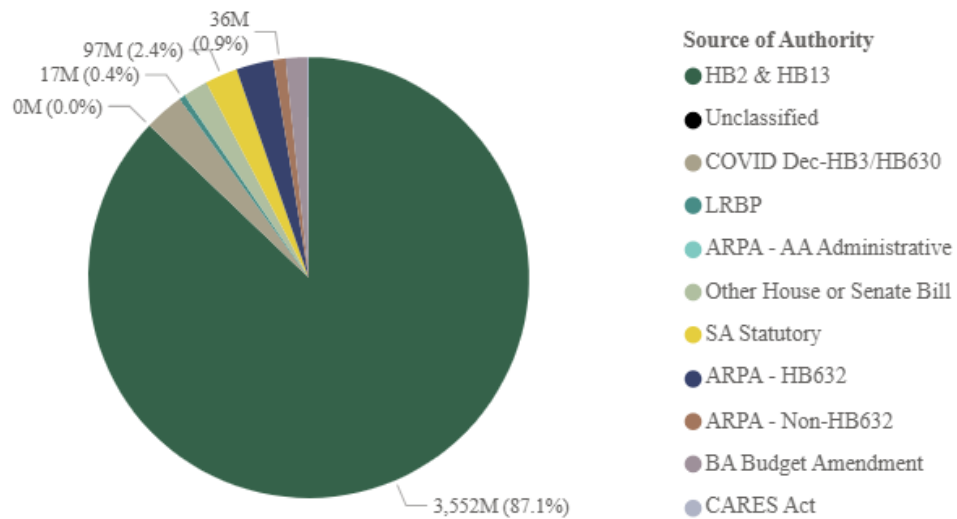


DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Public Health and Human Services (DPHHS) is shown in the pie chart below. HB 2 and HB 13 provide 87.1% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

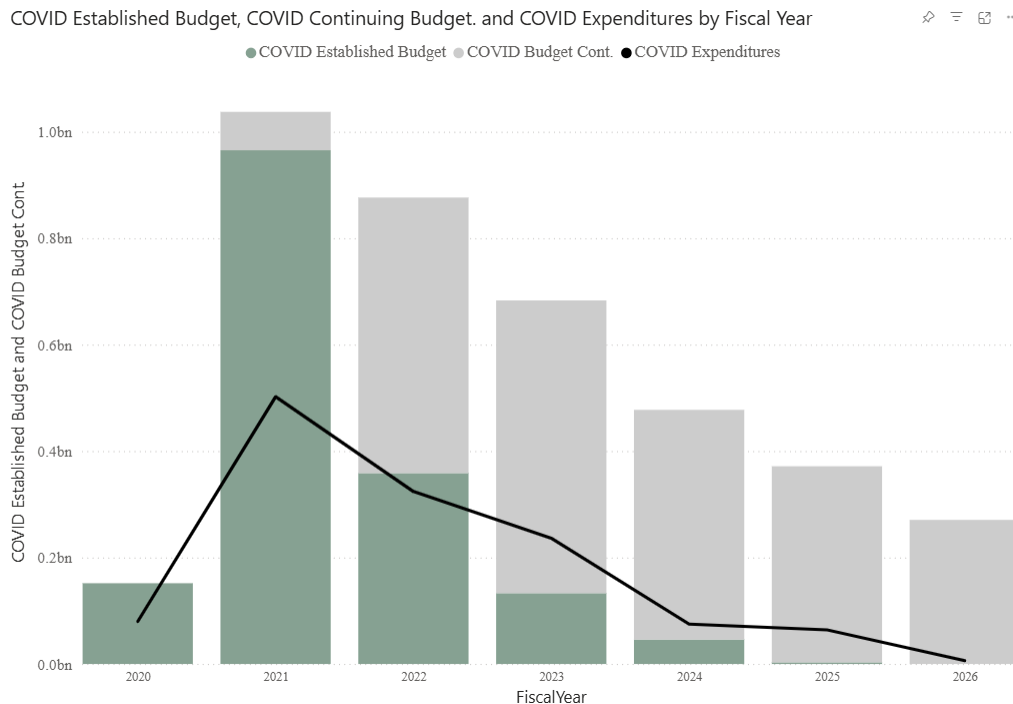
Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended	
⊕ HB2 & HB13	3,551,594,059	1,106,670,784	31.2%	
⊕ ARPA	147,885,722	7,566,573	5.1%	
⊕ CARES II	118,337,536	49,998	0.0%	
⊕ SA Statutory	97,353,736	41,392,409	42.5%	
⊕ Other House or Senate Bill	74,231,029	6,082,855	8.2%	
⊕ BA Budget Amendment	64,052,492	16,165,797	25.2%	
⊕ LRBP	17,355,675	879,210	5.1%	
⊕ CARES	4,766,338	394,702	8.3%	
⊕ Unclassified	162,189			
Total	4,075,738,775	1,179,202,328	28.9%	

COVID-19 Authority

The following chart displays funding that is available to the agency associated with COVID-19 impacts.



The FY 2026 established COVID budget is \$253,806, and the continuing authority from previous fiscal years amounts to \$270.7 million for an overall authority of \$271.0 million. Of the total authority, \$8.0 million, or 3.0%, was expended as of November 30, 2025. This authority is tied to three different pieces of federal legislation: the American Rescue Plan Act of 2021 (ARPA), and the Coronavirus Aid, Relief and Economic Security Acts (CARES) I and II. The most significant expenditures included a combined \$3.9 million in state special revenue and federal special revenue funds for home and community-based services maintenance of effort. The agency expended an additional \$1.2 million of federal special revenue from the Strengthening Public Health Infrastructure fund.

ARPA funds were to be obligated by December 31, 2024, and must be spent by December 31, 2026. According to federal guidance on CARES Act funds, an expenditure shall be considered to be incurred by December 31, 2022, if the obligation of the expenditure was made prior to December 31, 2022.

Statutory Appropriations

Statutory appropriations make up 2.4% of total appropriations, or \$97.4 million in FY 2026. The 100.0% federally funded Indian Health Services (IHS) category of traditional Medicaid is the largest area of statutory spending in DPHHS (53-6-148, MCA), accounting for \$94.6 million, or 97.1%, of the total. The IHS statutory authority is all for benefits and claims, of which \$40.4 million or 42.8% has been expended through November 2025.

Other statutory appropriations, which account for \$2.8 million, include the Alcohol Tax Program dollars and adoption service fees. The largest of these remaining statutory appropriations being \$2.4 million distributed to counties through the Alcohol Tax Program in the Behavioral Health and Developmental Disabilities Division. Of the revenue generated from this tax, 20.0% must be distributed to state-approved private or public alcoholism programs (53-24-108(1)(a), MCA), and 6.5% must be distributed to state-approved private or public alcoholism programs that provide services for treatment and rehabilitation for persons with co-occurring serious mental illness and chemical dependency (53-24-108(1)(b), MCA).

Other Bills

Other house or senate bills make up 1.8%, or \$74.2 million, of DPHHS's total appropriations in FY 2026. Of that total, \$23.3 million comes from long-range information technology program capital project (LRITP) funds, \$28.0 million comes from federal special revenue funds, \$21.6 million comes from state special revenue funds, and \$1.4 million comes from the general fund. There is another \$20.0 million that comes from capital development funds. Significant portions of this authority include:

- HB 10 authority for long-range information technology projects includes:
 - \$14.5 million comprised of \$1.2 million in state LRITP funds and \$13.2 million in matching federal funds for the Montana Program for Automating and Transforming Healthcare (MPATH)
 - \$10.6 million comprised of \$5.3 million in state LRITP funds and \$5.3 million in matching federal funds for the Comprehensive Child Welfare Information System (CCWIS)
 - \$9.1 million comprised of \$1.6 million in state LRITP funds and \$7.5 million in matching federal funds for the Medicaid Management Information System (MMIS)
 - \$2.5 million split evenly between state LRITP funds and federal funds for the Electronic Benefits Transfer (EBT) system
- The \$20.0 million capital development appropriation to the Director's Office is a result of the passage of HB 872 in the 2023 Legislative Session for the behavioral health system for future generations (BHSFG) capital development projects, of which \$6.5 million was transferred from the Director's Office to the Department of Administration, Architecture and Engineering Division, for roof improvements at the Montana State Hospital and further funding to convert the Spratt Unit at the Montana State Hospital to a forensic unit
- HB 924 appropriated \$7.5 million to Early Childhood and Family Support Division (ECFSD) in state special funds, specifically the early childhood account, for FY 2026. The department has spent approximately \$2,100 of these funds in FY 2026. The Early Childhood Account Board administers the account's use and must report to Children, Families, Health and Human Services Committee (CFHHS) by September 1 of each year to attest that the funding is used for approved activities which include:
 - Early care and education provider support and workforce development
 - Quality improvement, affordability, and innovation initiatives
 - Emergency assistance and disaster relief programs for childcare facilities
- HB 863 appropriated \$7.4 million to Behavioral Health and Developmental Disability Division in one-time-only state special revenue funds from the BHSFG account for community-based court-ordered forensic fitness evaluations. This appropriation is biennial. To date, 0.4% of the funding, or approximately \$26,000, has been expended

- HB 643 appropriated \$6.0 million in state special revenue from the BHSFG account to reimburse counties for the costs of holding individuals awaiting evaluation or examination under 46-14-101, 202, 221, or 311, MCA, or who have been committed to the custody of the department and are awaiting placement in appropriate facilities. This appropriation is one-time-only and may be used in either year of the 2027 biennium. To date, the department has expended just over \$452,000 of this authority
- HB 419 appropriated \$1.2 million of biennial funding to the Medicaid & Health Services Management Division. The appropriation is split evenly between general fund and matching federal special revenue funds. Funds are to be used to develop a report on the adequacy of current Medicaid rates compared to those reported by Medicaid service providers at least once every four years with the first being due September 1, 2026. Aspects of the report will include data from several national sources and peer states to support a biennial or supplemental budget request to adjust provider reimbursement rates. None of this authority has been expended to date

Budget Amendments

Overall, \$16.2 million or 25.2% of BA authority has been expended. Most budget amendment authority is federal special revenue authority. These federal budget amendment appropriations are not subject to the same timelines as legislatively appropriated state funding and often can be used over the course of several state fiscal years.

Budget amendment (BA) authority totals \$64.1 million and accounts for 1.6% of the total FY 2026 budget. Nearly \$22.1 million is federal authority that needed to be used by the end of Federal Fiscal Year (FFY) 2025 (September 30) by which time the department had expended \$8.6 million. Of the remaining \$42.0 million in BA authority still available for use, \$7.5 million has been expended to date.

Major sources of BA authority exist in the following divisions:

- Public Health and Safety Division (PHSD) – spending of \$2.2 million from a budget of \$16.4 million. The budget is largely allocated to prescription drug overdose activities, the public health infrastructure grant program, vaccination programs, and epidemiology and laboratory capacity. In addition, the PHSD received \$545,000 in state special revenue by budget amendment in FY 2026 as a result of the JUUL settlement to be used for tobacco use prevention efforts
- Early Childhood and Family Support Division (ECFSD) – spending of \$6.0 million from a budget of \$16.3 million. The budget is largely allocated to maternal/infant home visiting, the preschool development grant Birth through Five, pediatric mental health care access, and the maternal health innovations program, but other smaller federal awards are included as well. Additional federal authority totaling \$1.1 million has been established in FY 2026 for the Newborn Screening program, Montana Oral Health program, and the Erase Maternal Mortality grant. The remaining \$15.1 million is budget amendment authority that is still available for use from previous federal fiscal year awards. About \$1.8 million of this carryover authority had to be used prior to September 1, 2025, or the end of FFY 2025, and of that authority \$1.2 million, or 66.4%, was expended

- Behavioral Health and Developmental Disabilities Division (BHDD) – spending of \$3.8 million from a budget of \$7.9 million. No new authority has been established in FY 2026, and all funds available to the Department are carryover from previous fiscal year awards. Of the total budget amendment authority in this division, about \$5.6 million was available for department use until September 29, 2025, or the end of the federal fiscal year. Though only 41.9% of this authority was expended, it will remain in the budget for the rest of the state fiscal year even though the department no longer has access to those funds. The remaining funds available for use include authority for the administration of the Healing and Ending Addiction through Recovery and Treatment (HEART) demonstration waiver, authority for the certified community behavioral health clinic planning grant, and authority for the Transformation Transfer Initiative aimed at improving capacity of the behavioral health workforce through training opportunities.
- Human and Community Services Division (HCSD) – spending \$1.9 million or 28.4% of its \$6.8 million budget. The Division established a budget of \$5.3 million for Summer EBT benefits to qualified households in FY 2026 and has spent \$1.7 million since July 1, 2025. The Summer EBT program provides food assistance to children who are eligible for free or reduced school lunch during the summer when school lunch is unavailable. HCSD received \$461,000 in funding for Food Distribution Program on Indian Reservations (FDPIR) food storage and has spent \$170,000 in FY 2026 so far. FDPIR provides USDA Foods commodity boxes to income-eligible households that have an enrolled tribal member and live on Indian reservations or designated areas near reservations
- Director’s Office (DO) – spending of \$611,000 from a budget of \$4.9 million for refugee cash and medical assistance, as well as refugee social services. Refugee cash and medical assistance is available to an individual for an eight-month period beginning with an eligible individual’s entry into the United States. All FY 2026 budget amendment authority in the DO is carryover from previous federal fiscal year awards; no new authority has been established. Of the carryover budget authority, \$2.5 million was available for use through September 1, 2025, and is no longer available to the department.
- Senior and Long-Term Care Services Division (SLTC) – negative expenditure of \$241,000 with a total budget in the program of \$2.6 million. This reduction is primarily because of an accounting error in Money Follows the Person (MFP), resulting in a \$469,000 transfer between subclasses and program years to cover Subscription-Based Information Technology Arrangement expenses. This negative expense will be offset throughout the fiscal year.
- Technology Services Division (TSD) – spending of \$852,000 from a budget of \$6.2 million for information technology (IT) consulting and professional services relating to the Health Information Exchange for Medicaid. Of the total authority in this program, \$5.7 million has been established since the start of SFY 2026 and is available for use through the end of FFY 2028
- Child and Family Services Division (CFSD) – spending \$332,000 or 27.7% of the \$1.2 million budget amendment authority, the majority of which funds adoption incentives with varying expiration dates. Caseworker visits, family first prevention services, and the Kinship Navigator Program receive the remaining BA authority
- Health Resources Division (HRD) – spending \$344,000 or 33.8% of the \$1.0 million budget amendment authority in FY 2026 to fund the Perinatal Mental Health and Maternal Mental Health programs

Long-Range Building Program

There is \$17.4 million appropriated to the long-range building program in DPHHS, all of which is federal special revenue funding located in the Human and Community Services Division. Of that funding, \$16.6 million comes from the federal Weatherization Assistance for Low-Income Persons Program. To date, \$590,000 has been expended.

The remaining funds are allocated to the Low-Income Housing and Energy Assistance Program, of which \$289,000 has been expended in state fiscal year (SFY) 2026. The federal deadline for expending these funds extends out to the end of federal fiscal year (FFY) 2026.

Unclassified

The Department of Public Health and Human Services has unclassified appropriation authority of \$162,000 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. The reductions are included in the accounting system as unclassified authority that will not be spent by the agency.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2025, through November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
Public Health & Human Services	3,551,643,098	3,551,594,059	-49,039
01 DISABILITY EMPLOYMENT & TRANSITS	32,756,206	32,756,206	
02 HUMAN AND COMMUNITY SERVICES	302,458,653	302,458,653	0
03 CHILD & FAMILY SERVICES	132,823,727	132,823,727	
04 DIRECTORS OFFICE	16,382,819	16,220,630	-162,189
05 CHILD SUPPORT SERVICES	13,006,474	13,006,474	0
06 BUSINESS & FINANCIAL SERVICES	14,968,067	15,228,667	260,600
07 PUBLIC HEALTH & SAFETY DIV	43,977,868	43,977,868	0
08 OFFICE OF INSPECTOR GENERAL	10,253,171	10,253,171	0
09 TECHNOLOGY SERVICES DIVISION	84,080,762	84,080,762	0
10 BEHAVIORAL HTH & DEV DISABILITY	558,364,405	556,796,971	-1,567,434
11 HEALTH RESOURCES DIVISION	1,688,141,370	1,689,821,954	1,680,584
12 MEDICAID & HEALTH SVCS MNGMT	5,373,416	5,373,416	
16 OPERATIONS SERVICES DIVISION	2,896,336	2,635,736	-260,600
22 SENIOR & LONG TERM CARE SVCS	388,920,841	388,920,841	0
25 EARLY CHILDHOOD & FAM SUPPORT	103,719,282	103,719,282	0
33 HEALTH CARE FACILITIES	153,519,701	153,519,701	0
Total	3,551,643,098	3,551,594,059	-49,039
Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	252,011,545	253,159,298	1,147,753
62000 Operating Expenses	249,135,605	251,093,800	1,958,195
63000 Equipment & Intangible Assets	423,820	331,370	-92,450
66000 Grants	107,545,179	114,898,011	7,352,832
67000 Benefits & Claims	2,930,662,271	2,918,327,788	-12,334,483
68000 Transfers-out	3,602,664	5,297,534	1,694,870
69000 Debt Service	8,262,014	8,486,258	224,244
Total	3,551,643,098	3,551,594,059	-49,039
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	822,071,739	821,962,911	-108,828
02 State/Other Spec Rev	298,276,534	298,333,208	56,674
03 Fed/Other Spec Rev	2,431,294,825	2,431,297,940	3,115
Total	3,551,643,098	3,551,594,059	-49,039

For DPHHS divisions, the Director's Office reduced its budget by \$162,000 because its workers' compensation premium was lower than the previous year (see the "Unclassified" source of authority narrative on page 5 of this report for more detail). The Behavioral Health and Developmental Disabilities Division (BHDD) increased its budget by \$113,000 in FY 2026 by transferring FY 2027 authority to cover costs for employee personnel. This authority was originally established in HB 2 as biennial and can therefore be used in either year of the biennium.

DPHHS also transferred \$1.6 million in appropriations from BHDD to the Health Resources Division (HRD) to implement Medicaid funded home visiting benefits to pregnant mothers or mothers with children in the home under six years of age who have been diagnosed with a substance use disorder (SUD) or a severe disabling mental illness (SDMI). Although the program's funding was originally appropriated through BHDD's budget, the program will be administered through HRD.

DPHHS adjusted funding amongst expenditure type accounts and across subclasses in its 2027 biennium budget to more accurately reflect actual spending patterns in FY 2025 for BHDD programs. The BHDD's modified budget added \$4.5 million to its operating expenses account, added \$6.1 million to its grants account, added nearly \$1.2 million to its transfers-out account, and reduced its benefits and claims account by nearly \$11.8 million as of November 30, 2025. The adjustments affected accounts in BHDD Treatment Bureau, Prevention Bureau, Heart Behavioral Health, Suicide Prevention, Developmental Disabilities Title XX, CMHB Title XX, BHSFG, Heart SUD Vouchers, and BHDD HB2 Grants, but funding levels have remained the same.

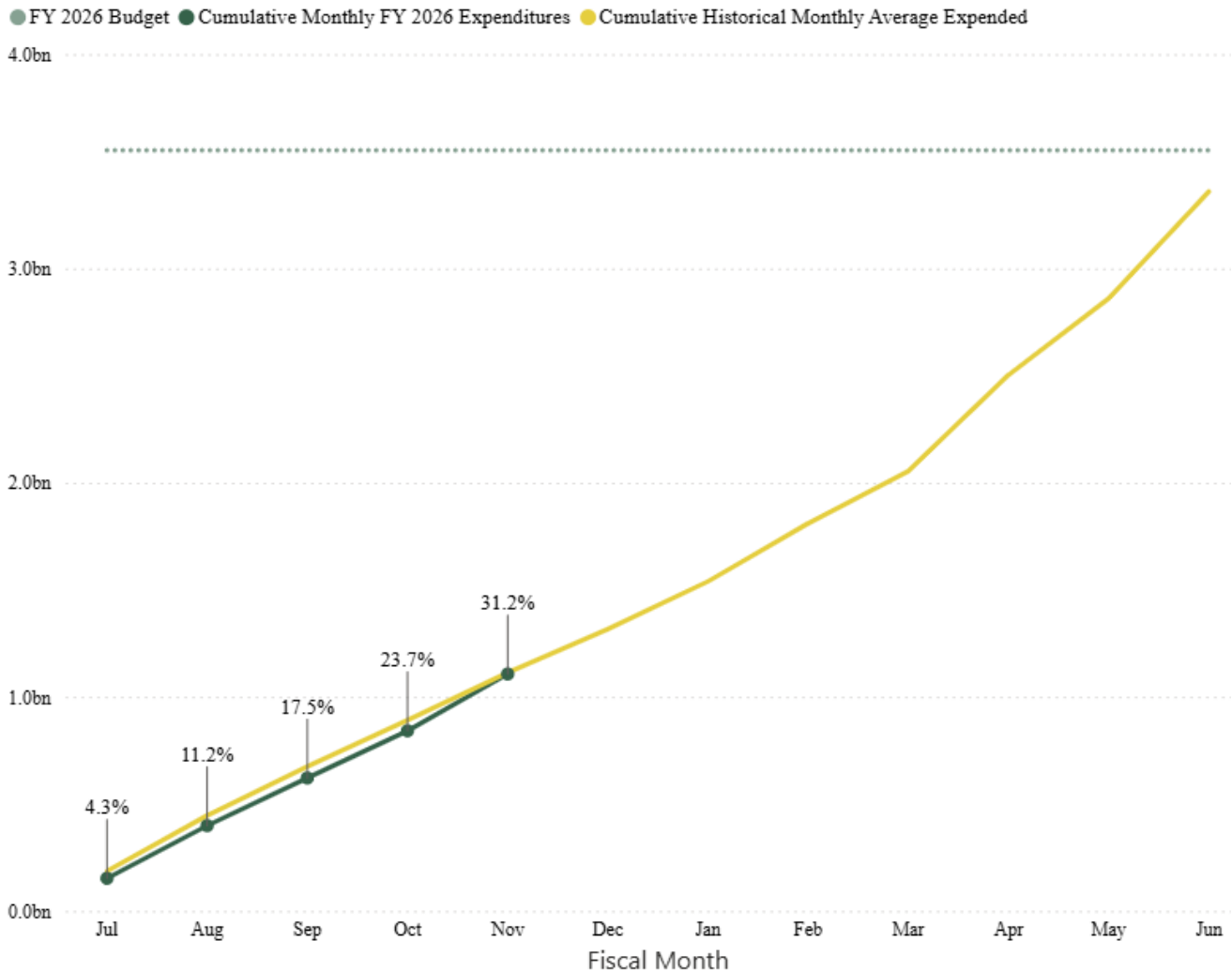
The Public Health and Safety Division (PHSD) modified its budget by nearly \$1.3 million by transferring out \$1.2 million from its Operating Expenses account and \$73,000 from its Benefits and Claims account to its Grant account, in order to correct authority levels for HB 853 appropriations. The legislature passed HB 853 during the 2025 session to revise fees for certain licensed establishments activities.

The Healthcare Facilities Division (HFD) transferred nearly \$937,000 from its operating expenses account to its personal services account to fund 21.00 modified PBs in FY 2026 at the Montana State Hospital Grasslands facility. HFD received restricted funding to continue operation of MSH Grasslands location in the 2027 biennium budget, but DPHHS was required to request PB to use funding for its personal service costs.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2025.

Monthly Expenditures Compared to Historical Average



The department expended 31.2%, or \$1,106.7 million of its \$3,551.6 million HB2 modified budget through November 30, 2025. DPHHS's spending up to this point in the fiscal year is consistent with its historical five-year average of 31.4%.

The tables below show the modified budget compared to the expended budget in dollar amounts and percentages by various categories: program, expenditure type, and fund type.

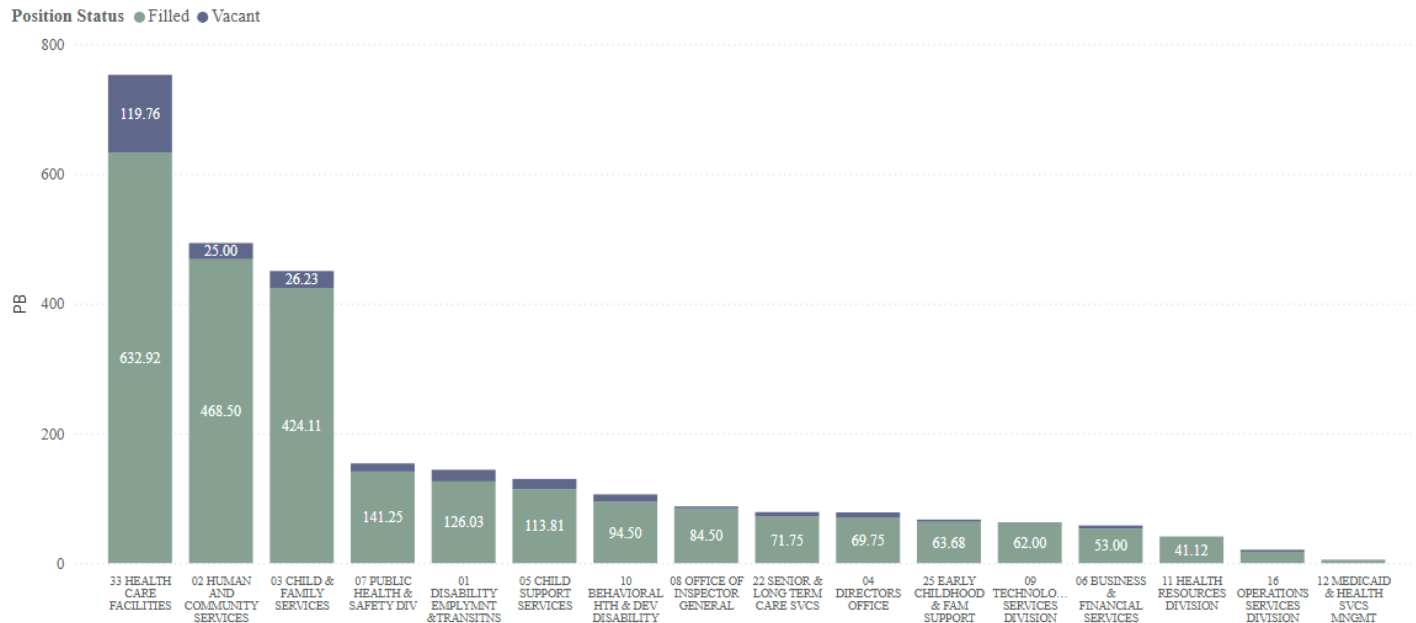
Program Name	Modified Budget	Expended Budget	% Expended
⊞ 01 DISABILITY EMPLOYMENT & TRANSITNS	32,756,206	11,298,713	34.5%
⊞ 02 HUMAN AND COMMUNITY SERVICES	302,458,653	91,189,170	30.1%
⊞ 03 CHILD & FAMILY SERVICES	132,823,727	46,270,887	34.8%
⊞ 04 DIRECTORS OFFICE	16,220,630	5,222,369	32.2%
⊞ 05 CHILD SUPPORT SERVICES	13,006,474	4,631,693	35.6%
⊞ 06 BUSINESS & FINANCIAL SERVICES	15,228,667	8,385,005	55.1%
⊞ 07 PUBLIC HEALTH & SAFETY DIV	43,977,868	10,099,515	23.0%
⊞ 08 OFFICE OF INSPECTOR GENERAL	10,253,171	3,637,374	35.5%
⊞ 09 TECHNOLOGY SERVICES DIVISION	84,080,762	27,500,880	32.7%
⊞ 10 BEHAVIORAL HTH & DEV DISABILITY	556,796,971	177,234,327	31.8%
⊞ 11 HEALTH RESOURCES DIVISION	1,689,821,954	490,738,924	29.0%
⊞ 12 MEDICAID & HEALTH SVCS MNGMT	5,373,416	1,309,384	24.4%
⊞ 16 OPERATIONS SERVICES DIVISION	2,635,736	710,591	27.0%
⊞ 22 SENIOR & LONG TERM CARE SVCS	388,920,841	135,549,917	34.9%
⊞ 25 EARLY CHILDHOOD & FAM SUPPORT	103,719,282	39,604,522	38.2%
⊞ 33 HEALTH CARE FACILITIES	153,519,701	53,287,513	34.7%
Total	3,551,594,059	1,106,670,784	31.2%

Expenditure Type	Modified Budget	Expended Budget	% Expended
⊞ Personal Services	253,159,298	92,575,212	36.6%
⊞ Operating Expenses	251,093,800	75,401,392	30.0%
⊞ Equipment & Intangible Assets	331,370	51,198	15.5%
⊞ Grants	114,898,011	27,178,770	23.7%
⊞ Benefits & Claims	2,918,327,788	905,873,195	31.0%
⊞ Transfers-out	5,297,534	190,499	3.6%
⊞ Debt Service	8,486,258	5,400,518	63.6%
Total	3,551,594,059	1,106,670,784	31.2%

Fund Type	Modified Budget	Expended Budget	% Expended
⊞ 01 General	821,962,911	315,383,018	38.4%
⊞ 02 State/Other Spec Rev	298,333,208	40,150,626	13.5%
⊞ 03 Fed/Other Spec Rev	2,431,297,940	751,137,141	30.9%
Total	3,551,594,059	1,106,670,784	31.2%

Personal Services

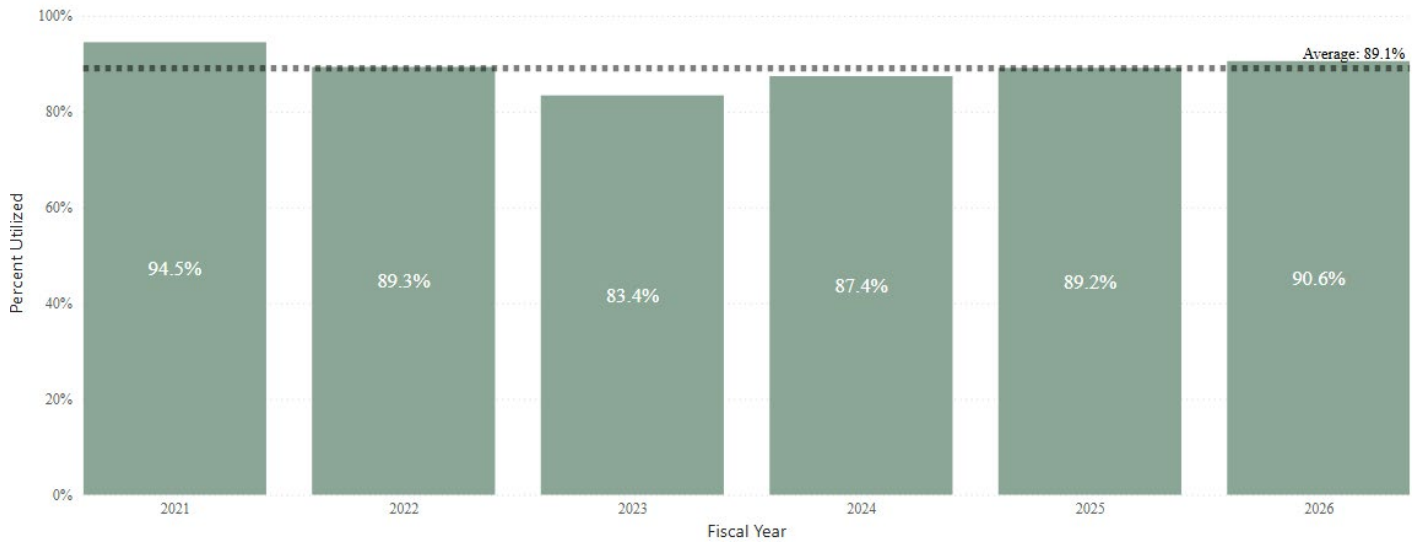
Appropriations for personal services in DPHHS total nearly \$253.2 million and are 36.6% expended as of November 30, 2025. The department has 2,728.45 regular HB 2 non-aggregate positions budgeted (PB), and 90.4% of these positions were filled as of November 1, 2025. The following chart shows the filled and vacant PB by program within the agency.



Since July 1, 2025, there have been voluntary resignations in 178 positions: 141 individuals left state employment, 24 individuals retired, and 13 individuals transferred to a new agency. There is a chart in the appendix of this report showing the vacant PB in each division, the number of months each position has been vacant, and the market midpoint hourly pay rate. Of the 257.59 PB that are vacant, the median vacancy time is 3.34 months.

The 2027 biennium HB 2 budget reduced DPHHS personal services by 79.30 regular PB in both fiscal years of the biennium, including a reduction of 101.30 PB in various programs and the addition of 22.00 PB across the agency. In particular, the budget removed 97.30 PB from the Healthcare Facilities Division, which has historically driven the department's high vacancy rates.

The chart below shows the hourly utilization percentage for DPHHS between July 1, 2025, and November 1, 2025.

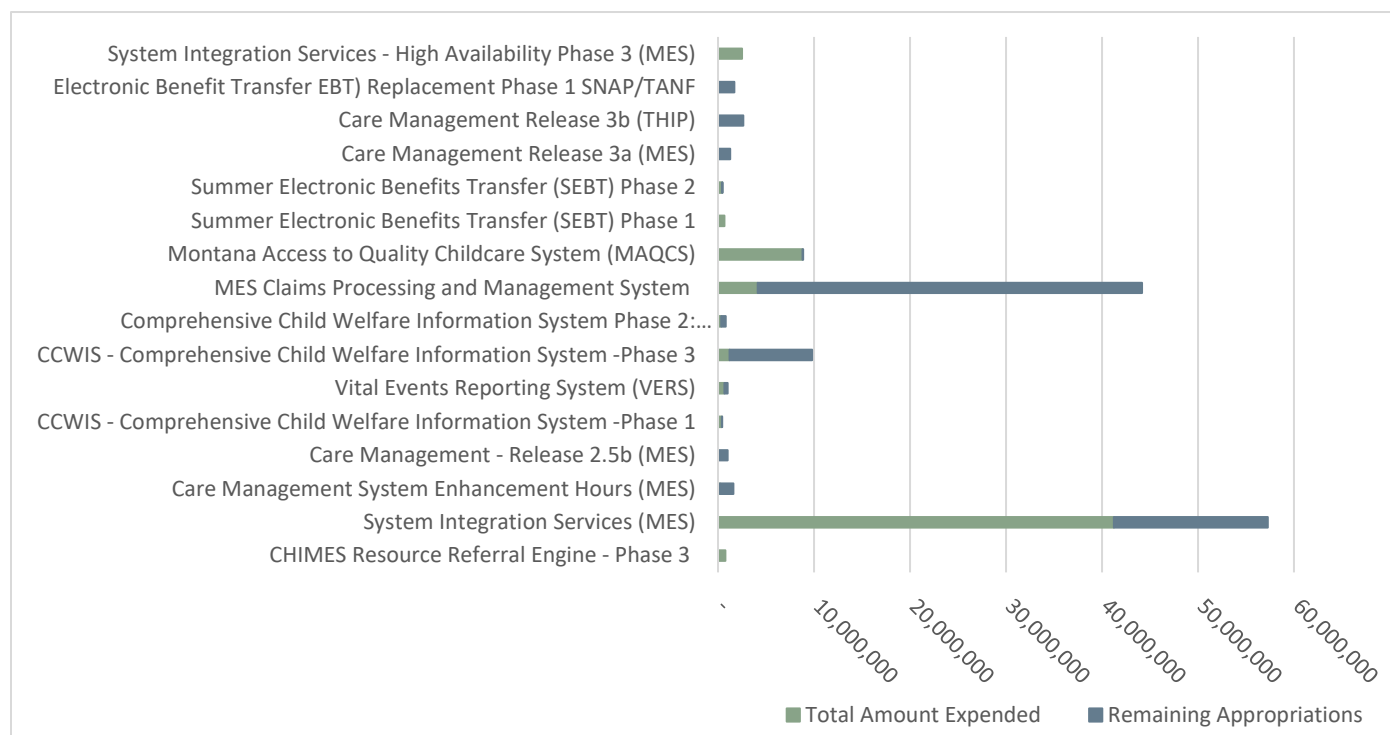


Overall, DPHHS utilized 90.6% of the available hours for FY 2026, which is in line with the agency's five-year utilization average.

OTHER ISSUES

Information Technology Project Expenditures

The following long-range information technology projects have been reported by the State Information Technology Services Division (SITSD). This chart includes all long-range information technology projects that are currently in process but does not include all the modules approved in the 2023 Session for the Medicaid Enterprise System (MES). This is the system that will replace the Medicaid Management Information System (MMIS). The budget for the projects shown in the chart below totals \$135.0 million, of which \$61.4 million, or 47.8%, has been expended.



System Integration Services and System Integration Services High Availability Phase 3 (MES)

The System Integration Services is a module within the Medicaid Enterprise System originally approved by the legislature in HB 10 of the 2009 Legislative Session with additional funds being approved in HB 10 of the 2023 Legislative Session. The portion of the project falling under “High Availability Phase 3” had a budget of \$2.5 million, all of which was expended, and this project is now closing and marked as complete. The general project listing for system integration services was originally budgeted at \$34.6 million but was increased by an additional \$22.6 million in the 2023 Legislative Session for a revised budget that totals \$57.3 million. Of this revised budget, \$41.3 million has been expended, and the project is marked as 50.0% complete.

Electronic Benefit Transfer (EBT) Replacement - Phase 1 (SNAP/TANF)

This project was approved to provide for the system replacement and operational support of Electronic Benefit Transfer Services after the former contractor, Solutran, announced they would no longer be offering these services and products. This funding was approved through HB 10 of the 2023 Legislative Session. The amount budgeted for this project is \$1.7 million, of which none has currently been expended. The delivery date is estimated at July 2026 with the project being marked as 10.0% complete.

Care Management - Release 2.5b (MES), 3a (MES), 3b (THIP), and System Enhancement Hours (MES)

This is a module of the Medicaid Enterprise System originally approved in HB 10 (2023). The total budget for projects listed amounts to \$6.5 million, of which \$195,000 has been expended. The Care Management 2.5b release has a budget of \$966,000 and is marked as 100.0% complete; 3a has budget of \$1.3 million, an expected delivery date of December 2026, and is marked as 0.0% complete; 3b has budget of \$2.6 million, an expected delivery date of December 2026, and is marked as 0.0% complete; and the System Enhancement Hours has a budget of \$1.6 million with \$195,000 expended, an expected delivery date of September 2026, and is marked as 20.0% complete.

Summer Electronic Benefits Transfer (SEBT) - Phase 1 and Phase 2

This project provides funding to enhance the technology infrastructure needed to implement the Summer EBT program. Funding was originally brought in for this project through the budget amendment process in FY 2025 after the agency opted into the Summer EBT program. The original budget for all listed project phases totals \$1.2 million but was reduced by \$35,000 resulting in a revised budget of around \$1.1 million. Of the revised budget, just under \$1.1 million has been expended. Phase 1 is complete; phase 2 has an expected delivery date of November 2025 and is marked 90.0% complete.

Montana Access to Quality Childcare System (MAQCS)

The Montana Access to Quality Childcare System replaces the functionality of the legacy childcare licensing system. Funding for this project came from HB 632 of the 2021 Legislative Session. The total budget for this project is \$8.9 million, of which \$8.8 million has been expended. This project has an estimated delivery date of March of 2026 and is marked as 40.0% complete.

MES Claims Processing and Management System

The MES Claims Processing and Management System funding was approved to replace the 40-year-old legacy mainframe, Medicaid Management Information System (MMIS). The amount budgeted for this project totals \$44.1 million. Of this funding, \$4.1 million has been expended. The delivery date is estimated at March 2027, and the project is marked as 40.0% complete.

CCWIS - Comprehensive Child Welfare Information System - Phase 1, Phase 2, and Phase 3

This project was approved to replace the legacy CCWIS system and bring the system into compliance with the Administration of Children and Families. Part of the funding for this project was approved in 2019 through HB 10 and the rest was approved in HB 10 from the 2023 session. The original budget for Phases 1, 2, and 3 totals \$11.0 million, of which \$1.9 million has been spent. Phase 1 had an expected delivery date of May 2025 and is marked as 100.0% complete; Phase 2 has an expected completion date of March 2028 and is marked as 50.0% complete; and Phase 3 has an expected completion date of June 2026 and is marked as 30.0% complete.

Vital Events Reporting System (VERS)

The funding for the VERS was originally brought in through the budget amendment process in the 2023 biennium. This funding was to purchase a new vital statistics data system that would be interoperable with federal public health agencies as well as other state public health surveillance systems. The budget for this project totals \$1.0 million, of which \$673,000 has been expended. The project has an estimated delivery date of July 2026 and is marked as 40.0% complete.

CHIMES Resource Referral Engine - Phase 3

The Combined Healthcare Information and Montana Eligibility System (CHIMES) is Montana's SNAP, TANF, and Medicaid eligibility and enrollment system. There was \$783,000 budgeted for this third and final phase of the project, all of which has been expended. This project is marked as complete and ready to deploy.

Provider Rates

The 69th Legislature approved 3.0% provider rate increases in each year of the 2027 biennium for both Medicaid and non-Medicaid providers. Over the course of the biennium, this totals \$140.9 million in all funds, including \$47.4 million general fund. The first 3.0% increase went into effect on July 1, 2025.

In addition to the blanket increase, a provider rate adjustment totaling \$4.3 million over the biennium was approved to bring provider rates for Part C of the Individuals with Disabilities Act (IDEA) in line with benchmarks recommended by the [2023 Guidehouse Provider Rate Study](#). An additional \$1.8 million general fund was also approved for providers of Vocational Rehabilitation and Blind Services in the Disability Employment and Transitions Division.

Medicaid

Medicaid Provider Rate Increases Approved in the 2025 Legislative Session							
	FY 2026			FY 2027			Biennium Total
	General Funds	Federal Funds	Total	General Funds	Federal Funds	Total	
Traditional							
Behavioral Health and Developmental Disabilities Division	4,061,548	6,595,885	10,657,433	8,452,957	13,640,502	22,093,459	32,750,892
Health Resources Division	4,101,538	5,794,508	9,896,046	8,459,985	11,846,974	20,306,959	30,203,005
Senior and Long-Term Care Division	<u>3,590,945</u>	<u>6,130,088</u>	<u>9,721,033</u>	<u>7,390,146</u>	<u>12,559,026</u>	<u>19,949,172</u>	<u>29,670,205</u>
	11,754,031	18,520,481	30,274,512	24,303,088	38,046,502	62,349,590	92,624,102
Expansion							
Behavioral Health and Developmental Disabilities Division	190,317	1,712,857	1,903,174	385,948	3,473,535	3,859,483	5,762,657
Health Resources Division	580,222	5,712,858	6,293,080	1,181,077	11,670,689	12,851,766	19,144,846
Senior and Long-Term Care Division	<u>37,699</u>	<u>79,340</u>	<u>117,039</u>	<u>388,758</u>	<u>821,232</u>	<u>1,209,990</u>	<u>1,327,029</u>
	808,238	7,505,055	8,313,293	1,955,783	15,965,456	17,921,239	26,234,532
Grand Total	12,562,269	26,025,536	38,587,805	26,258,871	54,011,958	80,270,829	118,858,634

Non-Medicaid

Non-Medicaid Provider Rate Increases Approved in the 2025 Legislative Session									
	FY 2026				FY 2027				Biennium Total
	General Funds	State Special Funds	Federal Funds	Total	General Funds	State Special Funds	Federal Funds	Total	
Disability Employment and Transitions Division	693,669		166,748	860,417	1,311,825		182,474	1,494,299	2,354,716
Child and Family Services Division	1,578,410		911,455	2,489,865	3,168,854		1,829,840	4,998,694	7,488,559
Behavioral Health and Developmental Disabilities Division	44,598		84,793	129,391	92,572		185,774	278,346	407,737
Health Resources Division	264,138	440,869	2,777,370	3,482,377	563,838	941,093	5,928,663	7,433,594	10,915,971
Senior and Long-Term Care Division	435,357			435,357	870,714			870,714	1,306,071
Early Childhood and Family Support Division	1,829,878		627,881	2,457,759	2,506,750		707,842	3,214,592	5,672,351
Grand Total	4,846,050	440,869	4,568,247	9,855,166	8,514,553	941,093	8,834,593	18,290,239	28,145,405

Behavioral Health Systems for Future Generations (BHSFG) State Special Revenue Fund

The legislature approved \$109.4 million in all funds over the course of the biennium for initiatives falling under the purview of the fund and established purposes outlined in MCA 50-1-119.

From the final [Behavioral Health Systems for Future Generations Commission Report published in 2024](#), 10 of 22 initiatives were funded fully or funded in part. Additional legislative priorities that were not originally included in the Commission report, but were also funded, include increasing capacity both within and outside of state facilities. The table below includes budgeted authority and actual expenditures by project through November 30, 2025, for all projects in which the funding source is the fund established in MCA 50-1-119.

FY 2026 Budget and Expenditures: Behavioral Health Systems for Future Generations State Special Revenue				
<u>Funded Project</u>		<u>Fund Type</u>	<u>FY 2026 Budgeted</u>	<u>FY 2026 Actuals</u>
Refine and Reconfigure the Current 0208 Comprehensive Waiver Services Rates	(RST/BIEN)	State Special	\$ 218,753	\$ 4,512
		Federal	218,750	4,513
Redesign Rates for In-State Youth Residential Services	(RST/BIEN/OTO)	State Special	75,000	-
		Federal	75,000	-
Redefine and Reopen Evaluation and Diagnostic Clinics	(RST)	State Special	50,000	-
Expand the Service Delivery System for Individuals with Complex Needs	(RST/BIEN)	State Special	1,395,000	9,025
Enhance the Targeted Case Management Program	(RST/BIEN)	State Special	355,273	-
		Federal	125,000	-
Implement a Care Transitions Program	(RST/BIEN)	State Special	41,650	24,606
School-Based Behavioral Health Initiatives	(RST/BIEN)	State Special	1,764,145	81,639
Incentivize Providers to Join the Behavioral Health and Developmental Disabilities Workforce	(RST/BIEN/OTO)	State Special	7,715,000	-
988 Marketing Campaign	(RST/BIEN/OTO)	State Special	500,000	10,254
Certified Community Behavioral Health Clinics	(RST/BIEN/OTO)		-	-
Psychiatric Residential Treatment Facility Bed Capacity	(RST/OTO)	State Special	1,237,000	-
Mental Health Community Crisis Beds	(RST/BIEN/OTO)	State Special	1,250,000	-
MSH Additional Bed Capacity	(OTO)	State Special	10,516,567	-
MSH Grasslands - Sub-acute Step-Down Facility Operations	(RST/BIEN/OTO)	State Special	6,229,092	1,254,141
HB 863 - Community-based Court-Ordered Evaluations	(BIEN/OTO)	State Special	7,350,000	26,775
HB 643 - County Hold Reimbursement	(BIEN/OTO)	State Special	6,000,000	452,342
Administrative Costs		State Special	200,000	15,243
Total			\$45,316,230	\$1,883,050

Fund Balance Update

The fund balance for the BHSFG state special revenue fund (MCA 50-1-119) was \$173.5 million as of November 30, 2025. The fund has no revenue source. Disbursements by fiscal year are aggregated in the table below.

BHSFG State Special Revenue (02181) Ending Fund Balance by Fiscal Year				
	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Fund Balance	\$ 70,000,000	\$ 222,564,945	\$ 175,363,907	
Revenue	70,000,000	155,000,000		
Disbursements		-2,435,055	-47,201,037	-1,883,050
Total	\$ 70,000,000	\$ 222,564,945	\$ 175,363,907	\$ 173,480,858

Capital Development Funds

In the 2023 Legislative Session, \$75.0 million was transferred from the capital developments long-range building program account established in 17-7-209 MCA for the purposes of improving the capacity of the state-wide behavioral health system.

Of this, HB 872 (2023) set aside \$20.0 million for the “acquisition of new or remodeling of existing infrastructure or property to support the establishment of behavioral health settings and intermediate care facilities for individuals with intellectual disabilities.” Of this funding, \$13.5 million is still available to DPHHS for the specified use in FY 2026 and FY 2027. In October, \$6.5 million was transferred from the Director’s Office to the Department of Administration, Architecture and Engineering Division, for roof improvements at the Montana State Hospital and further funding to convert the Spratt unit at the Montana State Hospital to a forensic unit.

HB 5 of the 2025 Legislative Session carved out \$26.5 million to be transferred to the Board of Investments no later than June 30, 2026, for the purposes of building a behavioral health facility. As specified in the bill, prior to any transfer of these funds from the state treasurer, the budget director shall adopt a plan developed by the Board of Investments and DPHHS on the facility type and location. Prior to implementing a plan, these entities are responsible for reporting to the Health and Human Services Interim Budget Committee on the progress of choosing the facility type and location and, after a plan is adopted, they are to provide a project status report at each subsequent meeting. To date, no plan has been adopted.

The remaining \$28.5 million is subject to [37.2.1201 ARM](#) which went into effect September 21, 2024. According to these rules, capital projects will use the same process for identification and approval as BHSFG initiatives, and project plans need approval of the Governor and the BHSFG Commission established in HB 872 (2023).

Operations and Maintenance

There are two separate appropriations for continued operations and maintenance. HB 872 (2023) appropriated \$1.6 million from the BHSFG state special revenue fund for future operation and maintenance costs of capital development projects. This appropriation has become a part of the base. If it is not needed or used in this biennium, that amount reverts to the BHSFG state special revenue fund.

HB 5 from the 2025 Legislative Session appropriated \$10.0 million from the general fund to DPHHS in FY 2027 for program expansion or operations and maintenance for the new behavioral health facility. This funding is designated to become part of the base. If it is not needed or used in this biennium, that amount reverts to the general fund.

Healthcare Facilities Division (HFD)

Capacity Appropriations

The legislature approved \$74.4 million in funding related to increasing state facility bed capacity and decreasing pressure on current capacity. Those appropriations are listed in the table below along with their estimated bed capacity impact.

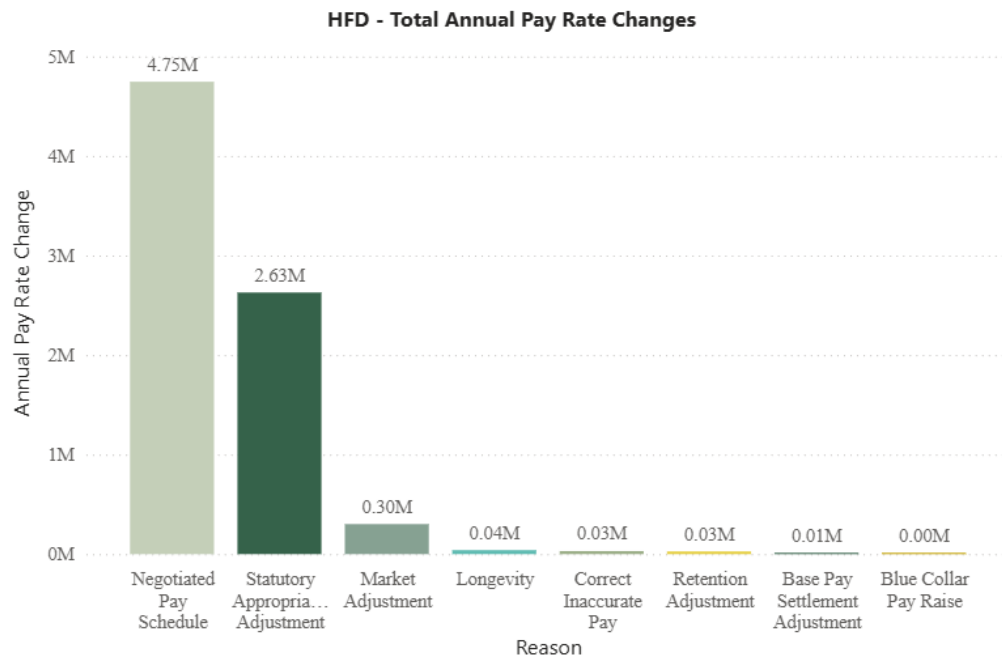
Select FY 2026 Appropriations Related to State Facility Capacity					
Facility	Purpose		Fund	Budgeted	Bed Impact
MSH	HB 2 - Additional Bed Capacity	(OTO)	BHSFG State Special	\$ 10,516,567	26 beds
MMHNC	HB 2 - D-Wing Repurposing and Licensure	(RST/BIEN/OTO)	General Fund	3,157,864	24 beds
MSH Grasslands	HB 2 - Sub-acute Step-Down Facility Operations	(RST/BIEN/OTO)	BHSFG State Special	6,229,092	20 beds
MSH	HB 5 - Spratt Unit Remodel to Forensic MH Facility		Capital Development	14,660,000	Reduction of 60 civil; 15-30 additional forensic
New	HB 5 - New Behavioral Health Facility		BHSFG Capital Development	26,500,000	TBD
MSH	HB 863 - Court-Ordered Forensic Evaluations	(BIEN/OTO)	BHSFG State Special	7,350,000	Decreased pressure on the Montana State Hospital
MSH	HB 643 - County Hold Reimbursement	(BIEN/OTO)	BHSFG State Special	6,000,000	
Total				\$ 74,413,523	

Personal Service Authority

In the 2025 Legislative Session, multiple decision packages were approved for additional personal services authority within the Healthcare Facilities Division (HFD). The larger budgetary changes are summarized in the table below along with unrestricted personal services funding in the Montana State Hospital, and any additional personal services funding in the Healthcare Facilities Division. Actuals represent personal services spending as of November 30, 2025.

FY 2026 Select Personal Services Expenditures: State-Owned Facilities				
	Budgeted	Actuals		
MSH Personal Services Authority (RST)	\$ 5,000,000	\$ -		0.0%
Facility Wage Standardization (RST)	721,044	-		0.0%
Facility Wage Increases (RST)	1,043,451	-		0.0%
Montana State Hospital Personal Services	41,285,486	12,884,288		31.2%
Additional Facilities Personal Services	30,332,684	10,697,556		35.3%
Total Facilities Personal Services	\$ 78,382,665	\$ 23,581,843		30.1%

The chart below shows annual pay rate changes which have been made in HFD in FY 2026 through November 1, 2025. The negotiated pay rate changes are a result of decision packages passed by the legislature to standardize and increase wages in state owned facilities. The \$2.6 million increase resulting from statutory adjustments captures increases approved in HB 13 for FY 2026.



In addition to the increased authority, 98.30 PB were removed from HFD; 1.00 PB was moved into Medicaid and Health Services Management for an additional complex care coordinator and 97.30 positions were eliminated completely.

Federal Action and State Impacts

Several changes were enacted through the passage of H.R.1 that affect significant portions of Montana's state budget including impacts to the state's Medicaid program, the Supplemental Nutrition Assistance Program (SNAP), and the Rural Health Transformation Program (RHTP). Although the majority of the state fiscal impact will be realized in future fiscal years, preparation for these measures will be ongoing and budgetary considerations will arise in the 2027 Legislative Session. The Legislative Fiscal Division will continue to monitor and report on relevant federal action throughout the interim. The table below includes a high-level summary of these impacts, with further detail included below.

H.R. 1 Federal Funding Impact by State Fiscal Year to Montana		
	SFY 2026	SFY 2027
Medicaid	Little or no impact	Lower state and federal fund expenditures tied to lower enrollment (work requirements and other eligibility impacts start January 2027). A rough estimate for SFY 2027 is a reduction of \$151.0 million in federal funds due to lower enrollment
SNAP	Tighter work requirements could reduce enrollment and state and federal fund spend, impact expected to be modest	Increased state match for administration: anticipated to be in the range of \$6-8.4 million (more state funds required, less federal funds)
RHTP*	Addition of \$100.0 million federal funds	Addition of \$100.0 million federal funds
*Assumes successful application. Could be significantly higher than \$100.0 million per year.		

Medicaid

Although little to no monetary impact is expected in FY 2026 due to implementation timelines, several significant changes were made to Medicaid through H.R. 1.

- Work requirements for certain Medicaid expansion adults begin January 1, 2027. Montana's Medicaid expansion program already includes similar work requirements, although a modification to the program permitting these requirements have never been approved for Montana by the federal Centers for Medicare and Medicaid Services (CMS). DPHHS submitted a [waiver application](#) to implement these provisions in September 2025, and approval and finalization of such a change is expected to take 6-12 months
- Requiring eligibility redeterminations for Medicaid expansion adults at minimum every 6 months beginning January 1, 2027 (current practice is every 12 months)

- Banning new or increased provider taxes, effective on enactment. Montana currently has provider taxes that draw federal Medicaid match on nursing homes, inpatient hospital services, and outpatient hospital services. HB 56 (2025 session), which was signed by the Governor on May 5, 2025, adds a new provider tax/fee on ambulance services. It is unclear if H.R. 1 would permit the fee in HB 56 to draw a Medicaid match. The fiscal note for HB 56 projected this fee would draw down \$33.5 million federal Medicaid funds in FY 2026 using \$6.3 million state special revenue funds
 - Provider tax thresholds are capped at 5.5% beginning October 1, 2027, and phased down to 3.5% in 2032 and beyond. This provision does not apply to nursing homes. Montana's Hospital Utilization Fee (HUF) provider taxes are in the range of 2.1%, so would not be impacted by this provision in 2032. The ambulance fee passed in HB 56 is 5.75%
- Requires states to impose cost sharing for certain services on expansion adults with over 100% FPL beginning October 1, 2028. Cost sharing may not exceed \$35 per service or 5% of the individual's income
 - Currently, federal law prohibits the use of premiums after October 1st, 2028, and specifies copayments as the mandated method for cost-sharing (Sec. 71120, H.R. 1, 2025). MCA currently mandates the use of premiums (MCA 53-6-1307) and prohibits the implementation of copayments (MCA 53-6-1306). This misalignment between state and federal statute will need to be addressed in the 2027 Legislative Session
- Changes the retroactive eligibility date for Medicaid from 90 days prior to enrollment to 30 days prior to enrollment beginning January 1, 2027

These changes will likely have the net effect of lowering the state's Medicaid member-months (number of people on the program in a given month) due to tightened eligibility requirements and the cost sharing requirement, particularly for the Medicaid expansion population. The total program cost is expected to decrease, but the per member per month cost of the remaining expansion population will increase due to disenrollment of lower cost individuals.¹

Department analysis of the community engagement requirements included in the 1115 Demonstration Waiver Application show that roughly 65.0% of the expansion population is currently exempt or already compliant with the proposed community engagement requirements. They estimate that of the remaining 35.0%, roughly half will disenroll because of the community engagement requirements with that disenrollment being equally distributed across CY 2026 and CY 2027.²

The waiver also specifies an estimated total decrease of about 1.5% to 2.5% of enrollees due to the implementation of premiums. This decrease is assumed to be spread through CY 2029.³

¹ Montana Department of Public Health & Human Services. "Health and Economic Livelihood Partnership (HELP) Section 1115 Demonstration Waiver Application." 2 September 2025, pp. 27.

<https://dphhs.mt.gov/assets/1115waiver/1115DemonstrationWaiverApplication09022025.pdf>

² *Ibid.*, pp. 26.

³ *Ibid.*, pp. 26.

Given both these provisions DPHHS has estimated an enrollment decrease of roughly 7,600 individuals in CY 2026 and an estimated decrease of roughly 7,400 individuals in CY 2027.⁴

These policy shifts could also lower the matching federal funds associated with Montana’s hospital utilization fees (inpatient and outpatient) as the ratio of persons served by hospitals shifts away from the 9:1 match associated with Medicaid expansion services and toward the 1.8:1 match generated by traditional Medicaid services. H.R. 1 also prevents the state from raising the current provider taxes (hospital and nursing home utilization fees) or establishing new taxes/fees with a similar structure at some future date (see bullet points above).

Supplemental Nutrition Assistance Program (SNAP)

Of the three major changes outlined in this document from H.R.1, the enacted changes to SNAP have the largest impact to state fiscal obligation.

Changes to work requirements were made effective on enactment. The age range defined for Able Bodied Adults Without Dependents (ABAWD) changed from 54 to 64, increasing the number of years this population must meet SNAP work requirements. Dependent children, previously defined as under 14 years of age, changed to under 18 years of age. H.R.1 also exempts individuals who are eligible for Indian Health Services.

Starting on October 1, 2026, states will be obligated to pay 75.0% of SNAP administrative costs, up from the historical rate of 50.0%, while the federal government will pay the remaining 25.0%. This provision would cost \$8.4 million additional state funds per year for Montana based on FFY 2024 expenditure levels.

Starting on October 1, 2027, states are subject to benefit cost-sharing based upon the state’s SNAP Payment Error Rates. The cost-sharing rate is applied to the total SNAP benefits paid, which was \$169.4 million in Montana during FY 2024. The last column of the table below estimates potential state share using the FY 2024 benefit allotment.

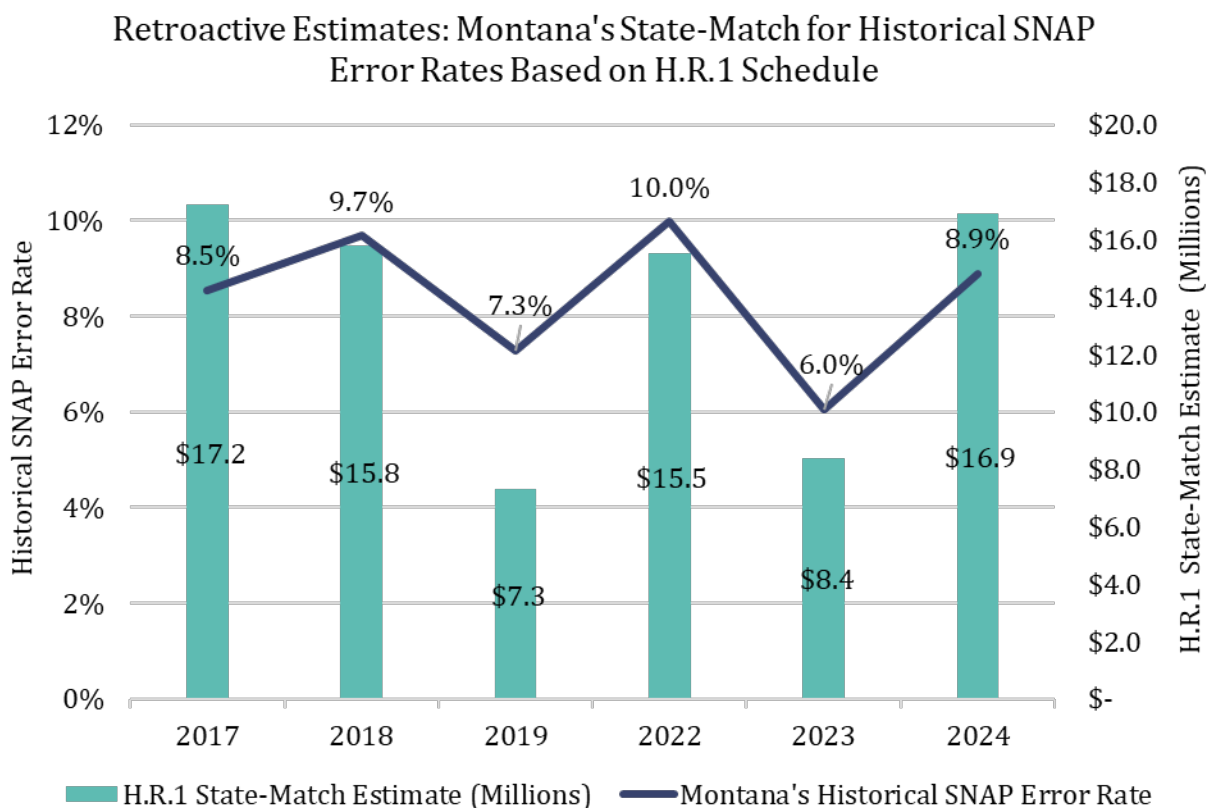
H.R.1’s State Cost-Share Schedule		
SNAP Payment Error Rate	State Cost-Share Obligation	FY 2024 State Share by Payment Error Rate Level
0.0% to 5.9%	0.0%	-
6.0% to 7.9%	5.0%	\$8.5 million
8.0% to 9.9%	10.0%	\$16.9 million
10.0% or more	15.0%	\$25.4 million

⁴ *Ibid.*, p. 25.

In the first year of the cost-share (FFY 2028), states can elect to use the state payment error rate from either FFY 2025 or FFY 2026. For FFY 2029 and after, the payment error rate used will be from three years earlier. For example, FFY 2029 will use the payment error rate from FFY 2026 to determine the benefit cost-share.

Montana's Historical SNAP Payment Error Rates

Since 2017, Montana's SNAP payment error rate has fluctuated between 6.0% in 2023 and 10.0% in 2022. The graph below provides Montana's historical error rates and a mockup of state-match obligation given the state cost share obligation schedule for those fiscal years. Though this chart does not follow the provisions of HR 1 exactly due to payment error rate data limitations, because SNAP benefit spending is relatively consistent year-over-year, the chart paints a picture of how state obligation can drastically fluctuate under the new provisions with obligations ranging from \$7.3 million in 2019 to \$17.2 million in 2017.



Montana has maintained a SNAP error rate below the national average since 2022. In FY 2024 nationwide, Alaska had the highest error rate at 24.7%, and South Dakota had the lowest at 3.3%. Among Montana’s peer states, South Dakota, Idaho, and Wyoming have maintained error rates below the 6.0% threshold since 2022. Like Montana, other peer states have fluctuations in their error rates year-over-year.

Peer States’ SNAP Error Rates			
	2024	2023	2022
Montana	8.9	6.0	10.0
National Average	10.9	11.7	11.5
Colorado	10.0	8.6	7.3
Idaho	3.6	3.4	3.4
North Dakota	7.9	9.5	9.5
South Dakota	3.3	3.3	3.1
Utah	5.7	5.1	6.6
Wyoming	5.1	5.2	4.3

Rural Health Transformation Program (RHTP)

On November 5th, 2025, DPHHS submitted an application for the RHTP established in HR 1. Upon an accepted application, this program makes available \$100 million per year for five years (FFY 2026-2030), plus additional amounts awarded on a competitive basis considering application merit and the rural nature of the state. Assuming a successful application, Montana could receive more than \$500.0 million over this five-year period.

Award determinations will be made by December 31, 2025, and funds will be distributed at the beginning of CY 2026. The [Rural Health Transformation Program Application](#) can be found on the DPHHS website.

If this application is accepted, funds for this biennium will be brought into the department’s budget through the budget amendment process. Funding for future biennia would likely appear as budget amendment authority in HB 4.

Additional areas of legislative consideration will include possible policy changes to align statute with the proposed initiatives laid out in the application, including:

- EMS licensure compacts
- “Treat-in-place” CPT codes being brought under the Medicaid eligible services

Supplemental Risks

DPHHS projects a budget shortfall of \$29.1 million general fund at the end of the fiscal year, including:

- \$12.6 million in the Healthcare Facilities Division primarily due to shortfalls in operating expenses
- \$6.9 million in the Health Resources Division due to projected shortfalls in Medicaid benefits
- \$6.9 million in the Senior and Long-Term Care Division due to projected shortfalls in Medicaid benefits

MEDICAID MONITORING

The state Medicaid program involves appropriations and expenditures by three different DPHHS divisions: Health Resources Division (HRD), Senior and Long-Term Care Division (SLTC), and the Behavioral Health and Developmental Disabilities Division (BHDD). This report covers Medicaid benefits only; the administrative costs of the state Medicaid program are not included in this report. Medicaid expansion is discussed in the second half of this report.

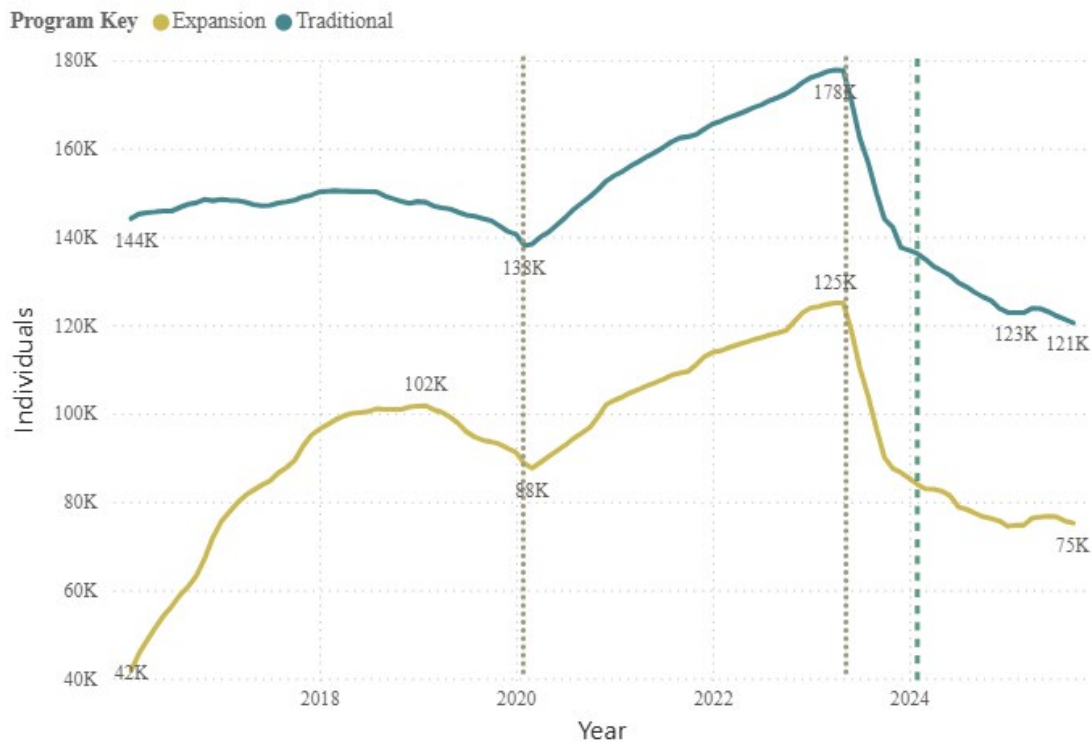
Summary

In the most recent Budget Status Report with data through October 31, 2025, DPHHS reports a projected deficit in the Medicaid budget of \$143.5 million across all fund types. The projected deficit includes \$18.1 million in general funds, \$3.1 million in state special revenue, and \$122.3 million in federal special revenue. Traditional Medicaid is the primary contributor to the deficits in general fund and state special revenue, while traditional Medicaid and Medicaid expansion contribute equally to the federal special revenue. For Medicaid expansion, major service categories with the greatest projected funding deficits are pharmacy services at \$24.8 million, hospital services at \$12.2 million, hospital utilization fees at \$11.8 million, and inpatient services at \$11.1 million. For traditional Medicaid, major service categories with the greatest projected funding deficits are Indian and Tribal Health Services at \$33.1 million, nursing facility services at \$19.1 million, outpatient services at \$7.3 million, and physician and professional services at \$6.4 million. Indian and Tribal Health Services in traditional Medicaid are statutorily funded so this projected deficit can be corrected without legislative action through a statutory appropriation.

Enrollment Update

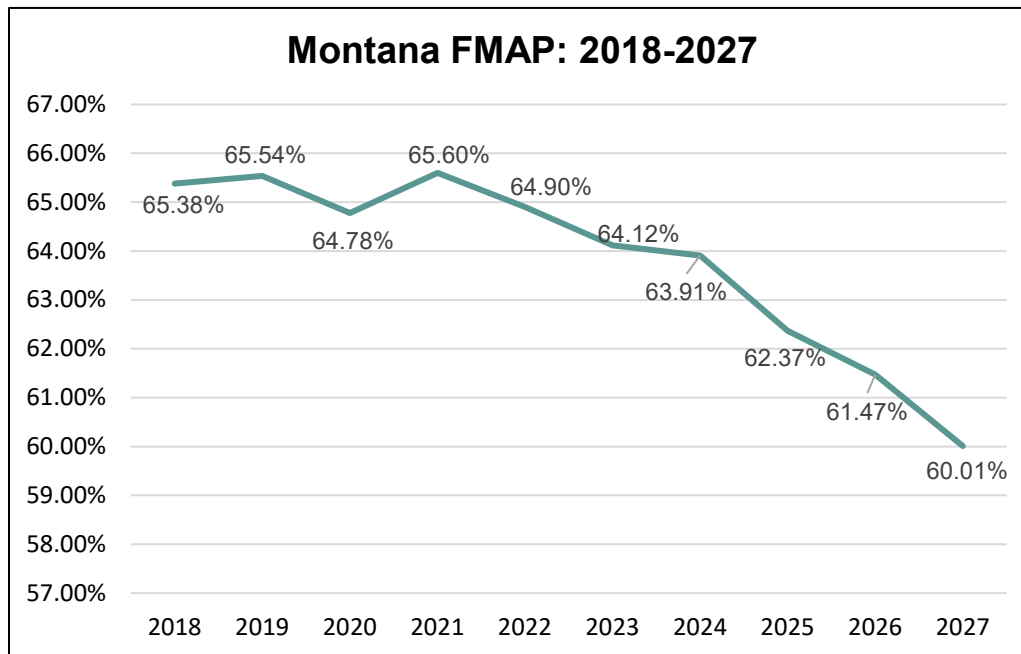
As of September 2025, enrollment in Medicaid expansion totaled 75,175 individuals, and traditional Medicaid totaled 120,519 individuals. Enrollment numbers are available as of December 2025, which reflects data as of September 2025 due to the 90-day lookback period that allows for application processing and retroactive eligibility. The three vertical dashed lines in the chart below represent, in chronological order: the beginning of the public health emergency (PHE) and mandated pausing of eligibility redetermination in March 2020; the end of the PHE and corresponding beginning of redetermination in April 2023; and the end of the department's redetermination process in January 2024.

Enrollment by Program



FMAP

The 2025 Montana Legislature approved the 2027 biennial budget based on a traditional Medicaid FMAP of 61.47% in both years of the 2027 Biennium. This rate corresponds to the actual rate for FFY 2026. Federal Funds Information for States (FFIS) recently released the final FMAP projections for FFY 2027, resulting in a 60.01% rate for Montana for next fiscal year. As shown in the graph below, the projected 2027 FMAP is in line with Montana's recent FMAP trajectory. (Note: the FMAPs for FFY 2020-2023 exclude the 6.2 percentage-point enhancement given to the states by the federal government during the COVID-19 public health emergency.)



As Montana's per capita income increases relative to the per capita income of the United States, the level of federal funding decreases. A decrease in the FMAP rate increases the state funds required for Medicaid match. Thus, the decrease from a 61.47% FMAP in FY 2026 to a 60.01% FMAP in FY 2027 will require approximately \$24.2 million in additional state funds to maintain Medicaid reimbursement levels as budgeted.

TRADITIONAL MEDICAID

Financial Update

The table below illustrates the total traditional Medicaid benefits and claims appropriation for FY 2026. DPHHS has made just one significant executive change this fiscal year. The department moved \$1.7 million in HEART Fund authority from BHDD to HRD, comprised of approximately \$1.0 million federal special revenue and \$645,000 of state special revenue to establish a substance use disorder home visiting program.

Traditional Medicaid Benefits & Claims Appropriations Compared to Expenditures

Division and Fund Type	FY 2026 Legislative Appropriation*	Executive Changes in Appropriation**	FY 2026 Modified Appropriation	FY 2026 Projected Expenditures***	Projected Surplus/Deficit	Surplus/Deficit as a % of Modified Budget
<u>10 Behavioral Health and Developmental Disabilities Division</u>						
General Fund	\$ 127,623,938	\$ -	\$ 127,623,938	\$ 129,331,860	\$ (1,707,922)	-1.3%
State Special Revenue	26,653,141	(691,831)	25,961,310	25,876,008	85,302	0.3%
Federal Funds	251,374,428	(1,082,063)	250,292,365	251,136,926	(844,561)	-0.3%
Subtotal	405,651,507	(1,773,894)	403,877,613	406,344,794	(2,467,181)	-0.6%
<u>11 Health Resources Division</u>						
General Fund	229,351,377	-	229,351,377	234,694,410	(5,343,033)	-2.3%
State Special Revenue	63,651,605	645,176	64,296,781	66,121,126	(1,824,345)	-2.8%
Federal Funds	505,261,171	1,035,408	506,296,579	557,255,588	(50,959,009)	-10.1%
Subtotal	798,264,153	1,680,584	799,944,737	858,071,124	(58,126,387)	-7.3%
<u>22 Senior and Long Term Care</u>						
General Fund	99,069,390	-	99,069,390	105,182,015	(6,112,625)	-6.2%
State Special Revenue	26,892,594	-	26,892,594	27,558,231	(665,637)	-2.5%
Federal Funds	215,301,943	-	215,301,943	226,404,531	(11,102,588)	-5.2%
Subtotal	341,263,927	-	341,263,927	359,144,777	(17,880,850)	-5.2%
<u>Grand Total All Medicaid Services</u>						
General Fund	456,044,705	-	456,044,705	469,208,285	(13,163,580)	-2.9%
State Special Revenue	117,197,340	(46,655)	117,150,685	119,555,365	(2,404,680)	-2.1%
Federal Funds	971,937,542	(46,655)	971,890,887	1,034,797,045	(62,906,158)	-6.5%
Grand Total All Funds	\$ 1,545,179,587	\$ (93,310)	\$ 1,545,086,277	\$ 1,623,560,695	\$ (78,474,418)	-5.1%

* As originally established in SABHRS, based on legislative appropriations.

** Changes in appropriation authority include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of October 31, 2025.

*** Expenditure projections are based on the November 15, 2025 DPHHS Budget Status Report.

Major Service Categories

Data in the following table are taken from the November 15, 2025, DPHHS Budget Status Report. The largest projected expenditure categories are hospital services (inpatient, outpatient, hospital utilization fees/supplemental payments, and other), nursing facilities, home and community-based services waiver, pharmacy, mental health services, the developmental disability waiver, and physician services.

Category	FY26 Initial Budget	FY26 Current Budget	FY26 Expenditure Estimates	FY26 Projected Balance
Hospital Services	\$ 83,176,721	\$ 85,863,982	\$ 84,224,947	\$ 1,639,036
Hospital Utilization Fees / DSH	\$ 74,422,593	\$ 74,422,593	\$ 80,666,204	\$ (6,243,611)
Inpatient Services	\$ 90,247,663	\$ 86,238,677	\$ 91,707,751	\$ (5,469,074)
Outpatient Services	\$ 49,377,558	\$ 50,699,283	\$ 58,020,756	\$ (7,321,473)
Physician and Professional Services	\$ 108,067,400	\$ 108,067,400	\$ 114,432,340	\$ (6,364,940)
Pharmacy	\$ 156,419,081	\$ 163,426,450	\$ 168,058,780	\$ (4,632,330)
Pharmacy Rebates	\$ (98,169,886)	\$ (107,057,285)	\$ (110,091,828)	\$ 3,034,543
Part D Clawback	\$ 31,383,174	\$ 33,263,204	\$ 34,206,051	\$ (942,847)
Dental	\$ 51,440,140	\$ 51,440,140	\$ 50,364,863	\$ 1,075,277
Health Centers and Clinics	\$ 41,555,649	\$ 41,555,649	\$ 42,491,056	\$ (935,407)
Medical Equipment and Supplies	\$ 26,224,442	\$ 26,224,442	\$ 28,210,557	\$ (1,986,115)
Laboratory and Imaging Services	\$ 7,288,904	\$ 7,288,904	\$ 7,426,459	\$ (137,555)
Medical Transportation	\$ 12,638,135	\$ 12,638,135	\$ 9,919,898	\$ 2,718,237
Other Services	\$ 2,428,713	\$ 2,428,713	\$ 2,132,467	\$ 296,246
Nursing Facility	\$ 188,765,857	\$ 188,765,857	\$ 207,891,034	\$ (19,125,177)
Home and Community Based - Other Services	\$ 8,345,358	\$ 8,345,358	\$ 7,297,086	\$ 1,048,272
Home and Community Based - Community First Choice	\$ 72,388,557	\$ 72,388,557	\$ 77,289,581	\$ (4,901,024)
Home and Community Based - Big Sky Waiver	\$ 71,617,760	\$ 71,617,760	\$ 66,667,076	\$ 4,950,684
Care and Case Management	\$ 17,480,301	\$ 18,865,495	\$ 15,235,189	\$ 3,630,306
Substance Use Disorder Services	\$ 3,499,291	\$ 3,499,291	\$ 4,208,717	\$ (709,426)
Mental Health Services	\$ 169,752,498	\$ 168,273,994	\$ 168,726,873	\$ (452,880)
Home and Community Based - SDMI Waiver	\$ 27,804,963	\$ 27,804,963	\$ 29,796,384	\$ (1,991,421)
Mental Health Services - HIFA Waiver	\$ 6,859,298	\$ 6,859,298	\$ 4,819,044	\$ 2,040,254
Developmental Disability Services	\$ 3,862,316	\$ 3,862,316	\$ 3,803,101	\$ 59,215
Home and Community Based - DD Waiver	\$ 171,941,643	\$ 171,941,643	\$ 176,599,883	\$ (4,658,240)
Indian and Tribal Health Services	\$ 94,556,232	\$ 94,556,231	\$ 127,677,598	\$ (33,121,367)
School Based - Physical Health	\$ 6,386,011	\$ 6,386,011	\$ 6,724,902	\$ (338,891)
School Based - Mental Health	\$ 7,945,064	\$ 7,945,064	\$ 6,536,950	\$ 1,408,114
Medicare Buy-In	\$ 57,327,756	\$ 57,327,756	\$ 58,516,979	\$ (1,189,223)
Total	1,545,033,192	1,544,939,881	1,623,560,695	(78,620,813)
Change from Initial Budget		(93,311)		

MEDICAID EXPANSION

Financial Update

The table below illustrates the total Medicaid expansion benefits and claims appropriations for FY 2026. The department made only one modification in the Medicaid expansion budget between July 1, 2025, and October 31, 2025: a house adjustment of just over \$93,000 evenly split between state special revenue and federal special revenue from benefits and claims authority to Medicaid administration personal services authority.

Division and Fund Type	FY 2026 Legislative Appropriation*	Executive Changes in Appropriation**	FY 2026 Modified Appropriation	FY 2026 Projected Expenditures***	Projected Surplus/Deficit	Surplus/Deficit as a % of Modified Budget
<u>10 Behavioral Health and Developmental Disabilities Division</u>						
General Fund	\$ 7,049,206	\$ -	\$ 7,049,206	\$ 8,051,572	\$ (1,002,366)	-14.2%
State Special Revenue	2,144,195	(46,655)	2,097,540	1,578,337	519,203	24.8%
Federal Funds	83,319,545	(46,655)	83,272,890	86,669,186	(3,396,296)	-4.1%
Subtotal	92,512,946	(93,310)	92,419,636	96,299,095	(3,879,459)	-4.2%
<u>11 Health Resources Division</u>						
General Fund	23,515,754	-	23,515,754	27,437,512	(3,921,758)	-16.7%
State Special Revenue	54,887,921	-	54,887,921	56,071,255	(1,183,334)	-2.2%
Federal Funds	780,364,947	-	780,364,947	835,404,196	(55,039,249)	-7.1%
Subtotal	858,768,622	-	858,768,622	918,912,963	(60,144,341)	-7.0%
<u>22 Senior and Long Term Care</u>						
General Fund	1,301,898	-	1,301,898	1,367,614	(65,716)	-5.0%
State Special Revenue	-	-	-	-	-	-
Federal Funds	13,518,120	-	13,518,120	14,357,658	(839,538)	-6.2%
Subtotal	14,820,018	-	14,820,018	15,725,272	(905,254)	-6.1%
<u>Grand Total All Medicaid Services</u>						
General Fund	31,866,858	-	31,866,858	36,856,698	(4,989,840)	-15.7%
State Special Revenue	57,032,116	(46,655)	56,985,461	57,649,592	(664,131)	-1.2%
Federal Funds	877,202,612	(46,655)	877,155,957	936,431,040	(59,275,083)	-6.8%
Grand Total All Funds	\$ 966,101,586	\$ (93,310)	\$ 966,008,276	\$ 1,030,937,330	\$ (64,929,054)	-6.7%

* As originally established in SABHRS, based on legislative appropriations.

** Changes in appropriation authority include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of October 31, 2025.

*** Expenditure projections are based on the November 15, 2025 DPHHS Budget Status Report.

Major Service Categories

Data in the following table are taken from the November 15, 2025, DPHHS Budget Status Report. The largest expenditure category for major services is hospital utilization fees/supplemental payments, followed by other types of hospital services, pharmacy, physician services, Indian and tribal health services, and mental health services.

Category	FY26 Initial Budget	FY26 Current Budget	FY26 Expenditure Estimates	FY26 Projected Balance
Hospital Services	\$ 73,724,875	\$ 74,225,923	\$ 86,436,348	\$ (12,210,425)
Hospital Utilization Fees / DSH	\$ 288,656,553	\$ 288,656,553	\$ 300,489,894	\$ (11,833,341)
Inpatient Services	\$ 68,840,788	\$ 66,952,201	\$ 78,050,546	\$ (11,098,345)
Outpatient Services	\$ 58,468,494	\$ 59,856,034	\$ 69,778,081	\$ (9,922,047)
Physician and Professional Services	\$ 90,423,309	\$ 90,423,309	\$ 94,137,762	\$ (3,714,453)
Pharmacy	\$ 168,927,683	\$ 178,433,784	\$ 203,236,307	\$ (24,802,523)
Pharmacy Rebates	\$ (73,363,005)	\$ (82,869,106)	\$ (94,388,017)	\$ 11,518,911
Dental	\$ 18,198,618	\$ 18,198,618	\$ 16,419,863	\$ 1,778,755
Health Centers and Clinics	\$ 36,919,586	\$ 36,919,586	\$ 38,228,442	\$ (1,308,856)
Medical Equipment and Supplies	\$ 13,198,072	\$ 13,198,072	\$ 13,057,321	\$ 140,751
Laboratory and Imaging Services	\$ 16,069,316	\$ 16,069,316	\$ 17,293,241	\$ (1,223,925)
Medical Transportation	\$ 10,158,831	\$ 10,158,831	\$ 8,065,660	\$ 2,093,171
Other Services	\$ 610,183	\$ 610,183	\$ 750,852	\$ (140,669)
Nursing Facility	\$ 10,949,177	\$ 10,949,177	\$ 11,150,542	\$ (201,365)
Home and Community Based - Other Services	\$ 1,032,959	\$ 1,032,959	\$ 1,053,431	\$ (20,472)
Home and Community Based - Community First Choice	\$ 2,704,522	\$ 2,704,522	\$ 3,415,225	\$ (710,703)
Home and Community Based - Big Sky Waiver	\$ 133,360	\$ 133,360	\$ 106,073	\$ 27,287
Care and Case Management	\$ 4,804,585	\$ 4,980,323	\$ 4,776,102	\$ 204,221
Substance Use Disorder Services	\$ 9,938,507	\$ 9,938,507	\$ 15,554,358	\$ (5,615,851)
Mental Health Services	\$ 81,004,292	\$ 80,735,244	\$ 79,419,629	\$ 1,315,615
Home and Community Based - SDMI Waiver	\$ 16,604	\$ 16,604	\$ 80,380	\$ (63,776)
Mental Health Services - HIFA Waiver	\$ -	\$ -	\$ -	\$ -
Developmental Disability Services	\$ -	\$ -	\$ -	\$ -
Home and Community Based - DD Waiver	\$ -	\$ -	\$ -	\$ -
Indian and Tribal Health Services	\$ 84,682,540	\$ 84,682,540	\$ 83,825,005	\$ 857,535
School Based - Physical Health	\$ 1,736	\$ 1,736	\$ 285	\$ 1,451
School Based - Mental Health	\$ 2	\$ -	\$ -	\$ -
Medicare Buy-In	\$ -	\$ -	\$ -	\$ -
Total	966,101,588	966,008,276	\$ 1,030,937,330	\$ (64,929,054)
Change from Initial Budget		(93,312)		

APPENDIX I: VACANT POSITIONS

Program Num/Name	Job Code Desc	PB	Median Months Vacant	Market Midpoint (Hourly)
01 DISABILITY EMPLOYMENT & TRANSITIONS	Total	17.94	4.03	22.87
	Administrative Assistant 2	3.75	4.59	18.15
	Bureau Chief	1.00	0.46	39.56
	Business Analyst 2	1.00	8.16	34.19
	Communications Technician	1.00	4.03	23.12
	Disability Claims Examiner	5.50	11.31	22.87
	Program Officer 1	1.00	4.03	23.12
	Program Supervisor	1.00	2.07	36.25
	Rehabilitation Counselor 2	3.00	4.03	22.87
	Rehabilitation Technician	0.69	17.44	25.68
02 HUMAN AND COMMUNITY SERVICES	Total	25.00	1.61	22.87
	Administrative Assistant 2	1.00	12.39	18.15
	Client Service Coordinator	21.00	1.61	22.87
	Client Service Supervisor	1.00	0.00	23.03
	Field Operations Manager	1.00	0.00	36.25
	Program Supervisor	1.00	4.03	36.25
03 CHILD & FAMILY SERVICES	Total	25.23	1.38	30.13
	Administrative Assistant 2	1.65	0.77	18.15
	Central Intake Manager	1.00	10.49	31.45
	Central Intake Specialist	3.00	2.49	26.43
	Child Protection Spec Supv	1.00	0.39	31.45
	Child Protection Specialist	13.75	1.38	30.13
	CPS Regional Administrator	1.00	-0.07	39.56
	Program Officer 2	1.00	4.03	30.17
	Safety Resource Specialist	1.00	-0.07	30.13
	Social Service Technician	1.83	1.61	17.41
04 DIRECTORS OFFICE	Total	8.50	1.77	42.24
	American Indian Health Dir	1.00	0.95	39.45
	Civil Rights & EEO Officer	1.00	0.69	42.24
	Communication Specialist	1.00	9.18	30.55
	Deputy Chief Legal Counsel	1.00	5.05	54.83
	Hearings Officer 1	1.00	15.84	38.08
	Lawyer 1	0.50	10.13	41.36
	Lawyer 2	2.00	0.46	55.14
	Lawyer 2 - Privacy Officer	1.00	1.77	55.14
05 CHILD SUPPORT SERVICES	Total	16.00	1.49	33.58
	Accounting Technician 2	1.00	2.75	20.30
	Administrative Assistant 2	3.00	1.38	18.15
	Administrative Specialist 2	1.00	1.84	34.41
	Administrative Support Supv	1.00	16.75	20.74
	Budget Analyst 2	1.00	1.61	33.52
	Career Development Specialist	1.00	3.21	29.91
	Child Support Investigator 2	6.00	0.00	33.63
	CSSD Regional Manager	1.00	0.46	36.25
	IT Systems Support 2	1.00	10.79	31.02
06 BUSINESS & FINANCIAL SERVICES	Total	5.00	0.92	28.54
	Accounting Technician 1	1.00	0.49	16.23
	Bureau Chief	1.00	4.03	56.34
	Financial Investigator	1.00	0.46	18.85
	Procurement Officer	1.00	0.92	28.54
	Procurement Officer 2	1.00	3.21	31.98

07 PUBLIC HEALTH & SAFETY DIV	Total	12.50	3.21	30.17
	Administrative Assistant 3	2.00	2.41	21.48
	Budget Analyst 1	1.00	1.38	28.41
	Clinical Lab Scientist	3.00	7.80	38.66
	Clinical Lab Scientist Lead	1.00	0.00	38.66
	Data Processor 2	1.00	2.07	15.84
	Emergency Specialist 2	1.50	3.79	32.44
	Health Educator 1	1.00	14.46	28.22
	Program Officer 2	1.00	5.51	30.17
	Research Analyst 1	1.00	3.21	27.63
08 OFFICE OF INSPECTOR GENERAL	Total	3.00	1.70	34.04
	Compliance Specialist 2	2.00	2.00	34.04
	Facility Inspector 2 Supv	1.00	0.95	41.13
09 TECHNOLOGY SERVICES	Total	1.00	0.00	25.33
	Computer Security Specialist	1.00	0.00	25.33
10 BEHAVIORAL HTH & DEV DISABILITY	Total	11.50	3.46	36.35
	Administrative Assistant 2	1.00	2.89	18.15
	Deputy Division Administrator	1.00	10.56	39.56
	Epidemiologist 2	1.00	0.82	38.43
	Grants Contracts Coordinator 2	1.00	2.30	31.98
	Program Manager	1.00	1.84	36.25
	Program Officer 1	1.00	11.41	23.12
	Program Officer 2	1.00	16.07	30.17
	Program Specialist 2	3.50	4.03	36.35
	Research Analyst 3	1.00	2.30	38.50
12 MEDICAID & HEALTH SVCS	Total	1.00	4.03	30.13
	Complex Care Coord	1.00	4.03	30.13
16 OPERATIONS SERVICES DIVISION	Total	3.00	9.97	38.50
	Business Analyst Supervisor	1.00	11.41	39.74
	Compliance Specialist 2	1.00	9.97	34.04
	Data Research Analyst	1.00	2.30	38.50
22 SENIOR & LONG TERM CARE SVCS	Total	7.00	4.03	30.13
	APS Investigator	4.00	4.03	30.13
	Central Intake Specialist	1.00	2.43	26.43
	Program Specialist 1	2.00	1.67	27.86
25 EARLY CHILDHOOD & FAM SUPPORT	Total	3.56	4.03	31.13
	Grants Contracts Coordinator 1	1.00	8.26	24.51
	Program Specialist 2	1.00	2.30	36.35
	Program Supervisor	0.50	4.03	36.25
	Research Analyst 2	1.00	2.23	31.13
33 HEALTH CARE FACILITIES	Total	117.36	5.54	21.48
	Accounting Technician 2	1.00	1.38	20.30
	Administrative Assistant 1	1.00	1.84	15.17
	Administrative Assistant 3	1.00	0.92	21.48
	Admission/Discharge Manager	1.00	3.80	29.71
	Admission/Treatment Manager	1.00	9.64	29.71
	Behavioral HC Planner	3.00	4.13	27.01
	Behavioral HC Planner Galen	1.00	1.38	27.01
	Behavioral Health Counselor	2.00	11.25	29.45
	Certified Nurse Aide	16.50	4.59	17.62
	Chaplain	1.00	33.97	27.86
	Chief Administrative Officer	1.00	15.67	62.81

33 HEALTH CARE FACILITIES	Chief Executive Officer MSH	1.00	2.75	111.86
	Clinical Psychologist 1	2.60	18.00	42.79
	Clinical Therapist 1	3.75	11.87	29.45
	Cook	0.50	26.62	13.89
	Custodian 1	4.00	3.21	15.01
	Custodian Supervisor	1.00	0.23	16.51
	Data Processor 1	0.50	3.05	13.13
	Dentist 1	0.50	23.28	82.48
	Dietitian Nutritionist	1.00	0.89	29.26
	Direct Support Professional	10.31	5.95	16.57
	Director of Support Services	1.00	8.07	36.25
	Food Preparer 1	1.00	0.00	13.89
	Graduate Nurse 1	3.00	45.28	30.43
	Grants Contracts Coordinator 2	1.00	1.38	31.98
	HR Partner	1.00	0.39	30.00
	Lawyer 1	1.00	3.74	41.36
	Licensed Practical Nurse 2	5.40	14.62	23.39
	Nurse Educator	1.00	12.85	35.20
	Nurse Practitioner 1	1.00	4.13	55.02
	Nurse Practitioner 1 Psych	1.50	10.85	55.02
	Peer Services Specialist	1.00	3.70	17.41
	Physician 1	1.00	36.69	111.86
	Psych APRN	1.00	44.00	55.02
	Psychiatric Technician	9.50	2.39	16.57
	Psychiatric Technician FMHT	3.00	6.89	16.57
	Psychiatrist 1	5.00	18.59	114.27
	Recreation Aide	0.50	0.49	14.58
	Recreation Therapist 1	4.00	17.21	25.05
	Recreation Therapist 1 Voc	1.00	44.00	25.05
	Recreation Therapy Aide Galen	1.00	0.43	16.57
	Registered Nurse 2	4.90	7.80	35.20
	Registered Nurse Lead	5.00	14.20	41.23
	Registered Nurse Supervisor	1.00	0.39	40.60
	Shift Safety Supervisor	1.00	6.75	18.51
	Shift Supervisor	3.00	1.28	17.50
	Staffing Office Manager	1.00	4.43	40.00
	Staffing Office Supervisor	1.00	0.98	21.48
	Support Services Manager	0.90	2.13	40.00
	Ward Clerk 2	1.00	11.48	18.15
Agency Total		257.59	3.34	26.43

APPENDIX II: AGENCY CONTRACT AND OVERTIME HOURS

Time Period: July 1, 2025 – October 31, 2025

PB Type: HB 2

How much did you pay in overtime? How much of the overtime paid do you estimate is due to vacant positions? If overtime was paid because of vacant positions, what are the types of vacant positions that resulted in the need for overtime?

How much did you pay to contractors? How much of the amount paid to contractors do you estimate is due to vacant positions? If contractors were paid because of vacant positions, what are the types of vacant positions that resulted in the need for contractors?

Please see “Contracted Staffing and OVT Report (July 1, 2025, to October 31, 2025)” in the Section B IBC Meeting Materials for DPHHS response.