



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

**Director**  
AMY CARLSON

DATE: June 8, 2020

TO: Legislative Finance Committee

FROM: Kris Wilkinson, Lead Fiscal Analyst

RE: Potential Supplemental for Office of Public Instruction (OPI)

The Office of Public Instruction anticipates needing up to \$1.6 million in general fund supplemental appropriations for the 2021 biennium due to reimbursements for educational services provided within in-state psychiatric facilities.

Students with severe emotional disturbances requiring residential treatment may be placed in one of three Montana in-state psychiatric facilities:

- Yellowstone Boys and Girls Ranch
- Intermountain
- Shodair

Students receiving treatment through residential services also receive educational services provided by the facility during their stay.

Treatment services are provided through:

- Insurance
- Private payments
- Medicaid

Educational services are funded through state appropriations from the Office of Public Instruction for children who qualify for residential services. Statute exempts OPI from paying for education services for children qualifying for Medicaid. While the Superintendent of Public Instruction is not required to pay for educational services because a child is eligible for Medicaid mental health services, neither is the Superintendent prohibited from paying for the educational services. In the 2021 biennium, \$1,575,602 in general fund, designated biennial and restricted, was provided in HB 2 for in-state treatment services within the budget for OPI. Language in HB 2 allows unspent appropriations for in-state treatment services to be distributed to public school districts to provide for educational costs of children with significant behavioral or physical needs.

In response to the question of how facilities serving students eligible for Medicaid were paid for educational services, the Office of Public Instruction:

- Determined, in consultation with the Department of Public Health and Human Service, that Medicaid did not provide reimbursement for educational services

- Modified the contracts with in-state psychiatric facilities effective July 1, 2019 to provide reimbursement for educational services at \$71.14 per day for six hours of instructional time
- Prorated payments to 50.5% of the amount billed between July 1, 2019 and the end of the 2021 biennium or \$35.57 per day to keep reimbursements within the appropriation. Through the end of May, OPI has made \$656,500 in payments to in-state psychiatric facilities for educational services
- Determined it would request \$1.6 million in general fund supplemental appropriations to make retroactive payments for educational services from July 1, 2019 through the end of FY 2021. The supplemental appropriation would fully reimburse in-state psychiatric facilities for the contracted rate for educational services established in the modified contracts effective July 1, 2019
- Agreed to request increased funding for educational services for in-state psychiatric facilities in the 2023 biennium

As a result of the additional spending for in-state psychiatric facilities, OPI will be unable to distribute funds to public school districts for educational costs of children with significant behavioral or physical needs.