



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
SB0465 - Require implementation of Medicaid community engagement requirements (Trebas, Jeremy)	
Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$362,336,540	\$764,432,083	\$761,743,040	\$761,251,483
Federal Special Revenue	(\$453,717,952)	(\$933,225,447)	(\$930,575,881)	(\$930,091,764)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$453,717,952)	(\$933,225,447)	(\$930,575,881)	(\$930,091,764)
Net Impact-General Fund Balance:	<u>(\$362,336,540)</u>	<u>(\$764,432,083)</u>	<u>(\$761,743,040)</u>	<u>(\$761,251,483)</u>

Description of fiscal impact: SB 465 requires the Department of Public Health and Humans Services (DPHHS) (department) to implement community engagement requirements for participants of the Montana Health and Economic Livelihood Partnership (HELP) program no later than December 31, 2023. The Centers for Medicare and Medicaid (CMS) has communicated it would not approve community engagement requirements in any waiver submission. Therefore, effective January 1, 2024 the HELP program (Medicaid expansion) would become a state funded health program (HELP).

FISCAL ANALYSIS

Assumptions:

1. The department must be able to distinguish regular Medicaid from the new state funded health plan. This will require changes to the Combined Healthcare Information and Eligibility System (CHIMES) used to manage public assistance applications processing and eligibility determination. The department estimates CHIMES system modifications would require 250 contracted service hours at an average rate of \$125 per hour for a total cost of \$31,250 (250 hours x \$125/hour = \$31,250).
2. DPHHS is able to use existing administrative data to determine whether participants are meeting or are exempt from the community engagement requirements. Using currently available data, the department assumes 83.7% of HELP participants will meet one of the exceptions for community engagement requirements. The remaining 16.3% of participants would be required to participate in and report on community engagement activities to remain eligible for health care services.

3. Based on the experience of other states, the department assumes 8% of those required to participate in community engagement activities, will not meet the requirements and will lose HELP eligibility after 180 days. In FY 2024, this would result in 1,169 individuals losing HELP eligibility (89,590 total enrollment x 16.3% who must complete community engagement x 8% who fail to meet requirements).
4. DPHHS assumes that HELP participants that are eligible for a standard Medicaid program will transition to one of the following Medicaid programs effective January 1, 2024:
 - Parent Caretaker/Relative (25-50% FPL)
 - Waiver for Additional Services and Populations (WASP)
 - Pregnant Woman, Breast and Cervical Cancer
 - Medically Needy
5. This will transition total benefit expenditures of \$58,634,256 in SFY 2024 and \$116,141,818 in FY 2025. The department assumes 9.57% of these expenditures will be Indian Health Service or other services that are eligible for 100% federal reimbursement. The remaining expenditures will receive standard Medicaid FMAP (35.88% state funds and 64.12% federal funds).
6. The benefit expenditures for the remaining HELP participants will transition from the Medicaid expansion FMAP of 10% state funds and 90% federal funds, to 100% state funds effective January 1, 2024.

Medicaid Expansion Benefits	FY 2024	FY 2025	FY 2026	FY 2027
Present Law Benefits	\$ 370,638,424	\$ 769,236,570	\$ 769,236,570	\$ 769,236,570
Reduction In Benefits (Assumption #3)	\$ (8,883,831)	\$ (10,117,016)	\$ (10,117,016)	\$ (10,117,016)
Traditional Medicaid (Assumption #4 & #5)	\$ 58,634,256	\$ 116,141,818	\$ 120,096,049	\$ 120,841,268
Medicaid Expansion (Assumption #6)	\$ 312,004,169	\$ 653,094,752	\$ 649,140,521	\$ 648,395,302
HB 658 Benefit Expenditures	\$ 361,754,593	\$ 759,119,554	\$ 759,119,554	\$ 759,119,554

7. DPHHS assumes that with the continuation of HELP as a state-funded program, there would be no changes to 53-6-1315, MCA or the fees paid by hospitals in 15-66-102, MCA. However, in its calculation of supplemental payments for hospitals, the department would not receive any federal match for the HELP population, resulting in a decrease in supplemental payments to hospitals.
8. The department would no longer participate in the Medicaid drug rebate program for HELP participants. This results in an increased expenditure for pharmacy claims.
9. The department assumes all HELP administrative costs will be funded with 100% state funds effective January 1, 2024. Current Medicaid expansion administrative costs receive an administrative federal participation rate ranging from 50% to 75%.

Summary of Financial Impacts				
Medicaid Expansion Benefits	FY 2024	FY 2025	FY 2026	FY 2027
Present Law Expenditures				
Benefits	\$ 370,638,424	\$ 769,236,570	\$ 769,236,570	\$ 769,236,570
Supplemental Payments	\$ 200,318,436	\$ 400,636,872	\$ 400,636,872	\$ 400,636,872
Total Expenditures	\$ 570,956,860	\$ 1,169,873,441	\$ 1,169,873,441	\$ 1,169,873,441
SB 465 Expenditures				
Benefits	\$ 361,754,593	\$ 759,119,554	\$ 759,119,554	\$ 759,119,554
Loss of Drug Rebate	\$ 68,833,971	\$ 143,504,673	\$ 143,504,673	\$ 143,504,673
Supplemental Payments	\$ 49,660,673	\$ 99,716,368	\$ 99,716,368	\$ 99,716,368
Total Expenditures	\$ 480,249,237	\$ 1,002,340,595	\$ 1,002,340,595	\$ 1,002,340,595
Fiscal Impact of SB 465				
Benefits	\$ (8,883,831)	\$ (10,117,016)	\$ (10,117,016)	\$ (10,117,016)
Loss of Drug Rebate	\$ 68,833,971	\$ 143,504,673	\$ 143,504,673	\$ 143,504,673
Supplemental Payments	\$ (150,657,763)	\$ (300,920,504)	\$ (300,920,504)	\$ (300,920,504)
Total Expenditures	\$ (90,707,623)	\$ (167,532,846)	\$ (167,532,846)	\$ (167,532,846)
Funding of Fiscal Impact - Benefits				
General Fund	\$ 358,591,297	\$ 756,897,594	\$ 754,229,485	\$ 753,726,650
State Special Fund	\$ -	\$ -	\$ -	\$ -
Federal Fund	\$ (449,298,920)	\$ (924,430,440)	\$ (921,762,331)	\$ (921,259,496)
Total Funding	\$ (90,707,623)	\$ (167,532,846)	\$ (167,532,846)	\$ (167,532,846)
Medicaid Expansion Administration				
	FY 2024 (2nd Half)	FY 2025	FY 2026	FY 2027
Present Law Expenditures				
Claims Processing	\$ 3,870,288	\$ 7,679,750	\$ 7,679,750	\$ 7,679,750
Eligibility	\$ 561,387	\$ 1,126,191	\$ 1,150,913	\$ 1,175,871
Other Administration	\$ 1,698,825	\$ 3,397,649	\$ 3,397,649	\$ 3,397,649
Total Expenditures	\$ 5,569,113	\$ 11,077,399	\$ 11,077,399	\$ 11,077,399
SB 465 Expenditures				
Claims Processing	\$ 3,165,249	\$ 6,419,233	\$ 6,379,755	\$ 6,372,315
Eligibility	\$ 592,637	\$ 1,126,191	\$ 1,150,913	\$ 1,175,871
Other Administration	\$ 1,698,825	\$ 3,397,649	\$ 3,397,649	\$ 3,397,649
Total Expenditures	\$ 4,864,074	\$ 9,816,882	\$ 9,777,404	\$ 9,769,964
SB 465 Fiscal Impact				
Claims Processing	\$ (705,039)	\$ (1,260,518)	\$ (1,299,995)	\$ (1,307,435)
Eligibility	\$ 31,250	\$ -	\$ -	\$ -
Other Administration	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ (705,039)	\$ (1,260,518)	\$ (1,299,995)	\$ (1,307,435)
Funding of Fiscal Impact - Medicaid Administration				
General Fund	\$ 3,713,993	\$ 7,534,490	\$ 7,513,555	\$ 7,524,833
Federal Fund	\$ (4,419,032)	\$ (8,795,008)	\$ (8,813,550)	\$ (8,832,268)
Total Funding	\$ (705,039)	\$ (1,260,518)	\$ (1,299,995)	\$ (1,307,435)
Overall Fiscal Impact				
General Fund	\$ 362,336,540	\$ 764,432,084	\$ 761,743,040	\$ 761,251,483
Federal Fund	\$ (453,717,952)	\$ (933,225,448)	\$ (930,575,881)	\$ (930,091,764)
Total Funding	\$ (91,381,412)	\$ (168,793,364)	\$ (168,832,841)	\$ (168,840,281)

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	(\$673,789)	(\$1,260,518)	(\$1,299,995)	(\$1,307,435)
Benefits	(\$90,707,623)	(\$167,532,846)	(\$167,532,846)	(\$167,532,846)
TOTAL Expenditures	(\$91,381,412)	(\$168,793,364)	(\$168,832,841)	(\$168,840,281)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$362,336,540	\$764,432,083	\$761,743,040	\$761,251,483
Federal Special Revenue (03)	(\$453,717,952)	(\$933,225,447)	(\$930,575,881)	(\$930,091,764)
TOTAL Funding of Exp.	(\$91,381,412)	(\$168,793,364)	(\$168,832,841)	(\$168,840,281)
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$453,717,952)	(\$933,225,447)	(\$930,575,881)	(\$930,091,764)
TOTAL Revenues	(\$453,717,952)	(\$933,225,447)	(\$930,575,881)	(\$930,091,764)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$362,336,540)	(\$764,432,083)	(\$761,743,040)	(\$761,251,483)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

1. Transitioning individuals with a Severe and Disabling Mental Illness (SDMI) from Medicaid expansion to the Waiver for Additional Services and Populations (WASP) waiver will require an 1115 waiver amendment.

NO SPONSOR SIGNATURE

3/2/23

Sponsor's Initials *Date* *Budget Director's Initials* *Date*