



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0850.02 (001): Provide licensing and regulation of community health workers**

Primary Sponsor: **Ed Buttrey** Status: **As Amended in House Committee**

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
General Fund (01)	\$366,769	\$745,569	\$755,301	\$765,034
State Special Revenue (02)	\$38,500	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,152,506	\$2,333,174	\$2,363,635	\$2,394,094
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,152,506	\$2,333,175	\$2,363,635	\$2,394,094
Net Impact	(\$366,769)	(\$745,569)	(\$755,301)	(\$765,034)
General Fund Balance				

Description of fiscal impact

HB 850 allows Montana Medicaid coverage and reimbursement of state-certified community health worker services if it determines that available funds are sufficient to allow for Medicaid reimbursement. This bill also establishes licensing requirements and provides for license fees.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

- Although, the department did not include the funding necessary to implement Medicaid coverage and reimbursement of state-certified community health worker services in its executive budget request, the new service and provider definitions require a State Plan Amendment (SPA) if implemented. The state plan amendment establishing the service defining the reimbursement rate must be written and submitted to the Centers for Medicare and Medicaid Services (CMS) for approval. SPA submissions and CMS approval is estimated to take at least six months. For the purposes of this fiscal note, it is assumed that the earliest implementation and effective date for this optional service is January 1, 2026.
- Based on the Montana Community Health Workers and Other Paraprofessionals Statewide Workforce Report from May 2024, 360 Community Health Workers (CHW) were actively working in Montana in 2022. The U.S. Bureau of Labor and Statistics estimates that the employment of CHWs will grow 13.0% over the next 10 years. For the fiscal note, a 1.23% growth increase was applied to the total Montana CHW workforce each year from 2022 to FY 2026 and again for FY 2027 through FY 2029.

3. The department assumes 22% of the CHW caseload is attributable to Medicaid clients, as that is the current ratio of Montana Medicaid enrollees to the total population.
4. The CHW percent of billable time spent with Medicaid clients (66.5%) is based on a physician time study published through PubMed Central.
5. The department compared current programs to potential CHW services and estimates that 60% of the time spent is covered under current programs. Therefore, the fiscal note assumes 40% of total CHW services would be additional billable services.
6. The assumed hourly rate for CHW services is estimated at 4 units of the targeted case management (TCM) rate as the services are similar. The current TCM rate is \$16.51/15-minute increment.
7. Total eligibility split includes standard Medicaid at 54.0%, Medicaid expansion at 34.1%, and American Indian at 11.9% and is as based on the December 2024 enrollment from the Montana Medicaid enrollment dashboard.
8. The standard Medicaid benefit costs will be eligible for a Federal Medical Assistance Percentage (FMAP) of 38.39% general fund, 61.61% federal funds for FY 2026 and 38.53% general fund, 61.47% federal funds in FY 2027 to FY 2029 and the Medicaid expansion benefit costs will be eligible for the expansion FMAP of 10% general fund, 90.00% federal funds in FY 2026 to FY 2029, and services provided through an Indian Health Service or Tribal 638 facility to an American Indian/Alaska Native (AI/AN) Medicaid participants would be 100% federally funded.

	6 Months			
	FY 2026	FY 2027	FY 2028	FY 2029
Total Community Health Workers Actively Employed in Montana	378	383	388	393
Total Annual Hours Full Time	1,040	2,080	2,080	2,080
Percent of Caseload Medicaid Eligibles	22.0%	22.0%	22.0%	22.0%
Percent of Time Spent Providing Medicaid Billable Services	66.5%	66.5%	66.5%	66.5%
Total Billable Hours Spent with Medicaid Participants	152	304	304	304
% of Services in Addition to Current PCOM Programs	40.0%	40.0%	40.0%	40.0%
Total Additional Hours Outside of Current PCOM Programs	61	122	122	122
Hourly Rate for CHWs (TCM Rate @ 16.51/15 mins * 4 units)	66.04	66.04	66.04	66.04
Total Expenditure Increase	1,519,275	3,078,743	3,118,936	3,159,128
Eligibility Breakdown				
Standard Medicaid	54.0%	54.0%	54.0%	54.0%
Medicaid Expansion	34.1%	34.1%	34.1%	34.1%
Indian Health Service/Tribal Facilities	11.9%	11.9%	11.9%	11.9%
FMAPs				
Standard Medicaid				
State	38.39%	38.53%	38.53%	38.53%
Federal	61.61%	61.47%	61.47%	61.47%
Medicaid Expansion				
State	10.00%	10.00%	10.00%	10.00%
Federal	90.00%	90.00%	90.00%	90.00%
Indian Health Service/Tribal Facilities				
State	0.00%	0.00%	0.00%	0.00%
Federal	100.00%	100.00%	100.00%	100.00%
FUNDING				
Standard Medicaid				
State	314,974	640,608	648,972	657,335
Federal	505,484	1,022,014	1,035,356	1,048,698
Medicaid Expansion				
State	51,795	104,959	106,330	107,700
Federal	466,151	944,635	956,967	969,299
Indian Health Service/Tribal Facilities				
State	-	-	-	-
Federal	180,871	366,526	371,311	376,096
TOTAL IMPACT				
State	366,769	745,568	755,301	765,034
Federal	1,152,506	2,333,175	2,363,635	2,394,094
TOTAL IMPACT	1,519,275	3,078,743	3,118,936	3,159,128

Department of Labor and Industry (DLI)

9. The total rulemaking costs to DLI to license community health workers are estimated to be \$2,500. DLI will utilize their legal services to include drafting the notice, preparing the adoption, and responding to comments. Rule making costs include Secretary of State fees for rules proposals and adoption.
10. The Technology Services Division of DLI estimates that it will spend 300 hours to complete the technology implementation. This estimate includes work to complete analysis, design, development, script writing and testing. A license record type will be created within the licensing database for Community Health Workers, including application, license, renewal, and compliance records. The website will be updated to reflect the new program which will be billed at a rate of \$120/hour for a total expense of \$36,000 of state special revenue funds.
11. DLI will utilize existing resources to administer the licensing program for community health workers. The work will include processing applications, issuing licenses and renewals, and managing compliance.
12. It is assumed that the state special revenue funds received from the licensing fees will cover the costs of operating the program. While the number of licensees cannot currently be estimated, the license fees will be set commensurate with costs.

Fiscal Analysis Table**Department of Labor and Industry**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$38,500	\$0	\$0	\$0
TOTAL Expenditures	\$38,500	\$0	\$0	\$0
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$38,500	\$0	\$0	\$0
TOTAL Funding of Expenditures	\$38,500	\$0	\$0	\$0
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$38,500)	\$0	\$0	\$0

Department of Public Health and Human Services

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$1,519,275	\$3,078,743	\$3,118,936	\$3,159,128
TOTAL Expenditures	\$1,519,275	\$3,078,743	\$3,118,936	\$3,159,128
<u>Funding of Expenditures</u>				
General Fund (01)	\$366,769	\$745,569	\$755,301	\$765,034
Federal Special Revenue (03)	\$1,152,506	\$2,333,174	\$2,363,635	\$2,394,094
TOTAL Funding of Expenditures	\$1,519,275	\$3,078,743	\$3,118,936	\$3,159,128
<u>Revenues</u>				

Fiscal Note Request - As Amended in House Committee*(continued)*

Federal Special Revenue (03)	\$1,152,506	\$2,333,175	\$2,363,635	\$2,394,094
TOTAL Revenues	\$1,152,506	\$2,333,175	\$2,363,635	\$2,394,094
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$366,769)	(\$745,569)	(\$755,301)	(\$765,034)
Federal Special Revenue (03)	\$0	\$1	\$0	\$0

STATEWIDE SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
TOTAL Fiscal Impact	0.00	0.00	0.00	0.00
Expenditures				
Operating Expenses	\$38,500	\$0	\$0	\$0
Benefits	\$1,519,275	\$3,078,743	\$3,118,936	\$3,159,128
TOTAL Expenditures	\$1,557,775	\$3,078,743	\$3,118,936	\$3,159,128
Funding of Expenditures				
General Fund (01)	\$366,769	\$745,569	\$755,301	\$765,034
State Special Revenue (02)	\$38,500	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,152,506	\$2,333,174	\$2,363,635	\$2,394,094
TOTAL Funding of Expenditures	\$1,557,775	\$3,078,743	\$3,118,936	\$3,159,128
Revenues				
Federal Special Revenue (03)	\$1,152,506	\$2,333,175	\$2,363,635	\$2,394,094
TOTAL Revenues	\$1,152,506	\$2,333,175	\$2,363,635	\$2,394,094
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$366,769)	(\$745,569)	(\$755,301)	(\$765,034)
State Special Revenue (02)	(\$38,500)	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$1	\$0	\$0

NOT SIGNED BY SPONSOR

Sponsor's Initials _____ Date _____


Budget Director's Initials _____

4/8/2025
Date _____