

PROGRAM: ADMINISTRATION AND SUPPORT

		1982		1983		1984		1985	
		<u>Actual</u>	<u>Approp.</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
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 Equipment	\$ 853,396	\$ 774,957	\$ 926,592	\$ 933,639	\$ 7,047	\$ 872,175	\$ 880,228	\$ 8,053	
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.

EQUIPMENT

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

Difference as charted:

<u>Items Included</u>	<u>---Executive---</u>		<u>-----LFA-----</u>	
	<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	293,117	290,402	(5065)	284,152	291,192	(7,040)
Section 110	246,292	250,544	(4252)	238,515	244,424	(5,909)
Aging (III-F)	32,601	33,165	(564)	31,572	32,355	(783)
Dis. Det.	96,916	96,589	(1673)	93,556	96,182	(2326)
Title IV-E	46,828	47,636	(808)	45,350	46,473	(1123)
Title IV-B	152,564	161,301	(2737)	153,557	157,361	(3804)
DO Serv. & Fec	4,150	0	4,150	4,018	0	4018
LIEAP	41,790	42,511	(721)	40,470	41,473	(1,003)
SE26(XX)	450,499	452,275	(7,776)	436,274	447,083	(10,809)
CSCE	1,186	1,206	(20)	1,148	1,177	(29)
Co. RA	584,759	594,253	(10,094)	566,297	580,325	(14,030)
General Fund	625,362	640,380	(15,018)	605,916	624,739	(19,123)
Total	2,963,817	3,014,962	\$ (51,161)	2,877,221	2,941,334	\$ (71,113)

FUNDING

Source	Expenditure	LFA	Difference	Expenditure	LFA	Difference
Title II	\$ 229,399	\$ 233,359	\$ (3,960)	\$ 222,155	\$ 227,659	\$ (5,504)
Food Stamps	129,815	132,556	(2,741)	125,716	128,230	(3,114)
Commodities	22,229	22,612	(383)	21,527	22,060	(533)
Title Six	893,417	898,492	(5065)	884,152	891,192	(7,040)
Senior 40	246,292	250,544	(4252)	228,515	244,424	(5,909)
Agency Title A	32,601	33,165	(564)	31,572	32,355	(783)
Dis. Inst.	96,916	96,589	(1673)	93,856	96,182	(2266)
Title II-E	46,228	47,636	(808)	45,350	46,473	(113)
Title II-E	152,564	161,301	(2737)	153,557	157,361	(394)
DD Serv. & Fds.	4,150	0	4,150	4,018	0	402
LIEA	41,799	42,511	(721)	40,470	41,473	(1,003)
SSAE (xx)	452,492	456,275	(7,773)	436,274	447,063	(10,789)
CSCE	1,106	1,206	(20)	1,148	1,177	(29)
C.R.A	564,759	594,253	(10,494)	564,292	580,325	(16,033)
General Fund	625,362	600,380	(15,018)	605,616	624,739	(19,123)
Total	\$ 2,963,217	\$ 3,014,962	\$ (51,161)	\$ 2,871,221	\$ 2,941,334	\$ (71,113)

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

	Actual 1982	Appropriated 1983	Fiscal 1984 Exec. LFA	Difference	Fiscal 1985 Exec. LFA	Difference	Fiscal 1985 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

		Fiscal 1984			Fiscal 1985		
		Appropriated 1983	Exec. LFA	Difference	Exec. LFA	Difference	Fiscal 1985 Difference
-Benefits-							
Buy-in	\$1,010,196	\$1,149,500	\$ 1,218,470	\$ 1,092,506	\$ (125,964)	\$ 1,296,452	\$ 1,174,444 \$ (122,008)
DHES Surveys	118,846	194,048	205,496	132,855	(72,641)	218,648	111,492 (107,156)
Indian Health	875,387	1,400,000	1,482,600	1,482,600	-0-	1,577,486	1,577,486 -0-
Renal Disease	124,800	125,000	132,375	125,000	(7,375)	140,487	125,000 (15,847)
-Medicaid-							
Nursing Homes	N/A	\$39,508,785	\$40,069,825	\$38,130,779	\$ (1,939,046)	\$42,090,020	\$40,409,310 \$ (1,680,710)
Institutions	N/A	9,721,646	10,596,594	7,843,797	(2,752,797)	12,566,288	9,820,898 (2,745,380)
Medicaid Other	N/A	36,199,754	36,501,753	33,719,634	(2,782,119)	39,847,732	36,464,930 (3,382,802)
Total Medicaid	\$74,360,802	\$85,430,185	\$87,168,172	\$79,694,210	\$ (7,473,962)	\$93,488,040	\$86,695,138 \$(7,808,902)
Total Benefits	\$76,490,031	\$88,298,733	\$90,207,113	\$82,527,171	\$ (7,679,942)	\$97,737,473	\$89,683,560 \$(8,053,913)
-Funding-							
General Fund	\$29,292,356	\$32,564,795	\$34,692,803	\$31,266,639	\$ 3,426,164	\$37,697,272	\$32,371,974 \$ 5,325,298
Federal Funds	47,197,675	55,733,938	55,514,310	51,260,532	4,253,778	60,040,201	57,311,586 2,728,615
Total	\$76,490,031	\$88,298,733	\$90,207,113	\$82,527,171	\$ 7,679,942	\$97,737,473	\$89,683,560 \$ 8,053,913

A. Medicaid

1. Nursing Homes

a. Issue 1 - Number of Days

	<u>Executive</u>	1982 Care Days <u>As of December</u>	1982 Care Days <u>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.

	--Original Dept. Cost--		--Costs as of Feb. 26th--	
	<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

-----Original Numbers-----			
	<u>Exec. # Days</u> <u>9% Inflation</u>	<u>Exec. # Days</u> <u>6% Inflation</u>	<u>Days</u> <u>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

-----Number as of Feb. 26th-----			
	<u>Exec. # Days</u> <u>9% Inflation</u>	<u>Exec. # Days</u> <u>6% Inflation</u>	<u>Days</u> <u>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 9%	\$10,596,594 9% + \$1,016,000	\$12,566,288

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
diff. cont.	- 428,820	- 454,549	- 481,822
	<u>9,686,051</u>	<u>10,251,927</u>	<u>10,830,739</u>

Youth Treatment Center

TOTAL

+ 1,016,000
11,846,739

Cost per care day

	AVERAGE COST/PATIENT DAY		<u>8.1% infl.</u>	<u>6.9% infl.</u>	<u>6.7% infl.</u>
	<u>FY 1981</u>	<u>FY 1982</u>			
Boulder	\$ 61.11 (2.8%)	\$ 59.42	\$ 64.23	\$ 62.09	\$ 72.17
Warm Springs	57.94 (11.6%)	47.43	51.27	54.35	57.61
Galen	32.40 14.1%	36.96	39.92	42.37	44.92
Alqed	18.65 24.1%	23.14	25.01	26.52	28.11
Eastmont	<u>\$ 52.49 (0.2%)</u>	<u>\$ 52.36</u>	<u>\$ 56.60</u>	<u>\$ 60.00</u>	<u>\$ 63.60</u>
TOTAL	<u>\$ 45.16</u>	<u>\$ 46.32</u>	<u>\$ 50.07</u>	<u>\$ 53.08</u>	<u>\$ 56.26</u>

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	

<u>Services</u>	New Categories	
	Revised for 5815 AFDC	
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>
In-Patient Hospital		
Executive	\$ 16,932,133	\$ 18,589,662
LFA	<u>17,360.584</u>	<u>18,972,187</u>
LFA Above	\$ 428,451	\$ 382,525
=====	=====	=====
Other Services		
Executive	\$ 1,782,180	\$ 2,050,448
LFA	<u>379,132</u>	<u>409,462</u>
LFA Under	(\$ 1,403,048)	(\$ 1,640,986)
=====	=====	=====
Drug		
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