



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0274: Provide coverage for medical respite care for medicaid-eligible homeless people**

Primary Sponsor: Ed Stafman 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>
<b>Expenditures</b>				
General Fund (01)	\$341,914	\$689,359	\$718,369	\$746,897
Federal Special Revenue (03)	\$1,391,095	\$3,186,842	\$3,327,374	\$3,467,247
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,391,095	\$3,186,842	\$3,327,374	\$3,467,247
<b>Net Impact</b>	<u>(\$341,914)</u>	<u>(\$689,359)</u>	<u>(\$718,369)</u>	<u>(\$746,897)</u>
<b>General Fund Balance</b>				

### **Description of fiscal impact**

HB 247 requires the Department of Public Health and Human Services (DPHHS) to provide Medicaid coverage of medical respite care that is offered in a residential facility to individuals who are experiencing homelessness. DPHHS will incur new costs associated with Medicaid benefits, and administrative costs, including updates to the Medicaid billing system.

### **FISCAL ANALYSIS**

#### **Assumptions**

#### **Department of Public Health and Human Services**

1. Medical respite services are not allowed through the Medicaid State Plan; therefore, the department assumes implementation of this bill will require a 1115 Demonstration Waiver through the Centers for Medicare and Medicaid Services (CMS), with approval and implementation effective on January 1, 2026.
2. The 1115 waiver is a five-year approval from CMS. Based off past workload to implement and monitor current waivers, the department estimates an additional 0.50 FTE Program Specialist 1. The position will be responsible for drafting the waiver, leading public hearings, monitoring waiver requirements, collecting and analyzing waiver data, completing quarterly reporting and close out requirements. It is estimated that the position will cost \$38,032 in the first year, of which \$35,614 is personal services, \$1,068 is operating, and \$1,350 is OTO.
3. These costs are Medicaid Administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds for personal services.
4. Changes to the MMIS and ancillary systems to pay claims for the new service including data and reporting and system integration to reflect report coding changes would be \$20,500 (\$98/hour rate for 210 hours).

5. Based on published data from the United States Department of Housing and Urban Development (HUD) in 2024 there were 2,008 homeless Montanans.
6. HUD data also indicates that 22.5% of homeless Montanans are chronically homeless. This represents 451 Montanans in 2024. DPHHS assumes this population of homeless Montanans are eligible for Medicaid and will receive medical respite care under this bill. This assumption aligns with how Utah projected utilization in their 1115 demonstration waiver.
7. The department assumes an annual caseload growth rate of 8.8%. This assumption is based on the average annual increase from CY 2022 to CY 2024 from the HUD data report. This results in 490 eligible individuals in FY 2026 ( $451 \times 1.088$ ), however, since services will only be available in the 2nd half of FY 2026, 245 individuals are assumed to be served in FY 2026. The caseload growth is applied to FY 2026 through FY 2030.
8. DPHHS assumes a medical respite care per diem rate of \$227.82 in FY 2024. This is an average of three available per diem rates from other states.
9. DPHHS assumes an annual cost growth rate of 5.4% for FY 2027 through 2030. This assumption is based on data from Utah's 1115 amended demonstration waiver. This results in a per diem rate of \$240.12 in FY 2027 ( $\$227.82 \times 1.054$ ).
10. The department assumes an average length of stay for respite services to be 30 days. This is based on a 2017 policy brief from that National Health Care for the Homeless Council. Other medical respite care programs report that the average stay can be between 5 and 60 days.
11. Based on a review of FY 2024 claims with a diagnosis code relating to homelessness, the department assumes 67.7% of benefit expenditures will be on Medicaid Expansion eligible individuals, and 32.3% on traditional Medicaid members.
12. Based on the Montana data from HUD, 20.1% of homeless Montanans are American Indian. The department assumes tribal entity participation to begin in FY 2027 and these tribal entities will be eligible for 100% Federal Medical Assistance Percentage (FMAP). We assumed based on current tribal entities there would be 4 beds available with an annual total of 1,460 bed days ( $4 \times 365$ ). Due to the availability, we assumed 48 American Indians will receive services in a Tribal entity eligible for 100% FMAP ( $1,460 / 30$  days). The remaining American Indians would receive services from other non-Tribal entities and would receive the Medicaid or Expansion FMAP dependent on eligibility type.
13. DPHHS assumes that the following FMAPs will apply to eligible homeless populations: Medicaid Standard FMAP (38.39% state funded and 61.61% federal funded in FY 2026; 38.53% state funded and 61.47% federal funded in FY 2027 thru FY 2030), Medicaid Expansion FMAP (90% federal funded and 10% state funded all years), and Indian Health Services FMAP (100% federal funded all years).

The table below shows the calculation on Medicaid respite payments based on assumptions 5-13.

MEDICAID MEDICAL RESPITE CARE PROGRAM FOR HOMELESS INDIVIDUALS					
6 Months					
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Estimated Homeless Population	1,093	2,377	2,586	2,814	3,062
Estimated Members Served	245	485	480	474	468
Average Length of Stay	30	30	30	30	30
Estimated Per Diem Rate	227.82	240.12	253.09	266.76	281.17
<b>Estimated Expenditures (Members Served x Rate x 30 days)</b>	<b>1,674,477</b>	<b>3,493,746</b>	<b>3,644,496</b>	<b>3,793,327</b>	<b>3,947,627</b>
<b>TRIBAL ENTITY</b>					
Estimated Members Served @ Tribal Entity	-	48	48	48	48
Average Length of Stay	30	30	30	30	30
Estimated Per Diem Rate	227.82	240.12	253.09	266.76	281.17
<b>Estimated Expenditures (Members Served x Rate x 30 days)</b>	<b>-</b>	<b>345,773</b>	<b>364,450</b>	<b>384,134</b>	<b>404,885</b>
<b>TOTAL Estimated Expenditures (Members Served x Rate x 30 days)</b>	<b>1,674,477</b>	<b>3,839,519</b>	<b>4,008,946</b>	<b>4,177,462</b>	<b>4,352,512</b>
<b>ELIGIBILITY SPLIT</b>					
Standard Medicaid	32.3%	32.3%	32.3%	32.3%	32.3%
Medicaid Expansion	67.7%	67.7%	67.7%	67.7%	67.7%
<b>TOTAL Respite Care Projection Standard Medicaid</b>	<b>540,331</b>	<b>1,127,385</b>	<b>1,176,030</b>	<b>1,224,056</b>	<b>1,273,847</b>
<b>TOTAL Respite Care Projection Medicaid Expansion</b>	<b>1,134,146</b>	<b>2,366,361</b>	<b>2,468,466</b>	<b>2,569,271</b>	<b>2,673,780</b>
<b>TOTAL Respite Care Projection - Tribal Entity</b>	<b>-</b>	<b>345,773</b>	<b>364,450</b>	<b>384,134</b>	<b>404,885</b>
<b>FMAPs</b>					
State Share - Standard Medicaid	38.39%	38.53%	38.53%	38.53%	38.53%
Federal Share - Standard Medicaid	61.61%	61.47%	61.47%	61.47%	61.47%
State Share - Medicaid Expansion	10.00%	10.00%	10.00%	10.00%	10.00%
Federal Share - Medicaid Expansion	90.00%	90.00%	90.00%	90.00%	90.00%
State Share - Tribal Entity	0.00%	0.00%	0.00%	0.00%	0.00%
Federal Share - Tribal Entity	100.00%	100.00%	100.00%	100.00%	100.00%
<b>FUNDING</b>					
State Share - Standard Medicaid	207,433	434,381	453,124	471,629	490,813
Federal Share - Standard Medicaid	332,898	693,004	722,906	752,427	783,034
State Share - Medicaid Expansion	113,415	236,636	246,847	256,927	267,378
Federal Share - Medicaid Expansion	1,020,731	2,129,725	2,221,619	2,312,344	2,406,402
State Share - Tribal Entity	-	-	-	-	-
Federal Share - Tribal Entity	-	345,773	364,450	384,134	404,885
<b>State Share - Total</b>	<b>320,848</b>	<b>671,018</b>	<b>699,971</b>	<b>728,556</b>	<b>758,191</b>
<b>Federal Share - Total</b>	<b>1,353,629</b>	<b>3,168,501</b>	<b>3,308,975</b>	<b>3,448,906</b>	<b>3,594,320</b>
<b>TOTAL IMPACT</b>	<b>1,674,477</b>	<b>3,839,519</b>	<b>4,008,946</b>	<b>4,177,462</b>	<b>4,352,512</b>

## Fiscal Analysis Table

## Department of Public Health and Human Services

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
FTE	0.50	0.50	0.50	0.50
<b>TOTAL Fiscal Impact</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
<b><u>Expenditures</u></b>				
Personal Services	\$35,614	\$35,614	\$35,725	\$35,614
Operating Expenses	\$22,918	\$1,068	\$1,072	\$1,068
Benefits	\$1,674,477	\$3,839,519	\$4,008,946	\$4,177,462
<b>TOTAL Expenditures</b>	<b>\$1,733,009</b>	<b>\$3,876,201</b>	<b>\$4,045,743</b>	<b>\$4,214,144</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$341,914	\$689,359	\$718,369	\$746,897
Federal Special Revenue (03)	\$1,391,095	\$3,186,842	\$3,327,374	\$3,467,247
<b>TOTAL Funding of Expenditures</b>	<b>\$1,733,009</b>	<b>\$3,876,201</b>	<b>\$4,045,743</b>	<b>\$4,214,144</b>
<b><u>Revenues</u></b>				
Federal Special Revenue (03)	\$1,391,095	\$3,186,842	\$3,327,374	\$3,467,247
<b>TOTAL Revenues</b>	<b>\$1,391,095</b>	<b>\$3,186,842</b>	<b>\$3,327,374</b>	<b>\$3,467,247</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$341,914)	(\$689,359)	(\$718,369)	(\$746,897)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

## Technical Concerns

1. Medical respite is not a service currently allowed under the Medicaid State Plan and would be contingent on approval of the Medicaid 1115 demonstration waiver by the CMS. Approval will require evidence of budget neutrality over the demonstration period.
2. There is not sufficient data to support an analysis of potential cost avoidance associated with the proposed legislation in HB 274.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date

1/28/25

Budget Director's Initials

1/27/2025

Date