



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0419.01: Implementing cost reporting for certain Medicaid service provider types

Primary Sponsor: David Bedey 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> <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>Expenditures</b>				
General Fund (01)	\$300,000	\$300,000	\$0	\$0
Federal Special Revenue (03)	\$300,000	\$300,000	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$300,000	\$300,000	\$0	\$0
<b>Net Impact</b>	<u>(\$300,000)</u>	<u>(\$300,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 419 aims to establish a standardized cost reporting process for certain Medicaid service providers in Montana. The Department of Public Health and Human Services (DPHHS) is responsible for rulemaking authority to carry out the cost reporting provisions of the bill, including implementing rules on the costs that providers must report, the report format, and the deadline for filing the report. There is a general fund appropriation in the bill, however, DPHHS would require additional federal authority to implement the bill per the requirements in Section 4.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Public Health and Human Services

1. SB 419 requires the department to conduct cost reporting once every four years, but no more than once in any two-year period. Costs in this fiscal note only include cost reporting activities in the 2027 Biennium, and therefore will not show any costs in the FY 2028 and FY 2029.
2. As part of the department's work on HB 155 from the 2021 session, the department has developed a preliminary standard set of cost reporting templates in consultation with Guidehouse as part of the most recent Medicaid rate study work. The templates would be utilized by providers to submit revenue and expenditure data outlined in Section 3.
3. The department assumes the services covered by HB 419 are the same services included in the most recent Guidehouse rate study.
4. The department does not have staff to complete the work required in Section 4, including analyzing the cost information submitted by providers and other data sources to determine the adequacy of Medicaid rates. As

permitted in Section 4 (5), the department assumes it would engage a contractor to assist the department in complying with Section 4 activities.

5. Based on an informal quote, the department assumes the cost of engaging a contractor to assist the department in completing Section 4 activities would be \$1,200,000 each cycle. This includes \$222,400 to perform research and cost analysis of the cost reports and other data sources and comparisons to existing reimbursement rates and \$977,600 to audit a subset of submitted cost reports to verify submitted cost and revenue information. This activity would be eligible for 50% Federal Medical Assistance Percentage (FMAP). Therefore, the costs would be \$600,000 state fund and \$600,000 federal funds.
6. The department would complete a procurement for a contractor in early FY 2026 to comply with the HB 419 requirement that the department submit a cost report to the Children, Families, Health, and Human Services Interim Committee at four-year intervals, with the initial report due on September 9, 2026. For purposes of this fiscal note, the department assumes contractor expenses will be spent evenly in FY 2026 and FY 2027.
7. The department assumes it would complete rule making associated with HB 419 in early FY 2026 utilizing existing state resources at no additional cost.
8. Section 8 of SB 419 includes a \$600,000 general fund appropriation for the 2027 Biennium.

### Fiscal Analysis Table

#### 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>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$600,000	\$600,000	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$300,000	\$300,000	\$0	\$0
Federal Special Revenue (03)	\$300,000	\$300,000	\$0	\$0
<b>TOTAL Funding of Expenditures</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues</u></b>				
Federal Special Revenue (03)	\$300,000	\$300,000	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$300,000)	(\$300,000)	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0



Sponsor's Initials



Date



Budget Director's Initials

2/12/2025

Date