

SENATE BILL NO. 344

INTRODUCED BY R. WEBB

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATING TO REIMBURSEMENT FOR CERTAIN MEDICAID SERVICES; REQUIRING THE DEVELOPMENT OF A PLAN TO COLLECT DATA AND ANALYZE REIMBURSEMENT RATES FOR CERTAIN MEDICAID PROVIDERS; REQUIRING REPORTS; PROVIDING REQUIREMENTS FOR THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES' BUDGET REQUEST; PROVIDING EQUITY IN INFLATIONARY ADJUSTMENTS FOR STATE FACILITIES AND THE PRIVATE SECTOR; AMENDING SECTION 17-7-111, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Rate adequacy -- plan for collection of data -- reports. (1) (a) The

department of public health and human services, in collaboration with providers, consumers, and other stakeholders, shall develop a plan for collecting expenditure data from medicaid-dependent providers of services that assist and support persons with mental disabilities, physical disabilities, and developmental disabilities and the elderly and that are administered by the senior and long term care division, addictive and mental disorders division, or developmental services division of the department.

(b) The purpose of the plan is to enable the department and the legislature to analyze the data, determine the cost of providing services, make sound judgments about whether the rates being paid for each service are too high, too low, or appropriate, and make decisions about rates that are based on sound data and analysis.

(2) The plan must:

- (a) identify medicaid-dependent providers;
- (b) identify high-volume services based on the units of service and costs;
- (c) identify smaller providers who should be exempt from data reporting requirements;
- (d) determine a base year for data collection and identify the types of expenditures and the providers who are required to report data in order to make it possible to analyze data and make determinations about rate adequacy;
- (e) ensure that expenditure data reporting requirements are consistent across divisions of the department to the extent possible;

1 (f) identify how often data should be collected for purposes of updating the base year expenditures; and
 2 (g) create a schedule prioritizing the order in which data is collected from various providers in order to
 3 transition to a point at which the information will be available regarding all applicable providers and will be
 4 updated on a regular basis.

5 (3) The plan must be completed no later than July 1, 2016.

6 (4) The department shall report to the 2017 legislature and shall report quarterly during the 2015 and
 7 2016 interim, beginning no later than September 1, 2015, to the children, families, health, and human services
 8 interim committee regarding the progress being made in developing the plan.

9 (5) For the purposes of this section, "medicaid-dependent providers" means providers with more than
 10 half of their clients receiving services through the medicaid program.

11

12 **Section 2.** Section 17-7-111, MCA, is amended to read:

13 **"17-7-111. Preparation of state budget -- agency program budgets -- form distribution and**
 14 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the state
 15 need information that is consistent and accurate. Necessary information includes detailed disbursements by fund
 16 type for each agency and program for the appropriate time period, recommendations for creating a balanced
 17 budget, and recommended disbursements and estimated receipts by fund type and fund category.

18 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst shall
 19 by agreement:

20 (i) establish necessary standards, formats, and other matters necessary to share information between
 21 the agencies and to ensure that information is consistent and accurate for the preparation of the state's budget;
 22 and

23 (ii) provide for the collection and provision of budgetary and financial information that is in addition to or
 24 different from the information otherwise required to be provided pursuant to this section.

25 (2) In the preparation of a state budget, the budget director shall, not later than the date specified in
 26 17-7-112(1), distribute to all agencies the proper forms and instructions necessary for the preparation of budget
 27 estimates by the budget director. These forms must be prescribed by the budget director to procure the
 28 information required by subsection (3). The forms must be submitted to the budget director by the date provided
 29 in 17-7-112(2), or the agency's budget is subject to preparation based upon estimates as provided in 17-7-112(5).
 30 The budget director may refuse to accept forms that do not comply with the provisions of this section or the

1 instructions given for completing the forms.

2 (3) Subject to subsections (7) and (8), the agency budget request must set forth a balanced financial plan
3 for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

4 (a) a consolidated agency budget summary of funds subject to appropriation, as provided in 17-8-101,
5 for the current base budget expenditures, including statutory appropriations, and for each present law adjustment
6 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions (FTE)
7 and the budget, showing a balance between the total proposed disbursements and the total anticipated receipts,
8 together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted
9 with the corresponding figures for the last-completed fiscal year and the fiscal year in progress;

10 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each fund for the
11 current biennium and estimated for the subsequent biennium;

12 (c) a statement of the agency mission and a statement of goals and objectives for each program of the
13 agency. The goals and objectives must include, in a concise form, sufficient specific information and quantifiable
14 information to enable the legislature to formulate an appropriations policy regarding the agency and its programs
15 and to allow a determination, at some future date, on whether the agency has succeeded in attaining its goals
16 and objectives.

17 (d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated FTE
18 and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by program;

19 (e) actual disbursements for the completed fiscal year of the current biennium, estimated disbursements
20 for the current fiscal year, and the agency's recommendations for the ensuing biennium, by disbursement
21 category;

22 (f) for agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general
23 appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the
24 budget director. Each agency plan must include base budget reductions that reflect the required percentage
25 reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations
26 of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff
27 under 2-15-121, and state special revenue accounts that do not transfer their investment earnings or fund
28 balances to the general fund. The plan must include:

29 (i) a prioritized list of services that would be eliminated or reduced;

30 (ii) for each service included in the prioritized list, the savings that would result from the elimination or

1 reduction; and

2 (iii) the consequences or impacts of the proposed elimination or reduction of each service.

3 (g) a reference for each new information technology proposal stating whether the new proposal is
4 included in the approved agency information technology plan as required in 2-17-523;

5 (h) energy cost saving information as required by 90-4-616; and

6 (i) other information the budget director feels is necessary for the preparation of a budget.

7 (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance with
8 17-7-112:

9 (a) detailed recommendations for the state long-range building program. Each recommendation must
10 be presented by institution, agency, or branch, by funding source, with a description of each proposed project.

11 (b) a statewide project budget summary as provided in 2-17-526;

12 (c) the proposed pay plan schedule for all executive branch employees at the program level by fund, with
13 the specific cost and funding recommendations for each agency. Submission of a pay plan schedule under this
14 subsection is not an unfair labor practice under 39-31-401.

15 (d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part
16 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and
17 development grants program under Title 90, chapter 2, part 11, and the treasure state endowment program under
18 Title 90, chapter 6, part 7.

19 (5) The board of regents shall submit, with its budget request for each university unit in accordance with
20 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this
21 subsection (5). The report must include the following information for each year of the biennium, contrasted with
22 the same information for the last-completed fiscal year and the fiscal year in progress:

23 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

24 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each outstanding
25 bond indenture, clearly delineating the accounts relating to each indenture and the minimum legal funding
26 requirements for each bond indenture; and

27 (c) a schedule showing the total funds available from each bond indenture and its associated accounts,
28 with a list of commitments and planned expenditures from the accounts, itemized by revenue source and project
29 for each year of the current and ensuing bienniums.

30 (6) (a) The department of revenue shall make Montana individual income tax information available by

1 removing names, addresses, and social security numbers and substituting in their place a state accounting record
2 identifier number. Except for the purposes of complying with federal law, the department may not alter the data
3 in any other way.

4 (b) The department of revenue shall provide the name and address of a taxpayer on written request of
5 the budget director when the values on the requested return, including estimated payments, are considered
6 necessary by the budget director to properly analyze state revenue and are of a sufficient magnitude to materially
7 affect the analysis and when the identity of the taxpayer is necessary to evaluate the effect of the return or
8 payments on the analysis being performed.

9 (7) (a) The department of public health and human services' budget request for the 2013 biennium must
10 identify changes necessary to reduce the 2013 biennium expenditures to the level funded in the general
11 appropriations act. The department may include changes such as reducing administrative costs, developing more
12 cost-efficient methods to deliver services, limiting the number of medicaid services that adults may receive,
13 changing medicaid services included in the Montana medicaid state plan, changing eligibility or level-of-care
14 requirements for medicaid waiver services, limiting or changing services that are fully state-funded, or
15 implementing other initiatives that reduce state funds. Achieving the necessary general fund reduction in the 2013
16 biennium budget request may not include shifting costs to state special revenue funds.

17 (b) The department of public health and human services shall prepare a work plan with goals,
18 milestones, and measures to guide its review of alternatives to identify, evaluate, and select initiatives to reduce
19 ongoing state spending in its 2013 biennium budget submission. The department shall submit the work plan,
20 goals, milestones, and measures to the legislative finance committee at its first meeting after the adjournment
21 of the 2009 legislative session for its review and comment. The department shall provide an update of its budget
22 reduction for review and comment at each legislative finance committee meeting in a format developed with and
23 agreed upon by the committee.

24 (8) Each agency budget request for the 2013 biennium must include the adjustments to present law base
25 specified in 17-7-102(10)(b).

26 (9) In developing the department of public health and human services' budget request, the following
27 provisions apply:

28 (a) Adjustments to the present law base must be separated by each category described in 17-7-102(10)
29 in order for the legislature to determine the changes that are attributable to legally mandated workload, caseload
30 or enrollment increases or decreases, constitutional or statutory schedules or formulas, inflationary or deflationary

1 adjustments, and elimination of nonrecurring appropriations.

2 (b) Inflation adjustments to the present law base for institutions operated by the state must be based on
3 a reliable national index for the particular service or a similar service or the consumer price index for urban wage
4 earners and workers. An inflation adjustment to the present law base for state institutions that is greater than the
5 applicable national index or consumer price index must be presented as a new proposal.

6 (c) Inflation adjustments to the present law base for services provided by private sector businesses and
7 other entities that provide direct services to beneficiaries in medicaid programs administered by the senior and
8 long term care division, addictive and mental disorders division, or developmental services division of the
9 department must be based on a reliable national index applicable to the particular service or similar service or
10 the consumer price index for urban wage earners and workers. An inflation adjustment to the present law base
11 for a business or entity described in this subsection (9)(c) that is greater than the applicable national index or
12 consumer price index must be presented as a new proposal."

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14 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2015.

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