Days As of February</u>
Fiscal 1984	1,294,245	1,258,857	1,263,327
Fiscal 1985	1,290,709	1,258,857	1,259,875

b. Issue 2 - Cost per Day (rate of inflation)

As of February 26th, the department would like to revise their cost per day figures for nursing homes. They want to assume less patient participation. This reduced patient participation rate costs approximately \$1 million per year.

	<u>--Original Dept. Cost--</u>		<u>--Costs as of Feb. 26th--</u>	
	<u>9% inflation</u>	<u>6% inflation</u>	<u>9% Inflation</u>	<u>6% Inflation</u>
Fiscal 1984	\$30.94	\$30.03	\$31.44	\$30.74
fiscal 1985	32.61	30.89	33.15	31.68

c. Summary

	<u>-----Original Numbers-----</u>		
	<u>Exec. # Days 9% Inflation</u>	<u>Exec. # Days 6% Inflation</u>	<u>1,258,857 Days 6% Inflation</u>
Fiscal 1984	\$40,069,825	\$38,866,177	\$37,803,476
Fiscal 1985	42,090,020	39,870,001	38,886,093
	<u>-----Number as of Feb. 26th-----</u>		
	<u>Exec. # Days 9% Inflation</u>	<u>Exec. # Days 6% Inflation</u>	<u>1,263,327/ 1,259,875 Days 6% Inflation</u>
Fiscal 1984	40,691,063	39,785,091	38,834,672
Fiscal 1985	42,787,003	40,889,661	39,912,840

2. Institutions

a. Issue - How much money will the institutions receive in medicaid reimbursements in 1985 biennium.

	<u>Executive</u>	<u>Current Level</u>	<u>2/26/83 Executive</u>
Fiscal 1984	\$10,596,594	\$7,843,797	\$10,251,927
Fiscal 1985	12,566,288	9,820,898	11,846,739

b. Method of calculating - Executive inflated the fiscal 1983 appropriation by 9 percent per year and added \$1,016,000 in fiscal 1985 for the Youth Treatment Center.

<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>
\$9,721,646	\$10,596,594	\$12,566,288
9%	9% + \$1,016,000	

LFA held fiscal 1982 care days at each institution constant over time. The fiscal 1982 average cost per care day at each institution was inflated to fiscal 1983 for inflationary growth appropriated by the 1981 Legislature, and inflated at 6 percent annually in fiscal 1984 and 1985. Applying the adjusted average cost per care day to total care days provided total cost for each institution. Total cost was then reduced for estimated contributions from private resources to obtain the total medicaid contribution. \$1,500,994 was added for the Youth Treatment Center.

The youth treatment center opening date has been delayed. The department's latest estimate for these reimbursements is \$1,016,000.

To reach the executive numbers SRS feels it can justify the following rate increases. No written rules have changed.

	<u>Actual 1982</u>	<u>Revised 1983</u>	<u>Increase</u>
Boulder	\$59.42	\$89.93	51.4%
Eastmont	52.36	86.04	64.3

The number of days at Boulder and Eastmont have not been adjusted for the Institutions Subcommittee action to reduce Boulder 25 and Increase Eastmont 45.

D Of I  
Nursing Care

FY83

FY84

FY85

Center for Aged

Cost/Day 30.87 (As issued) 33.49 36.11

Days 37664 37664 36774

\$ 1,162,688 1,261,367 1,360,047

Boulder

Cost/Day 89.93 (+\$25.00/mo) 95.22 100.93

Days 73871 73871 73871

\$ 6,643,219 7,033,997 7,455,800

Galen

Cost/Day 48.94 (as issued) 49.25 49.55

Days 20342 20342 20342

\$ 995,537 1,001,843 1,007,946

Warm Springs

Cost/Day 44.39 (as issued) 51.24 53.08

Days 4075 4075 4075

\$ 180,889 208,803 216,301

Eastmont

Cost/Day 86.04 (+\$25.00/mo) 91.20 96.67

Days 13163 13163 13163

\$ 1,132,544 1,200,466 1,272,467

Total \$ 10,114,877 10,706,476 11,312,561

per cent.

- 428,820

- 454,549

- 481,822

9,686,057

10,251,927

10,830,739

Youth Treatment Center

TOTAL

+ 1,016,000

11,846,739

# Cost per care day

## AVERAGE COST/PATIENT DAY

	<u>FY 1981</u>		<u>FY 1982</u>	<u>8.1% inf.</u> <u>FY 1983</u>	<u>6% inf.</u> <u>FY 1984</u>	<u>6% inf.</u> <u>FY 1985</u>
Boulder	\$ 61.11	(2.8%)	\$ 59.42	\$ 64.23	\$ 62.09	\$ 72.17
Warm Springs	57.94	(17.6%)	47.43	51.27	54.35	57.61
Calen	32.40	14.1%	36.92	39.92	42.37	44.92
Aged	18.65	24.1%	23.14	25.01	26.52	28.11
Eastmont	<u>52.44</u>	(0.2%)	<u>52.36</u>	<u>56.60</u>	<u>60.00</u>	<u>63.60</u>
TOTAL	\$ 45.16		\$ 46.32	\$ 50.07	\$ 53.02	\$ 56.26

3. Other Medicaid

Method of Calculation

Number of Services - The number of services requested for an AFDC caseload of 5,600 is as follows:

<u>Services</u>	-----Original Request-----	
	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
In-patient Hospital	105,012	106,257
Out-patient Hospital	61,233	61,779
Physician	321,965	320,394
Other Practitioner	74,530	73,521
Drugs	401,327	386,231
Dental	79,531	80,150
Other Services	52,294	52,294

<u>Services</u>	<u>New Categories</u> <u>Revised for 5815 AFDC</u>
In-Patient Hospital	\$ 97,992
Out-Patient Hospital	71,412
Physician	245,316
Other Practitioner	92,688
Drugs	404,256
Dental	76,800
Other Services	<u>588,336</u>
Total Cost Per 5815 =	\$34,798,439
Reduce = 215 @ 3,353 =	<u>720,895</u>
Net Cost 5,600 =	\$34,077,544 =====

Cost per Service - Executive used trend analysis based on fiscal 1980 and fiscal 1981. LFA used the cost per service based on fiscal 1983 payments and inflated these at 8 percent per year. The classification of services changed in 1982, so the LFA did not believe regression analysis on two-year-old data was reliable.

The difference in the two methods is shown in the following tables.

Other Medicaid Cost - Average Cost per Service

	---Fiscal 1984---			---Fiscal 1985---		
	<u>LFA</u>	<u>Exec.</u>	<u>Diff.</u>	<u>LFA</u>	<u>Exec.</u>	<u>Diff.</u>
In-patient	165.32	161.24	4.08	178.55	174.95	3.60
Out-patient	28.22	28.36	(.14)	30.48	30.44	(.09)
Physician	22.57	22.57	0.0	24.38	24.38	0.0
Other Practitioner	15.57	15.57	0.0	16.82	16.82	0.0
Drugs	9.50	8.15	1.35	10.26	8.82	1.31
Dental	25.30	25.30	0.0	27.32	27.33	.01
Other Services	7.25	34.08	(26.83)	7.83	39.21	(31.38)

Major Differences

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
<b>In-Patient Hospital</b>		
Executive	\$16,932,133	\$18,589,662
LFA	<u>17,360,584</u>	<u>18,972,187</u>
LFA Above	\$ 428,451	\$ 382,525
	=====	=====
<b>Other Services</b>		
Executive	\$ 1,782,180	\$ 2,050,448
LFA	<u>379,132</u>	<u>409,462</u>
LFA Under	(\$ 1,403,048)	(\$ 1,640,986)
	=====	=====
<b>Drug</b>		
Executive	\$ 3,278,965	\$ 3,406,557
Current Level	<u>3,812,607</u>	<u>3,962,730</u>
Current Level Above	\$ 533,642	\$ 556,173
	=====	=====

The difference overall is about \$440,955 and \$702,288 lower utilizing the 1983 cost figures inflated at 8 percent per year.

## MEDICAID

Issue - Which method of calculating cost per service should be used?

option a: Trend analysis based on fiscal 1980 and fiscal 1981.

option b: Cost per service based on fiscal 1983 costs and new classifications.

Issue - Add medicaid benefits to AFDC caseload above 5,600. SRS estimates the cost per case to be \$3,353 in fiscal 1984 and \$3,554 in fiscal 1985. :

### Added Medical Cost for Caseload above 5,600

<u>Caseload</u>	-----Fiscal 1984-----	-----Fiscal 1985-----
5,800	\$ 670,600	\$ 710,800
6,000	1,341,200	1,421,600
6,315	2,397,395	2,541,110
6,500	3,017,700	3,198,600
7,000	4,694,200	4,975,600
7,305	5,716,856	6,059,570
7,575	6,622,175	7,019,150

#### 4. Benefit Funding:

1. Federal Reduction - Benefit funding is based on 64.41 percent federal funding and 35.59 percent general fund (before adjustments). The Omnibus Reconciliation Act of 1981 calls for a reduction of federal funding by 3 percent in federal fiscal year 1982, 4 percent in federal fiscal year 1983, and 4.5 percent in federal fiscal year 1984. The rules expired after federal fiscal 1984. However, the President's budget is proposing a 3 percent federal reduction in federal fiscal 1985. Senator Baucus' office believes the reduction will continue at 4.5 percent through the biennium.

Issue - What federal reduction rates should be used? Should the current federal law be utilized with a contingency for potential federal reductions?

Option a: Reduce federal portion of funding 4.5 percent in federal fiscal 1985 = .6151.

Option b: President's Budget - reduce federal portion of funding by 3 percent in federal fiscal 1985 = .6224.

Option c: Current level - no reduction in federal fiscal 1985 = .6369.

2. Offset to Federal Reductions - The federal reduction in matching rate was reduced by 1 percent in fiscal 1982 because the state had a qualified hospital cost review program. This opportunity to offset the federal reduction is expected to continue through the biennium.

Issue - Should the state reduce the federal match reduction?

option a: Assume Montana will qualify for the offset.

option b: Assume Montana will not qualify for the offset.



B. Buy In

This benefit pays the medicare premium for persons eligible for medicare who are unable to pay the premium. Actual fiscal 1982 expenditures were \$1,010,196; appropriated fiscal 1983 expenditures are \$1,149,500.

Option a. Inflate the fiscal 1982 expenditures 6 percent per year.  
FY 1984 = \$1,135,056  
FY 1985 = \$1,203,159

Option b. Inflate the fiscal 1983 appropriation 6 percent to get fiscal 1984, 6.4 percent to get fiscal 1985.

FY 1984 = \$1,218,470  
FY 1985 = \$1,296,452

Option c. Inflate the 3-year average (fiscal 1980, 1981, 1982) 8.7 percent, 8.3 percent, and 7.5 percent.

FY 1984 = \$1,092,506  
FY 1985 = \$1,174,444

C. Renal Disease

	<u>Executive</u>	<u>LFA</u>	<u>Executive over LFA</u>
1984	\$132,375	\$125,000	\$ 7,375
1985	140,487	125,000	15,847

D. Health Department Surveys

	<u>Executive</u>	<u>Subcommittee Health Department</u>
1984	\$205,496	\$123,701
1985	218,648	123,288

E. Indian Health

Both Executive and LFA included:

Fiscal 1984 = \$1,482,600  
Fiscal 1985 = \$1,577,486