



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0585.01: Revise provider rate laws for physical therapists, speech-language pathologists, and occupational therapists**

Primary Sponsor: Ed Buttrey Status: As Introduced

☐ 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

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$2,973,841	\$3,231,704	\$3,393,016	\$3,559,491
Federal Special Revenue (03)	\$6,681,253	\$7,208,204	\$7,568,008	\$7,939,324
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$6,681,253	\$7,208,204	\$7,568,008	\$7,939,324
Net Impact	<u>(\$2,973,841)</u>	<u>(\$3,231,704)</u>	<u>(\$3,393,016)</u>	<u>(\$3,559,491)</u>
General Fund Balance				

Description of fiscal impact

HB 585 requires Montana Medicaid to reimburse physical therapist, speech-language pathologist, and occupational therapist services at a new set conversion factor under the Resource-Based Relative Value Scale (RBRVS) payment method. This new conversion factor will result in additional costs to the Department of Public Health and Human Services.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

Medicaid Divisions Health Resources

1. Per Section 4, the change to the conversion factor methodology will take effect on July 1, 2025.
2. Total expenditures for physical therapists (PT), occupational therapists (OT) and speech language pathologists (SLP) are calculated using Medicaid claims data for dates of service in FY 2024.
3. Projected expenditures for PT, SLP, and OT services for FY 2026 thru FY 2027 are based off of the Governor's budget.
4. A 1.0% caseload growth increase was applied to FY 2028 thru FY 2029.
5. The impact due to the bill is the percent difference between the current allied services conversion factor and the conversion factor listed in the bill. The current FY 2025 allied services conversion factor is 27.24, and HB 585 would change this to 39.56 beginning in FY 2026. For FY 2026 thru FY 2029 present law assumptions, the allied services conversion factor is increased by the previous five year average increases

for allied services at 2.38%. The conversion factor for HB 585 is increased at the average medical services from the Consumer Price Index (CPI) from June of the years 2020 thru 2024 (2.85%).

6. The department assumes the following Medicaid Federal Medical Assistance Percentage (FMAP)
 - a. Standard Medicaid benefit costs will be eligible for a FMAP of 38.39% general fund and 61.61% federal funds in FY 2026 and 38.53% general fund and 61.47% federal funds for FY 2027 thru FY 2029.
 - b. Medicaid expansion benefit costs will be eligible for a FMAP of 10% general fund and 90% federal funds in FY 2026 thru FY 2029.
 - c. Children's Health Insurance Program (CHIP) benefits costs will be eligible for a FMAP of 26.81% general fund and 73.19% federal funds in FY 2026 and 26.97% general fund and 73.03% federal funds for FY 2027 thru FY 2029.
7. The impact to PT, SLP, and OT services in the school based setting are calculated using the same assumptions as assumptions 1-5.

The table below shows the benefit calculations for assumptions 1-7.

	SFY 2026	SFY 2027	SFY 2028	SFY 2029
Total Expenditures for PT/OT/SLP	20,006,010	21,357,921	22,084,902	22,836,628
Allied Services Conversion Factor	27.89	28.55	29.23	29.93
Proposed PT/OT/SLP Conversion Factor	39.56	40.69	41.85	43.04
Estimated Expenditures PT/OT/SLP	28,377,116	30,439,713	31,620,019	32,839,575
Impact of HB 585 (Non-School Based)	8,371,106	9,081,792	9,535,117	10,002,947
Estimated Impact by Eligibility Group (Non-School Based)				
Standard Medicaid	5,715,151	6,200,353	6,509,849	6,829,247
Medicaid Expansion	2,442,056	2,649,380	2,781,626	2,918,103
HMK Plus	213,900	232,059	243,642	255,597
PT/OT/SLP Services in School Based Setting				
Total Expenditures for PT/OT/SLP	2,937,625	3,193,921	3,302,636	3,415,051
Allied Services Conversion Factor	27.89	28.55	29.23	29.93
Proposed PT/OT/SLP Conversion Factor	39.56	40.69	41.85	43.04
Estimated Expenditures PT/OT/SLP	4,166,813	4,552,037	4,728,543	4,910,919
Impact of HB 585	1,229,188	1,358,116	1,425,907	1,495,868
Estimated Impact by Eligibility Group				
Standard Medicaid	1,165,780	1,288,056	1,352,351	1,418,703
CHIP	63,409	70,059	73,556	77,165
FMAP				
State - Standard Medicaid	38.39%	38.53%	38.53%	38.53%
Federal - Standard Medicaid	61.61%	61.47%	61.47%	61.47%
State - Medicaid Expansion	10.00%	10.00%	10.00%	10.00%
Federal - Medicaid Expansion	90.00%	90.00%	90.00%	90.00%
State - CHIP	26.81%	26.97%	26.97%	26.97%
Federal - CHIP	73.19%	73.03%	73.03%	73.03%
FUNDING				
State - Standard Medicaid	2,641,589	2,885,284	3,029,305	3,177,935
Federal - Standard Medicaid	4,239,341	4,603,125	4,832,894	5,070,015
State - Medicaid Expansion	244,206	264,938	278,163	291,810
Federal - Medicaid Expansion	2,197,850	2,384,442	2,503,463	2,626,293
State - CHIP	74,346	81,481	85,549	89,746
Federal - CHIP	202,962	220,637	231,650	243,016
State - Total	2,960,141	3,231,703	3,393,016	3,559,491
Federal - Total	6,640,153	7,208,204	7,568,008	7,939,324
TOTAL IMPACT OF HB 585	9,600,294	10,439,908	10,961,024	11,498,815

8. Changes to the Medicaid Management Information System (MMIS) legacy systems including data and reporting to reflect necessary changes would be \$54,800 (\$137/hour average rate for 400 hours).

Department of Labor and Industry (DLI)

9. There will be no fiscal impact to the DLI.

Fiscal Analysis Table**Department of Public Health and Human Services**

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$54,800	\$0	\$0	\$0
Benefits	\$9,600,294	\$10,439,908	\$10,961,024	\$11,498,815
TOTAL Expenditures	\$9,655,094	\$10,439,908	\$10,961,024	\$11,498,815
<u>Funding of Expenditures</u>				
General Fund (01)	\$2,973,841	\$3,231,704	\$3,393,016	\$3,559,491
Federal Special Revenue (03)	\$6,681,253	\$7,208,204	\$7,568,008	\$7,939,324
TOTAL Funding of Expenditures	\$9,655,094	\$10,439,908	\$10,961,024	\$11,498,815
<u>Revenues</u>				
Federal Special Revenue (03)	\$6,681,253	\$7,208,204	\$7,568,008	\$7,939,324
TOTAL Revenues	\$6,681,253	\$7,208,204	\$7,568,008	\$7,939,324
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$2,973,841)	(\$3,231,704)	(\$3,393,016)	(\$3,559,491)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0


Sponsor's Initials


Date


Budget Director's Initials

2/25/2025
Date