



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0522.01: Generally revise medicaid laws to reduce or eliminate waiting lists

Primary Sponsor: Christopher Pope 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</u><br><u>Difference</u> | <u>FY 2027</u><br><u>Difference</u> | <u>FY 2028</u><br><u>Difference</u> | <u>FY 2029</u><br><u>Difference</u> |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Expenditures</b>          |                                     |                                     |                                     |                                     |
| General Fund (01)            | \$37,647                            | \$76,618                            | \$76,617                            | \$76,619                            |
| State Special Revenue (02)   | \$0                                 | \$8,678,200                         | \$8,237,436                         | \$8,360,997                         |
| Federal Special Revenue (03) | \$60,417                            | \$13,735,034                        | \$13,368,289                        | \$13,566,979                        |
| <b>Revenues</b>              |                                     |                                     |                                     |                                     |
| General Fund (01)            | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)   | \$0                                 | \$8,678,200                         | \$8,237,436                         | \$8,360,997                         |
| Federal Special Revenue (03) | \$60,417                            | \$13,735,034                        | \$13,368,289                        | \$13,566,979                        |
| <b>Net Impact</b>            | <u>(\$37,647)</u>                   | <u>(\$76,618)</u>                   | <u>(\$76,617)</u>                   | <u>(\$76,619)</u>                   |
| <b>General Fund Balance</b>  |                                     |                                     |                                     |                                     |

### Description of fiscal impact

SB 522 requires the department to revise Medicaid laws to reduce or eliminate waiting lists for covered services and requires the Department of Public Health and Human Services to implement initiatives to reduce or eliminate waiting lists and to provide an annual report to the Legislature.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Public Health and Human Services (DPHHS, department)

1. The department assumes the only services that meet the criteria of this bill are those services under the Big Sky Waiver (BSW), the Severe Disabling Mental Illness (SDMI) waiver and the Developmental Disabilities Program (DDP) waiver.

#### Senior and Long Term Care Division

2. For the purpose of this fiscal note, based on the length of time individuals have currently been on the BSW waiting list, the department assumes four individuals would meet the criteria in section 1(5). The individuals are primarily waiting for Assisted Living Facility (ALF) slots in areas where provider capacity is limited. To meet the intent of SB 522, the department assumes these four individuals currently on the wait list would be transitioned into a waiver slot by January 1, 2026. This would allow time for approval of a waiver amendment, administrative rule development, and other policies needed to implement the provisions of the bill.
3. The daily rate for an ALF is currently \$124.75 plus a daily case management rate of \$11.45. This would be funded at the standard Medicaid Federal Medical Assistance Percentage (FMAP) rate of 38.39% of general

fund, 61.61% federal funds for FY 2026 and 38.53% of general fund, 61.47% federal funds for FY 2027 - FY 2028.

The table below shows the total cost of four individuals moving into an ALF BSW slot.

| ALF Daily Rate          | 2026 = 180 days |               | 2027      | 2028           | 2029              |
|-------------------------|-----------------|---------------|-----------|----------------|-------------------|
| # individuals           | 4               |               | 4         | 4              | 4                 |
| Service Cost per day    | \$              | 124.75        | \$        | 124.75         | \$ 124.75         |
| Case Management Per Day | \$              | 11.45         | \$        | 11.45          | \$ 11.45          |
| <b>Total Costs</b>      | <b>\$</b>       | <b>98,064</b> | <b>\$</b> | <b>198,852</b> | <b>\$ 198,852</b> |
| State Share             |                 | 38.39%        |           | 38.53%         | 38.53%            |
| Federal Share           |                 | 61.61%        |           | 61.47%         | 61.47%            |
| State Share             | \$              | 37,647        | \$        | 76,618         | \$ 76,618         |
| Federal Share           | \$              | 60,417        | \$        | 122,234        | \$ 122,234        |
| <b>Total Cost</b>       | <b>\$</b>       | <b>98,064</b> | <b>\$</b> | <b>198,852</b> | <b>\$ 198,852</b> |

#### ***Behavioral Health and Developmental Disabilities Division***

4. The department assumes it will implement recommendation #2 from the final Behavioral Health Systems for Future Generations (BHSFG) report. This recommendation expands access to waiver services through a DDP supports waiver at an estimated cost of \$21,566,000 in FY 2027. Through this recommendation, DDP will be able to offer a wider range of cost-effective services to those on the waitlist. This recommendation aims to address needs proactively and reduces reliance on expensive, crisis-driven 24/7 care. This shift from limited services to a more robust support system will decrease the overall demand for intensive care, ultimately shortening the waitlist. This recommendation includes one-time only cost of \$500,000 to contract with a vendor to develop rates, ongoing cost of \$66,000 for a 1.00 FTE waiver manager, with a salary of \$55,000 plus a 20% benefits package, and ongoing cost of \$21 million estimated program increase in benefits. This benefits calculation assumes an average spend at \$20,000 per member per year with a cap of \$35,000 per year on waiver spend and serving 50% of the current known waitlist. The contracting and position are eligible for Medicaid administrative FMAP of 50% split between BHSFG state special revenue and federal funds. The program increase costs are eligible for a blended Medicaid FMAP of 38.37% state special revenue and 61.63% federal funds in FY 2027. Projected expenditures for FY 2028 and FY 2029 assume a 1.5% inflationary factor.

| Supports Waiver (DD)                               | FY 2026  | FY 2027           | FY2028            | FY2029            | Total             |
|--|----------|-------------------|-------------------|-------------------|-------------------|
| <i>a. Contract rate vendor to develop rates OT</i> | -        | 500,000           | -                 | -                 | 500,000           |
| BHSFG State Special Revenue                        |          | 250,000           |                   |                   | 250,000           |
| Federal Medicaid Admin                             |          | 250,000           |                   |                   | 250,000           |
| <i>b. New Waiver Manager</i>                       | -        | 66,000            | 66,990            | 67,995            | 200,985           |
| BHSFG State Special Revenue                        |          | 33,000            | 33,495            | 33,997            | 100,492           |
| Federal Medicaid Admin                             |          | 33,000            | 33,495            | 33,997            | 100,492           |
| <i>c. Projected Program Increase</i>               | -        | 21,000,000        | 21,315,000        | 21,634,725        | 63,949,725        |
| BHSFG State Special Revenue                        |          | 8,057,700         | 8,372,700         | 8,498,291         | 24,928,691        |
| Federal Medicaid Funding                           |          | 12,942,300        | 12,942,300        | 13,136,435        | 39,021,035        |
| <b>Total</b>                                       | <b>-</b> | <b>21,566,000</b> | <b>21,381,990</b> | <b>21,702,720</b> | <b>64,650,710</b> |

5. The department assumes it will implement BHSFG recommendation #5, Identify Improvements to the Developmental Disability Waiver Waitlist Management Program, at an estimated \$725,000 in FY 2027. An

in-depth study of the waitlist management process will enable DDP to gather comprehensive data on individuals' needs and prioritize them effectively. Streamlining waitlist operations will help to ensure long-term program sustainability, allowing for more efficient allocation of resources and, consequently, a reduction in the waitlist. FY 2027 costs associated include a one-time only cost of \$500,000 to contractor to conduct a study and collect recommendations, a one-time only cost of \$125,000 to procure new or revise the existing case management system, and ongoing costs of \$100,000 to cover IT management and updates to the case management system. The one-time only costs are eligible for Medicaid administrative FMAP of 50% split between BHSFG state special revenue and federal funds. The ongoing cost is eligible for Medicaid administrative FMAP of 25% split between BHSFG state special revenue and 75% federal funds. Projected expenditures for FY 2028 and FY 2029 assume a 1.5% inflationary factor.

| Waitlist Management  | FY 2026  | FY 2027        | FY2028         | FY2029         | Total          |
|--|----------|----------------|----------------|----------------|----------------|
| <i>a. Contract with third party to conduct study and collect recommendations OTO</i> | -        | 500,000        | -              | -              | 500,000        |
| BHSFG State Special Revenue  |          | 250,000        |                |                | 250,000        |
| Federal Medicaid Admin   |          | 250,000        |                |                | 250,000        |
| <i>b. Procure new IT or revise existing CM system OTO</i>                            | -        | 125,000        |                |                | 125,000        |
| BHSFG State Special Revenue  |          | 62,500         |                |                | 62,500         |
| Federal Medicaid Admin   |          | 62,500         |                |                | 62,500         |
| <i>c. IT management and updates</i>  | -        | 100,000        | 101,500        | 103,023        | 304,523        |
| BHSFG State Special Revenue  |          | 25,000         | 25,375         | 25,756         | 76,131         |
| Federal Medicaid Funding   |          | 75,000         | 76,125         | 77,267         | 228,392        |
| <b>Total</b>   | <b>-</b> | <b>725,000</b> | <b>101,500</b> | <b>103,023</b> | <b>929,523</b> |

### Legislative Branch

- SB 522 requires DPHHS to provide an annual report to the legislature, in accordance with 5-11-210, MCA, and provides details of the report.
- The additional reporting required to be submitted to the Legislative Branch is part of normal duties, and will be absorbed within existing budget.
- It is unknown how many bills are seeking to add to the duties of the Legislative Branch. The fiscal note of each bill is prepared based on the effect of each individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill would require additional analysis and may require additional resources for staffing and information technology support.

### Fiscal Analysis Table

| Department of Public Health and Human Services |                               |                               |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | <u>FY 2026<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
| <b><u>Fiscal Impact</u></b>                    |                               |                               |                               |                               |
| FTE  | 0.00                          | 1.00                          | 1.00                          | 1.00                          |
| <b>TOTAL Fiscal Impact</b>                     | <b>0.00</b>                   | <b>1.00</b>                   | <b>1.00</b>                   | <b>1.00</b>                   |
| <b><u>Expenditures</u></b>                     |                               |                               |                               |                               |
| Personal Services                              | \$0                           | \$66,000                      | \$66,990                      | \$67,995                      |
| Operating Expenses                             | \$0                           | \$1,225,000                   | \$101,500                     | \$103,023                     |
| Benefits                                       | \$98,064                      | \$21,198,852                  | \$21,513,852                  | \$21,833,577                  |



**Fiscal Note Request - As Introduced**

(continued)

|   |                 |                     |                     |                     |
|---|-----------------|---------------------|---------------------|---------------------|
| <b>TOTAL Expenditures</b>   | <b>\$98,064</b> | <b>\$22,489,852</b> | <b>\$21,682,342</b> | <b>\$22,004,595</b> |
| <b>Funding of Expenditures</b>  |                 |                     |                     |                     |
| General Fund (01)   | \$37,647        | \$76,618            | \$76,617            | \$76,619            |
| State Special Revenue (02)  | \$0             | \$8,678,200         | \$8,237,436         | \$8,360,997         |
| Federal Special Revenue (03)  | \$60,417        | \$13,735,034        | \$13,368,289        | \$13,566,979        |
| <b>TOTAL Funding of Expenditures</b>                                      | <b>\$98,064</b> | <b>\$22,489,852</b> | <b>\$21,682,342</b> | <b>\$22,004,595</b> |
| <b>Revenues</b>   |                 |                     |                     |                     |
| State Special Revenue (02)  | \$0             | \$8,678,200         | \$8,237,436         | \$8,360,997         |
| Federal Special Revenue (03)  | \$60,417        | \$13,735,034        | \$13,368,289        | \$13,566,979        |
| <b>TOTAL Revenues</b>   | <b>\$60,417</b> | <b>\$22,413,234</b> | <b>\$21,605,725</b> | <b>\$21,927,976</b> |
| <b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b> |                 |                     |                     |                     |
| General Fund (01)   | (\$37,647)      | (\$76,618)          | (\$76,617)          | (\$76,619)          |
| State Special Revenue (02)  | \$0             | \$0                 | \$0                 | \$0                 |
| Federal Special Revenue (03)  | \$0             | \$0                 | \$0                 | \$0                 |

**Technical Concerns**

**Department of Public Health and Human Services**

1. Health Resources Division does not maintain a waitlist of members for dental services.
2. Section 5 of the bill defines waiting list as persons who cannot receive services in 90 or fewer days due to lack of funding, available providers, enrollment slots, or other service supply issues. Based on this language, a Medicaid member is considered on a waitlist if they are unable to access services 90 days due to a variety of reasons including provider shortages in their area or length of time a provider may schedule out appointments. Provider enrollment in Montana Medicaid is voluntary, therefore, the department does not have direct control over timely access to services. The department assumes the situations would not fall under the reporting requirements of Section 1 (4).
3. The SDMI waiver has over 800 individuals on the waitlist due to lack of provider availability for the identified service to meet a given individual's need. The majority of individuals are awaiting an appropriate residential placement. BHSFG funding allowed the department to implement a residential grant near term initiative in 2024. This initiative is projected to add 32 SDMI waiver beds (new and reopened), this is expected to reduce the SDMI waitlist.
4. There are another 360 individuals on the BSW wait list who are anticipated to be transitioned into a BSW slot in less than 90 days. The department assumed these individuals did not meet the definition of a wait list as defined in Section 5.
5. Family education and support is not a Medicaid funded program and is not included for the purposes of this fiscal note.
6. Any waitlists that providers have for behavioral health Medicaid state plan services would not be available to the department.

**NO SPONSOR SIGNATURE** 3/4

Sponsor's Initials

Date



Budget Director's Initials

3/4/2025

Date