

49th LEGISLATIVE SESSION -- 1985

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VISITORS' REGISTER

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE

BILL NO. _____

DATE January 18, 1985

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
William J. Wood	Billings	✓	
Dick Hruska	Great Falls	✓	
John L. Nisbo	Shelby	✓	
W. J. Murphy	Billings	✓	
Maureen Bregg	Helena	✓	
Timothy Van Winkle	Helena		
Virginia Kenyon	Helena	✓	
SANDRA HARRIS	Helena		
GAIL BRIESE	HELENA		
Bobbie Dixon	Helena	✓	
Edward G. Deke	Blair, M.T.C.	✓	
J. H. Harris	OBPP		
Carroll South	Lat I		
Jerry Spover	DOT		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING
INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE
49TH LEGISLATIVE SESSION
January 18, 1985

Tape 11, Side A

The meeting of the Institutions and Cultural Education Subcommittee was called to order by Chairman Steve Waldron on January 18, 1985, at 8:10 a.m. in Room 129 of the Capitol.

ROLL CALL: All members were present. Also present were Keith Wolcott of the Legislative Fiscal Analyst's Office (LFA), George Harris of the Office of Budget and Program Planning (OBPP), Carroll South, Director of the Department of Institutions, and Jerry Hoover, Administrator of the Mental Health & Residential Services Division.

MENTAL HEALTH & RESIDENTIAL SERVICES

Chairman Waldron noted that this is probably the second most difficult budget that this committee will have to deal with because it is primarily contracted services.

(070) Mr. South gave an overview of this division. There are 5 employees, 4 professionals and one secretary, who supervise the 6 institutions and administer contracts with the mental health centers. The mental health centers were established as part of the trend for deinstitutionalization which came about in the mid 1970s.

Prior to 1982, the state subsidized the mental health centers. One problem with this was that, when the general fund went into the centers, it lost its identity and no one could determine what services the state was paying for. Another problem was that it discouraged county participation. In 1982, the department started contracting with the centers on a fee-for-service basis. The department took all of the budgets apart and took out salaries that were in excess of the state's pay plan salaries. They also took out excessive travel and other items that looked excessive. The department then developed a rate per service for each individual region.

Several things have occurred since 1981. The federal government went to the block grant system for funding. Prior to that time, each region was getting a federal grant specifically to provide a broad array of services. Those funds dried up during FY 82 and were replaced with categorical block grants. Also, the department made an agreement with SRS to provide Medicaid for those patients who were eligible.

When the department went to the contract basis, they realized they could not afford to buy all the services the centers provided. They made a decision in FY 82 to only provide services for people in the community who, without these services, would be in Warm Springs. The rationale for this decision was that it was cheaper to keep the patient in the community and provide local services than it would cost if that patient were kept in Warm Springs. To determine who would receive these services, the centers use a functional assessment scale which ranges from one to ten. The department cuts off funding at six and the state does not contract to pay for services to anyone who is above a six on this scale.

Recently, the department has come up with a uniform rate schedule for all six mental health centers. If the center can provide services for less than the uniform fee, they can use any excess funds to provide other services that the state is not financing.

(233) Mr. Wolcott outlined the current level budget for this division (Exhibit 1). Contracted services were increased to bring the education and training budget back up to anticipated levels from last session. All education and training for the entire department has been consolidated into one budget.

The LFA, in developing the current level, came off the FY 85 contracted level and inflated 4% from FY 85 to FY 86 and 4% from FY 86 to FY 87 and maintained the number of services purchased. In doing that, the general fund and Medicaid increased 4% each year but there are not sufficient block grant funds to increase.

From the 85 biennium to the 87 biennium, there is a 17.2% decrease in the amount of block grant funds available. This is reflected on Table 12, page 551 of Exhibit 1. Table 13 reflects a shortfall of \$328,000 in FY 86 and \$342,000 in FY 87 or a total shortfall of \$670,000 for the biennium. The reason for this shortfall is twofold. First, there was a windfall of federal funds when the state first received these block grant funds. The last session of the legislature used block grant carryover funds to reduce the amount of general fund needed. As a result, the carryover funds will be used up and no more will be available. Mr. Wolcott noted that we are required by law to carry forward 25% of any block grant because of the difference in the state and federal fiscal year ends.

The committee has four options to deal with this problem:

1. Make up the shortfall difference with general fund.
2. Reduce services.
3. Counties are authorized to levy up to 1 mill for support to mental healths in addition to whatever general fund contribution they make out of their own general fund.
4. Split the shortfall 50/50 between the county and the state.

(395) Mr. Wolcott went over the remaining differences in the budget between the LFA current level and the OBPP request. The LFA is over the OBPP in general fund by \$44,580 but they are under the OBPP in block grants by \$65,247. The reason the block grant figures are different, Mr. Wolcott pointed out, is because the OBPP increased the block grant 1% but there is a clause in the block grant language that states that we will get no more funds than we received previously so the 1% increase will not materialize. Mr. Harris agreed that their 1% increase was in error.

Chairman Waldron noted that the federal government is punishing low populated, large, rural states by sending more of the grant funds to more populated states.

(450) Mr. Harris responded to the LFA's presentation and went over the OBPP budget request (Exhibit 2). In operations, there is a difference of training and contracted services. He noted that the OBPP would have no problem with the committee deleting the 1% increase they proposed.

Another issue in this budget is the funding for pay increases. If this legislature approves the pay increases to state government, the OBPP has set aside 4% for the biennium which amounts to \$109,000 in FY 86 and \$221,000 in FY 87. These figures are not reflected in the OBPP budget request. This money would be put into the contracts for the pay increases. Chairman Waldron asked if the OBPP would have any problem with putting language into the pay plan bill to ensure that the money set aside would go into the community mental health centers. Mr. Harris said he would check with the budget director and get back with the committee.

The contracted audit costs were for clinitians' travel to the various centers to audit whether the functional assessment scale is being used uniformly throughout the entire state. These aren't monitary audits.

There is a jobs bill in the budget for \$78,421 in FY 86 and \$79,205 in FY 87.

Block grants can be carried forward but general fund has to revert. There are 13,000 to 15,000 clients receiving services across the state. They are referred from many sources including self, schools, Welfare, lawyers, hospitals, corporations, physicians, nursing homes, or other long-term care facilities.

Side B

There was some discussion regarding the services offered at the mental health centers and the type of clients served by these centers.

Mr. South said, in the past, if counties participated in funding the centers, they received less general fund dollar for dollar which took away any incentive for the counties to participate. County funds can be used for services which the state does not pay for. Counties do participate at the discretion of the county commission. There is a breakdown of county contributions on page 551 of Exhibit 1.

(085) The salaries of the contracted staff are based on salaries of state workers who do comparable work according to the classification codes. However, the contracted workers are not actually in the state pay plan.

(150) The mental health centers have to collect at least 18% of the cost of services through fees in order to qualify for state funding. If they collect more than 18%, they can use this money any way they want. Mr. South noted that the centers provide more services than the state actually pays for. There was some discussion about the possibility of raising the rate above 18% to try and generate more money for the centers. Mr. South said it was difficult for some of the centers to raise even the 18% rate. Short of drafting legislation, it would be impossible to require the counties to pick part of the cost of funding the centers.

Chairman Waldron opened the hearing to public testimony.

(215) Harold Gerke, Vice Chairman of the Board of Mental Health in Billings, voiced his appreciation to the committee for their consideration of this budget. He said this budget was current level but, actually it is slipping behind current level. He said the centers would do all they could to collect funds from various sources in their communities to help pay for all of the services the state does not currently fund.

Mr. Gerke said the centers would at least want to be funded at last biennium's level but Chairman Waldron noted that neither the LFA nor the OBPP budgets include full funding because of the shortfall in federal funds. There was a lot of discussion regarding the OBPP budget request and the money which was taken out of this budget and put into the pay plan. If the money were taken out of the pay plan and put into this budget for operating, services could continue at current level.

There was some discussion regarding vacancy savings for the centers. Vacancy savings come off of fully funded positions from FY 85 and operating expenses come off of the FY 84 base with 4% inflation added to bring it up to the FY 85 level. Vacancy savings was applied to the 5 FTE positions in the agency.

(499) John Nesbo, Chairman of the Council on Community Health Centers and past county commissioner, said most counties do try to contribute to the centers. He said he supports the OBPP's budget request.

(523) Cliff Murphy, representative of the Board of Directors of the Mental Health Association, endorsed the OBPP budget request with no cutbacks in funding. At the least, they want the centers funded fully at the current level. He felt the state was backing away from the obligation it has tended to accept with the centers. He noted that the state is not paying for all of the services the centers provide.

In Yellowstone County, the county contributes \$80,000 which is equivalent to just under 1/2 mill. There are contributions of \$120,000 total for the 9 county area served by the mental health center in Billings.

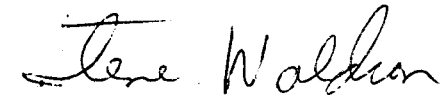
(672) Dave Briggs, administrator of the Mental Health Center in Helena, told the committee that, out of 12 counties in this region, 11 participate at approximately \$1 per capita for a total of \$140,000-150,000 or 1/2 mill.

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE
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There were no opponents for this budget.

Being no further business to come before this committee,
the hearing was adjourned at 10:00 a.m.

Respectfully Submitted:

A handwritten signature in cursive script, appearing to read "Steve Waldron", is written above a horizontal line.

Steve Waldron, Chairman

SW/lt

MENTAL HEALTH AND RESIDENTIAL SERVICES DIVISION

Budget Item	Actual	Appropriated	---Current Level---		% Change 1985-87 Biennium
	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1987	
F.T.E	5.00	5.00	5.00	5.00	(0.0)
Personal Service	\$ 167,778	\$ 168,953	\$ 179,419	\$ 179,934	6.7
Operating Expense	54,444	77,612	64,673	64,673	(2.0)
Equipment	2,093	-0-	-0-	-0-	(100.0)
Inflation	-0-	-0-	4,220	7,287	--
Total Operating Costs	\$ 224,315	\$ 246,565	\$ 248,312	\$ 251,894	6.2
Non-Operating Costs	5,069,020	5,232,403	5,109,932	5,314,675	1.1
Total Expenditures	<u>\$5,293,335</u>	<u>\$5,478,968</u>	<u>\$5,358,244</u>	<u>\$5,566,569</u>	<u>1.4</u>
<u>Fund Sources</u>					
General Fund	\$3,818,741	\$3,948,988	\$4,087,212	\$4,253,307	7.3
Federal Revenue	1,474,594	1,529,980	1,271,032	1,313,262	(13.9)
Total Funds	<u>\$5,293,335</u>	<u>\$5,478,968</u>	<u>\$5,358,244</u>	<u>\$5,566,569</u>	<u>1.4</u>

ISSUE: Cost (Savings)	-----Fiscal 1986-----		-----Fiscal 1987-----	
	General Fund	Other Funds	General Fund	Other Funds
1. Reduced Federal Funding				
Option a:	-0-	\$328,848	-0-	\$342,001
Option b:	\$164,414	\$164,434	\$171,000	\$171,000
Option c:	\$328,848	-0-	\$342,001	-0-

The Mental Health and Residential Services Division provides administrative supervision and coordination for the institutional and community programs for the mentally ill, institutional programs for the developmentally disabled, and institutional programs for veterans and geriatrics with emotional problems.

Community-based services for the mentally ill are provided through contracts administered by the Mental Health Division with the five private, non-profit, regional community mental health centers (CMHC). The division contracts for inpatient, emergency, day treatment, transitional living, community living support, outpatient, and prevention services. Funding for these programs comes from the general fund, federal block grant, medicaid, participating counties' general funds, and private reimbursement.

Fiscal 1984: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1984 actual expenditures and funding to allocations as anticipated by the 1983 legislature.

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.F.	5.00	5.00	0.00
Personal Services	\$ 168,917	\$ 167,778	\$ 1,139
Operating Expenses	78,526	54,308	24,218
Equipment	-0-	2,093	(2,093)
Total Operating Costs	\$ 247,443	\$ 224,179	\$ 23,264
Grants/Benefits	5,095,195	5,048,230	46,965
Total Expenditures	<u>\$5,342,638</u>	<u>\$5,272,409</u>	<u>\$ 70,229</u>
<u>Funding</u>			
General Fund	\$3,823,409	\$3,818,741	\$ 4,668
Block Grant	1,519,229	1,453,668	65,561
Total Funds	<u>\$5,342,638</u>	<u>\$5,272,409</u>	<u>\$ 70,229</u>
<u>Additions:</u>			
Budget Amendment--Jobs Bill	-0-	\$ 20,926	\$(20,926)

The division had one position turnover in fiscal 1984. The 1983 legislature authorized the consolidation of institutional training funds from the Center for the Aged, Eastmont, Boulder River School and Hospital, the Veterans Home, and Montana State Hospital within the Mental Health Division. However, of the \$20,000 authorized, only \$8,310 was expended as a result of a slow start-up of the new program. In addition, the division was authorized a total of \$14,491 for professional contracts and consultant travel to complete annual program and fiscal audits of the mental health centers. As a result of the audits requiring less time and manpower, as well as not being billed for work completed, the division only spent \$7,971 on the audits.

Due to reallocating rent within the Central Office, the division had a savings of \$8,013 in fiscal 1984. The division did not utilize \$3,938 of the travel budget, but overspent repairs and maintenance and other expenses by \$1,778 and \$1,498, respectively.

The division was not budgeted for equipment in fiscal 1984. There is \$2,000 accrued for the division's share of a proposed central office personal computer.

The division received federal jobs bill funds after the legislature adjourned and received authority to spend the funds by budget amendment. The division

spent \$20,923 of the \$76,876 awarded.

Current Level Adjustments--Operations

Contracted services have been increased \$11,063 to bring the education and training budget back in line with the anticipated level. As mentioned above, the division did not get the training program implemented early enough in fiscal 1984 to utilize the available funding. Professional contracts were increased \$2,421 to allow the division to contract for clinicians to conduct program reviews of the community mental health centers. The division contracts with two clinicians for each regional program audit. It usually requires the clinicians three days on-site to complete their part of the audit. Other minor adjustments were made amounting to less than 1 percent.

Current Level Adjustments--Mental Health Centers

Federal block grant funds available for the 1987 biennium have been distributed to obtain an equal number of services each year of the 1987 biennium.

Table 12
Funding For Mental Health Centers and Administration

<u>Funding Source</u>	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>
General Fund	\$3,775,684	\$3,901,071	\$4,054,200	\$ 4,216,713
Block Grant	<u>1,272,546</u>	<u>1,331,332</u>	<u>1,055,732</u>	<u>1,097,962</u>
Sub Total	\$5,048,230	\$5,232,403	\$5,109,932	\$ 5,314,675
Medicaid	\$1,428,201	\$1,553,442	\$1,615,695	\$ 1,680,256
Fees and Other	2,201,271	2,389,226	2,484,795	2,584,187
County	<u>522,245</u>	<u>653,981</u>	<u>680,140</u>	<u>707,345</u>
Total Budget	<u>\$9,199,947</u>	<u>\$9,829,052</u>	<u>\$9,890,652</u>	<u>\$10,286,463</u>
Change		<u>7%</u>	<u>1%</u>	<u>4%</u>

Table 12 presents the fiscal 1984 actual CMHC funding and the appropriated and anticipated fiscal 1985 funding from all sources, and funding projected for the 1987 biennium. The mental health centers operate under a purchase-of-services system. All funding sources, with the exception of counties, purchase services at the service rates. The 1987 biennium general fund level is based on

fiscal 1985 contracted levels of service with the rate per service inflated 4 percent from fiscal 1985 to fiscal 1986 and 4 percent from fiscal 1986 to fiscal 1987. If inflation is 4 percent a year, there will be approximately a 3 percent service reduction between the 1985 and the 1987 biennium.

Issue 1: Reduced Federal Funding

As discussed in the section on the ADMS block grant, due to new legislation from Congress, there will be no increase in block grant funds and the state has been using carryover federal funds, (see Table 1, page 11) to maintain the program level. Block grant funds fall short of funding the current level services by \$328,828 in fiscal 1986 and \$341,989 in fiscal 1987. Table 13 below compares the current level block grant services with available funds.

Table 13
ADMS Block Grant Funded
Community Based Mental Health Service Contracts

	Fiscal 1985	% Change	Fiscal 1986	% Change	Fiscal 1987
Current Level Services	\$1,331,332	4.0	\$1,384,580	4.0	\$1,439,963
Available Block Grant	<u>1,331,332</u>	(20.7)	<u>1,055,732</u>	4.0	<u>1,097,962</u>
Reduction in Services	-0- =====		\$ 328,848 =====		\$ 342,001 =====

As shown below, the legislature has provided authority in 52-21-204, MCA, for counties to levy up to one mill in addition to contributions made from the county's general funds.

Prior to June 10 of each year, the board of mental health shall submit to the board of county commissioners of each of the counties within the constituted mental health region an annual budget, specifying each county's recommended proportionate share. If the board of county commissioners includes in the county budget the county's proportionate share of the regional board's budget, it shall be designated as a participating county. Funds for each participating counties proportionate share for the operation of mental health services within the region shall be derived from the county's general fund. If the general fund is insufficient to meet the approved budget, a levy not to exceed 1 mill may be made on the taxable valuation of the county in addition to all other taxes allowed by law.

The law is clear that the additional mill is available if county general funds

are insufficient to meet the mental health needs of the region as determined by the Regional Mental Health Board.

Section 53-12-203,(3),(a) and (c), MCA, provides that the Regional Mental Health Board has the dual responsibilities of evaluating the mental health needs of the region and sharing in the financial support of these identified needs. These sections state:

(3) the duties of an organized regional mental health corporation board include:

(a) annual review and evaluation of mental health needs and services within the region;

(c) establishment of a recommended proportionate level of financial participation of each of the counties within the region in the provision of mental health services within the limits of this section; (Emphasis added.)

Option a: Increase county funds to maintain the CMHC service levels. It is estimated that a one mill levy statewide would equal \$2,350,000 in fiscal 1986 and \$2,390,000 in fiscal 1987. Fiscal 1986 and 1987 projections of community mental health contributions from county general funds are \$680,140 and \$707,345 respectively. If all counties levied .43 mill in fiscal 1986 and .44 mill in fiscal 1987, in place of general fund contributions, the shortfall would be funded and current level services maintained.

Option b: Divide the decrease in federal funds between the state general fund and the counties. A 50/50 split would cost \$164,414 general fund in fiscal 1986 and \$171,000 in fiscal 1987.

Option c: Increase general fund to maintain the current level of services. This would cost \$328,828 in fiscal 1986 and \$342,001 in fiscal 1987.

Option d: Do not replace the decreasing federal funds. To insure that service reductions are not for those most in need of the service, the legislature may include language that all funds contracted through the division be targeted to serve the severely mentally ill.

DEPARTMENT OF INSTITUTIONS

MH & RES. SERVICES ADMIN. BUDGET DETAIL SUMMARY	Actual FY 1984	Budgeted FY 1985	Recommendation	
			FY 1986	FY 1987
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	167,776.24	168,953	179,308	179,812
Operating Expenses	54,439.17	77,612	62,891	63,422
Equipment	2,093.25	0	0	0
Grants	<u>5,069,020.98</u>	<u>5,232,403</u>	<u>5,310,494</u>	<u>5,311,289</u>
Total Program Costs	\$5,293,329.64	\$5,478,968	\$5,552,693	\$5,554,523
General Fund	3,818,739.82	3,948,988	4,092,128	4,203,811
Federal & Other Spec Rev Fund	<u>1,474,589.82</u>	<u>1,529,980</u>	<u>1,460,565</u>	<u>1,350,712</u>
Total Funding Costs	\$5,293,329.64	\$5,478,968	\$5,552,693	\$5,554,523
Current Level Services	5,272,406.66	5,478,968	5,276,645	5,123,310
Modified Level Services	<u>20,922.98</u>	<u>0</u>	<u>276,048</u>	<u>431,213</u>
Total Service Costs	\$5,293,329.64	\$5,478,968	\$5,552,693	\$5,554,523

Program Description

The staff of the Mental Health and Residential Services Division provides administrative leadership and coordination for a wide range of human service programs. These include the institutional and community programs for the mentally ill, institutional programs for the developmentally disabled, residential nursing home programs for veterans and elderly persons with chronic mental disorders. It is the responsibility of the Mental Health and Residential Services Division to provide management, planning and evaluation in support of these programs.

In accordance with section 53-21-203, MCA, the Department of Institutions assures that appropriate and accessible community based mental health services are provided. Such services are provided through contracts between the Department of Institutions and the five private, non-profit regional community mental health centers (CMHCs). The CMHCs provide inpatient, emergency, transitional, day treatment, outpatient, and prevention services to approximately 13,500 Montanans each year.

Budget Issues

Because of reductions in federal funding a major portion of the Mental Health program budget is presented as a modified request. The modified request represents the necessary funding required to maintain current level operations of the Community Mental Health Centers and the program's administrative operations within the central office.

The recommended budget for this program does not reflect rate adjustments to allow for possible pay increases. If the legislature grants a pay increase, a corresponding rate of increase in this program is supported.

Modification Requests

DEPARTMENT OF INSTITUTIONS

MH & RES. SERVICES ADMIN. BUDGET DETAIL SUMMARY

	Actual FY 1984	Budgeted FY 1985	Recommendation FY 1986	FY 1987
Full Time Equivalent Employees	5.00	5.00	5.00	5.00

Funding Change

The 1983 legislature appropriated the residual of federal categorical grant funds and federal block grant funds for community mental health centers in the 1985 biennium. Furthermore, approximately 10% of the block grant funds were allocated for the administration of the program; namely, the Mental Health and Residential Services Division.

This action decreased the general fund support by 4.2% from the 1983 biennium because there was a one-time block grant fund balance available for use. The 3.50 FTE shown in this modified request are actually current level positions which were authorized by the previous legislature. Because of the funding change, these positions had to be presented as modifications to the existing budget.

As was anticipated, additional general fund support is required to maintain this program at current level in the 1987 biennium.

Cost: FY 1986 - \$195,572 FY 1987 - \$349,953

FTE: FY 1986 - 3.50 FY 1987 - 3.50

New Services

Jobs Bill. If the Jobs Bill funds become available in the 1986-87 biennium, the Mental Health and Residential Services Division will provide additional services to community mental health programs for the prevention and treatment of mental illness to people who have problems associated with extended unemployment.

Current state and federal funding has been directed toward persons who have developed a chronic mental illness associated with unexpected unemployment. Those individuals unemployed and identified under this program would be provided mental health services. The Mental Health and Residential Services Division will identify specific regional programs through county unemployment statistics from the Department of Labor to determine eligibility for disseminating the funds. Funds will be awarded through service contracts after request for proposals are received from the community mental health programs.

Cost: FY 1986 - \$ 78,421 FY 1987 - \$ 79,205

Workload Increase

The Community Support Project funds Montana's continued participation in regional community support activities and the provision of technical assistance to other states which have only recently begun the development of Community Support Systems for the chronically mentally ill.

Montana was one of the first states to receive a community support project grant. The State's experience in developing services is shared with other rural western states at regional conferences. It is the expectation of the National Institute of Mental Health, in granting these funds, that Montana will be actively involved in the planning of the regional conference and will make presentations at the conference.

Montana participants will also attend conference presentations and disseminate their

DEPARTMENT OF INSTITUTIONS

MH & RES. SERVICES ADMIN. BUDGET DETAIL SUMMARY	Actual FY 1984	Budgeted FY 1985	Recommendation FY 1986	FY 1987
Full Time Equivalent Employees	5.00	5.00	5.00	5.00

knowledge in Montana upon their return.

Cost: FY 1986 - \$ 2,055 FY 1987 - \$ 2,055