MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: 12/12/2024

TO: Members of the Transition Review Committee

FROM: Julia Hamilton

RE: Transition Review Committee Follow-Up

At the Transition Review Committee meeting on October 23rd, 2024, the committee requested the Legislative Fiscal Division (LFD) estimate the financial impacts of recommendations put forward by the Transition Review Committee when applied to the October 2024 snapshot HB 29 population.

The LFD reviewed the eight recommendations proposed, considered feedback from the Department of Public Health and Human Services (DPHHS), and incorporated additional information gathered from DPHHS to make these estimates. The recommendations have been restated and numbered below – throughout this memo the recommendations will be referred to by number for brevity.

Recommendations 1, 3, 4, and 8 are already being implemented to some extent within DPHHS. To make estimates regarding these recommendations would require additional detail as to what program improvements the committee may wish to consider in order to estimate a comparison of the financial impact of these improvements.

In addition, DPHHS has stated that recommendation 5 is not possible due to HIPAA compliance and recommendation 6 required more clarification from the committee.

The remaining recommendations for which estimates can be made are 2 and 7. Due to the similar nature of these two recommendations, they will both be addressed at the same time below.

<u>Recommendations 2 and 7: Cost Savings Estimates</u>

Recommendations

> 2. Expand opportunities for Medicaid add-on payments for assisted living facilities (ALFs), nursing homes, and other community-based residential facilities. Streamline the add-on application process and provide applicants with a detailed rubric so they know what to expect from the assessment process. Implement automatic add-on approval for facilities receiving or diverting patients from Montana State Hospital.
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> 7. Implement automatic Medicaid add-on approval for facilities receiving or diverting patients from Montana State Hospital.

HB 29 Population

The October 23rd DPHHS report to the HB 29 Transition Review Committee specified 52 patients with a primary diagnosis of Alzheimer's, or other forms of dementia, or TBI at the Montana State Hospital (MSH) between January 2024 and September 2024. Of these 52 patients, 39 were identified as not being a danger to themselves or others during the specified period and were therefore eligible for HB 29 placement. Of these 39 patients, 17 were reported successfully placed by DPHHS leaving a population of 22 individuals. Because of varying outstanding questions, the LFD does not have enough information to make a population-wide comparison of current costs versus potential future costs if all placements are made. Information that would need to be gathered to make such a comparison would include:

- The mix of private pay versus Medicaid eligible individuals. The response to this inquiry was, "Comparison to private pay would take further analysis."
- Percentages of the HB 29 population that would need nursing home levels of care versus other assisted living facilities

What this document will instead analyze are daily costs at the various placement options and, in the context of traditional Medicaid eligible individuals, what a comparative demand for state resources would be in these various scenarios. To provide context for potential cost savings, the following sections compare daily rates across different provider types

Montana State Hospital - Spratt Unit

The DPHHS sets per diem rates for the MSH per MCA 53-1-404. The Spratt Unit per diem rate for FY 2024 was $1,207.68. MSH is funded with general fund only.

Skilled Nursing Facilities (SNFs)

SNF daily Medicaid rates have a statewide average of $282.78. With a Complex Care Level 1 add-on, the daily cost for this provider type would equal $282.78 + $75.00 = $357.78; the Complex Care level 2 daily cost would be $282.78 + $150.00 = $432.78. As of November 2024, DPHHS has instituted an automatic Complex Care level 3 add-on for HB 29 patients seeking placement outside of MSH. The daily cost for these patients is $282.78 + $225.00 = $507.78.

Residential Habilitation and Assisted Living

There are various rates that may cover residential services for HB 29 patients depending on need and bed availability. Level 3 – Specialized Assisted Living rates are $173.13 daily. Residential habilitation services have two levels of care; level 1 – assisted living facilities and adult foster homes receive a daily rate of $124.75; level 2 – behavior management assisted living has a daily rate of $152.51.

Medicaid

The 3 provider types mentioned above that would be involved in these placements generally serve the traditional Medicaid populations which needs to be accounted for when determining the amount of possible state funds savings. For these calculations, the FY 2025 Federal Medical Assistance Percentage (FMAP), 62.37%, will be used. The traditional Medicaid FMAP changes on a yearly basis based on Montana's per capita income relative to the national average. This will affect what HB 29 savings look like in future fiscal years. As the FMAP decreases, more state funds are required relative to federal match dollars received. Since Montana's FMAP has been trending down for about a decade, potential future savings of state funds from these HB 29 placements may also trend down.

The daily rates of these various provider types are laid out in the table below. This table also includes MSH Spratt Unit per diem rates, state and federal funding breakdowns for the provider types based on

the FY 2025 traditional Medicaid FMAP, a comparison of all funds required for each provider type relative to all funds required for patients in the Spratt Unit, and a comparison similar comparison of only state funds.

Comparison of State Resources by Provider Type

Provider Type	Level or Tier	Daily	State Funds	Federal Funds	Difference in All Funds relative to MSH	Difference in State Funds relative to MSH
MSH - Spratt: Per Diem Rates (FY 2024)		$ 1,207.68	$ 1,207.68	$ -	$ -	$ -
Skilled Nursing Facilities	Base Rate	282.78	106.41	176.37	924.90	1,101.27
	Level 1 Add-On	357.78	134.63	223.15	849.90	1,073.05
	Level 2 Add-On	432.78	162.86	269.92	774.90	1,044.82
	*Level 3 Add-On	507.78	191.08	316.70	699.90	1,016.60
Assisted Living Facilities	Level 3 – Specialized Assisted Living	173.13	65.15	107.98	1,034.55	1,142.53
Residential Habilitation	Level 1 – Assisted Living facilities and Adult Foster Homes	124.75	46.94	77.81	1,082.93	1,160.74
	Level 2 – Behavior Management Assisted Living	152.51	57.39	95.12	1,055.17	1,150.29

*Automatic add-on complex care level for HB 29 patients.

Based on the assumption that HB 29 patients placed in these provider types will need the highest level of care offered:

- An individual successfully placed in a SNF will save $1,016.60 state funds daily translating to around $371,000 annually. The Department has noted that most HB 29 patients will need to be placed in nursing home levels of care
- An individual successfully placed in a Level 3 – Specialized Assisted Living Facility will save $1,142.53 state funds daily translating to around $396,000 annually
- An individual successfully placed in a Level 2 – Behavior Management Assisted Living Facility will save $1,150.29 daily translating to around $420,000 annually

Further Considerations when looking at possible future savings

These estimates are a theoretical exercise to understand what cost savings may look like for an individual case when placements are successful. It is important to note that the HB 29 population is not a static population. These individuals may come into the state hospital and not be eligible for HB 29 consideration due to being a danger to themselves or others at the time of commitment but throughout their stay may have successful stabilization leading to them becoming HB 29 eligible. The dynamic nature of this population will influence the total savings realized by the state over time.

These estimates also do not take into account that the vacated bed due to successful placement at the state hospital may be filled soon after it is vacated leaving little impact on the MSH budget as a whole.

And finally, these estimates are for Medicaid populations only. The private pay population is likely greater than zero and would have an effect on realized savings that is not considered in this memo due to data limitations.

Recommendation List (As of October 23, 2024)

1. Establish a procedure to bridge Medicaid funding as part of the discharge planning process, including application assistance and approval before a patient is discharged whenever possible.

2. Expand opportunities for Medicaid add-on payments for assisted living facilities (ALFs), nursing homes, and other community-based residential facilities. Streamline the add-on application process and provide applicants with a detailed rubric so they know what to expect from the assessment process. Implement automatic add-on approval for facilities receiving or diverting patients from Montana State Hospital.

3. Provide training grants to community-based residential facilities that wish to give employees evidence-based training tailored to caring for patients with traumatic brain injury and dementia, especially patients with advanced disease or complex care needs. We particularly recommend grants to encourage training on de-escalation techniques, understanding and managing common behaviors, and communication techniques. The committee encourages Montana State Hospital to train its staff on these topics as well.

4. Explore options for on-call support that offer tailored and skilled assistance to community-based residential facilities, so their staff have an alternative to emergency services when patients experience challenging behavioral and psychiatric symptoms of traumatic brain injury and dementia. Encourage community facilities to create and foster relationships with their local crisis response teams.

5. Provide an MSH representative to work with committee Member Ms. Heather O'Hara to compile useful data for the committee

6. Replicate the portal used by the Developmental Disabilities Program to connect individuals with services, programs, and facilities.

7. Implement automatic Medicaid add-on approval for facilities receiving or diverting patients from Montana State Hospital.

8. Create a grant program or other funding stream for long-term care providers that need additional resources to retrofit their facilities to welcome patients discharged from the MSH. We encourage the grants be made available across the spectrum of community- and home-based services.