Department Updates

Interim Budget Committee – Section B

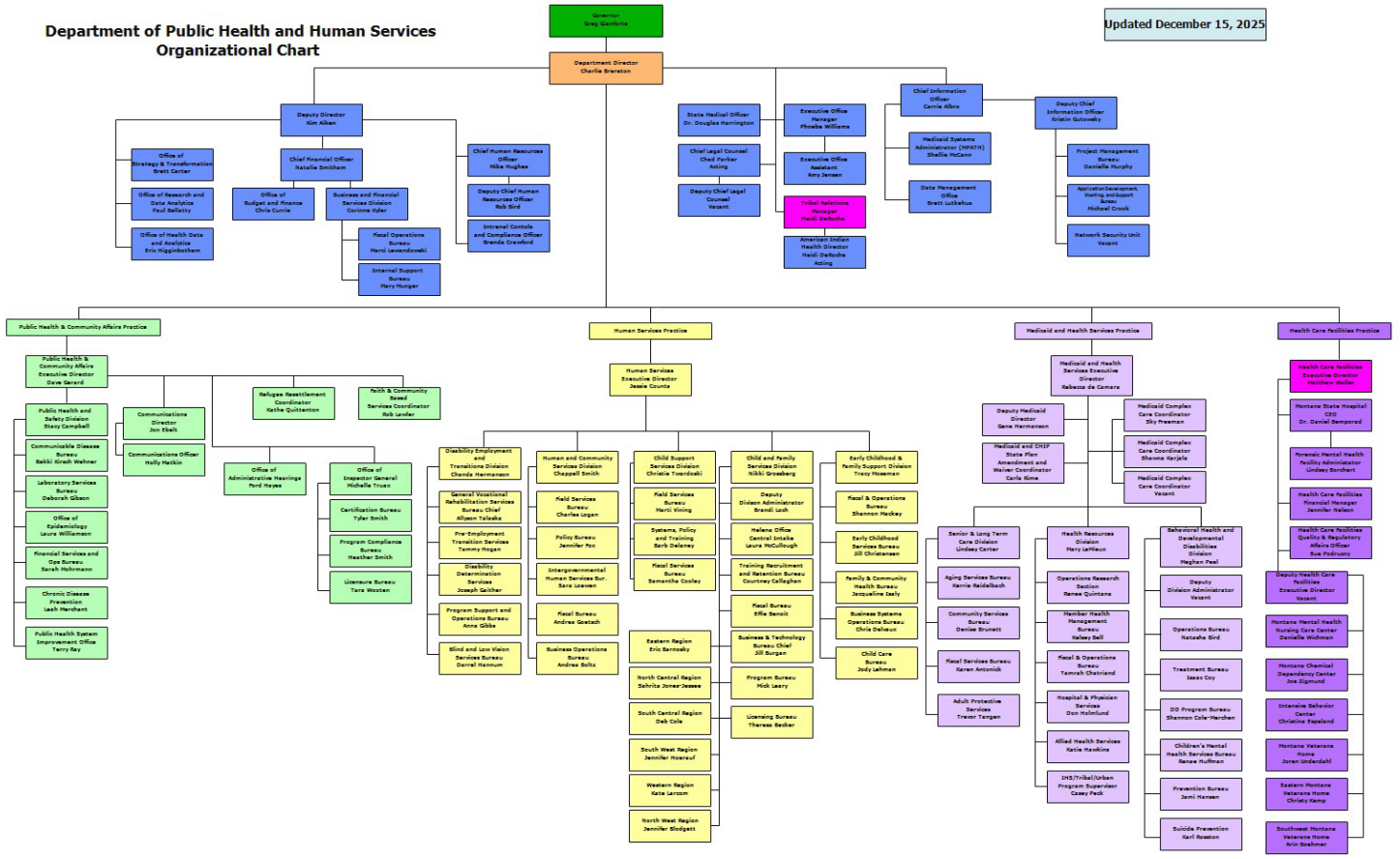
December 16, 2025

DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Agenda

- Agency Financial Update
- Budget Deep Dive Child Support Services Division
- SFY 2026 CSSD Budget
- Federal Action and Departmental Impacts
- Waiver Status Updates
  - SNAP Food Restriction Waiver
  - SDMI Waiver Renewal +
  - HELP 1115 Waiver
- HR 1 Implementation Update
- Rural Health Transformation Program
- Health Care Facilities Division Update
- HB 5 and 10 Updates
  - Laurel Forensic Mental Health Facility
  - HB 10 Long-Range Information Technology Appropriations
- BHSFG Implementation Updates
  - CCBHC Implementation Updates
  - Data Collection Efforts for Key Performance Indicators
- Olmstead Plan Quarterly Update (HB 918, 2025 Session)
- Opioid Settlement Funds

DPHHS Organizational Chart



Agency Financial Update

Natalie Smitham, Chief Financial Officer

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Federal Government Shutdown

Continuing Resolution

- Expires on January 30, 2026
  - Funded the U.S. Department of Agriculture through September 30, 2026
    - This includes the funding of SNAP and WIC benefits
    - Full benefits were issued for November
  - LIHEAP was funded at prior year levels – benefits have been distributed

What happens on January 30, 2026?

- Medicaid, Title IV-E Foster Care and Adoption Assistance, Child Support Enforcement are funded on a quarterly basis. The Department anticipates that funds for the quarter ending 3/31 will be on hand prior to a potential shutdown.

Agency Financial Update

HB 2 Summary: Agency Budget & Expense SFY 2026

Funding Category	FY 2025 ACTUALS	FY 2026 BUDGET	FY 2026 YTD EXPENSE	FY 2026 PROJECTIONS	FY 2026 PROJECTED REMAINING	Percent of BUDGET REMAINING
General Funds	$ 752,552,740	$ 822,071,739	$ 240,048,471	$ 851,154,059	$ (29,082,320)	-3.54%
State Special Funds	$ 251,732,657	$ 298,353,934	$ 29,375,767	$ 274,486,891	$ 23,867,043	8.00%
Federal Funds	$ 2,394,917,381	$ 2,431,330,575	$ 572,106,624	$ 2,511,236,181	$ (79,905,606)	-3.29%
Grand Total	$ 3,399,202,779	$ 3,551,756,248	$ 841,530,863	$ 3,636,877,131	$ (85,120,883)	-2.397%

	Fund Type	FY 2025 ACTUALS	FY 2026 BUDGET	FY 2026 YTD EXPENSE	FY 2026 PROJECTIONS	FY 2026 PROJECTED REMAINING	Percent of BUDGET REMAINING
Available	General Fund	$ 260,422,925	$ 283,279,598	$ 85,588,198	$ 293,759,371	$ (10,479,773)	-3.70%
	State Special Funds	$ 68,105,126	$ 90,255,188	$ 18,955,136	$ 78,593,323	$ 11,661,865	12.92%
	Federal Funds	$ 595,831,360	$ 638,522,271	$ 165,247,575	$ 628,426,980	$ 10,095,291	1.58%
Available Total		$ 924,359,411	$ 1,012,057,057	$ 269,790,910	$ 1,000,779,674	$ 11,277,383	1.11%
Restricted	General Fund	$ 492,129,815	$ 538,792,141	$ 154,460,273	$ 557,394,688	$ (18,602,547)	-3.45%
	State Special Funds	$ 183,627,531	$ 208,098,746	$ 10,420,631	$ 195,893,567	$ 12,205,179	5.87%
	Federal Funds	$ 1,799,086,021	$ 1,792,808,304	$ 406,859,049	$ 1,882,809,201	$ (90,000,897)	-5.02%
Restricted Total		$ 2,474,843,367	$ 2,539,699,191	$ 571,739,953	$ 2,636,097,456	$ (96,398,265)	-3.80%
Grand Total		$ 3,399,202,779	$ 3,551,756,248	$ 841,530,863	$ 3,636,877,131	$ (85,120,883)	-2.397%

The Department is projecting a shortfall in both General Funds and Federal Funds.

- The shortfall in unrestricted General Fund is primarily in relation to the Montana State Hospital.
- The shortfall in both the restricted General Fund category and the Federal Funds category is related to projected Medicaid expenses.

Agency Financial Update: Medicaid

Medicaid Projections - November 2025					
Summary - Traditional Medicaid - Includes Administration					
Fund Type	**FY 2025 EXPENSE**	**FY 2026 BUDGET**	**2026 YTD EXPENSE**	**FY 2026 PROJECTIONS**	**FY 2026 PROJECTED REMAINING**
General Fund	$ 427,789,785	$ 466,845,470	$ 136,627,068	$ 481,508,879	$ (14,663,409)
State Special Funds	$ 119,222,083	$ 117,962,729	$ 6,025,368	$ 118,733,287	$ (770,558)
Federal Funds	$ 891,238,207	$ 894,261,438	$ 227,960,228	$ 923,101,400	$ (28,839,962)
TOTAL	**$ 1,438,250,076**	**$ 1,479,069,637**	**$ 370,612,663**	**$ 1,523,343,566**	**$ (44,273,929)**

Summary - Expanded Medicaid - Includes Administration					
Fund Type	**FY 2025 EXPENSE**	**FY 2026 BUDGET**	**2026 YTD EXPENSE**	**FY 2026 PROJECTIONS**	**FY 2026 PROJECTED REMAINING**
General Fund	$ 36,401,291	$ 35,265,405	$ 14,670,193	$ 40,455,953	$ (5,190,548)
State Special Funds	$ 59,312,512	$ 58,823,808	$ 3,099,232	$ 57,545,050	$ 1,278,758
Federal Funds	$ 899,175,367	$ 886,231,256	$ 174,782,247	$ 945,755,529	$ (59,524,273)
TOTAL	**$ 994,889,170**	**$ 980,320,469**	**$ 192,551,672**	**$ 1,043,756,532**	**$ (63,436,063)**

Summary - Total Medicaid - Including Administration					
Fund Type	**FY 2025 EXPENSE**	**FY 2026 BUDGET**	**2026 YTD EXPENSE**	**FY 2026 PROJECTIONS**	**FY 2026 PROJECTED REMAINING**
General Fund	$ 464,191,077	$ 502,110,875	$ 151,297,261	$ 521,964,831	$ (19,853,956)
State Special Funds	$ 178,534,595	$ 176,786,537	$ 9,124,599	$ 176,278,337	$ 508,200
Federal Funds	$ 1,790,413,574	$ 1,780,492,694	$ 402,742,475	$ 1,868,856,930	$ (88,364,236)
TOTAL	**$ 2,433,139,246**	**$ 2,459,390,106**	**$ 563,164,335**	**$ 2,567,100,098**	**$ (107,709,992)**

- Projecting shortfalls of:
  - $19.9 million in General Fund
  - $88.4 million in Federal Funds
- Utilization is higher than anticipated
  - Saw an increase in key service areas towards the end of SFY 2025. This has continued into SFY 2026.
- Decreases in drug rebate percentages have impacted projected spend.

Agency Financial Update: Medicaid (cont.)

	DPHHS January	LFD January	DPHHS February	Legislative Caseload Base	Projections November
TOTAL Medicaid					
By Fund Type					
State Funds	$ 645,022,373	$ 619,933,996	$ 639,511,714	$ 648,303,511	$ 669,525,742
Federal Funds	$ 1,826,363,120	$ 1,759,091,065	$ 1,797,934,715	$ 1,728,318,682	$ 1,817,524,950
	$ 2,471,385,493	**$ 2,379,025,061**	**$ 2,437,446,429**	**$ 2,376,622,193**	**$ 2,487,050,692**
Difference from Projections (Shortfall)	**$ (15,665,199)**	**$ (108,025,631)**	**$ (49,604,263)**	**$ (110,428,499)**	

*These figures reflect caseload estimates, and they do not include PRI adjustments
*Administration expenses are also excluded from the analysis above

Montana State Hospital: Budget Detail

	SFY 2025 Expense	SFY 2026 Exec Request	SFY 2026 Legislative Final	SFY 2026 Projections - November
MSH				
Operations/Contracted Services	$ 69,569,093	$ 42,789,815	$ 22,060,332	
Wage Adjustments		$ 376,163	$ 376,163	
Personal Services	$ 30,997,892	$ 42,825,056	$ 43,201,219	
PB Reduction		$ (2,410,675)	$ (2,841,034)	
PS Amendment			$ 5,000,000	
	$ 100,566,985	$ 83,580,359	$ 67,796,680	$ 81,965,704
Executive request reduction as compared to SFY 2025		$ (16,986,626)		
Senate Amendment to MSH Budget as compared to Executive			$ (15,054,196)	
Total Reduction as compared to SFY 2025 expenses			$ (32,040,822)	
Projected Budget Deficit				$ (14,169,024)

Strategies for cost containment:

- Continued efforts in recruitment campaigns for permanent staff.
- The Department has twice negotiated rate reductions for traveling staff within existing contracts. Continued monitoring/adjustment of rates to align with the market. To date, the impact of these reductions is estimated to save $5.8 million.
- Ongoing analysis and adjustment of staffing levels, to include:
  - Accuity-based staffing
  - Overtime monitoring through schedule control
  - 1:1 and 2:1 monitoring
  - Third-party Staffing Office assessment

Agency Program Transfers/Budget Modifications

- BHDD moved $113,000 from FY 2027 to FY 2026 to cover PB costs. This was a biennial appropriation. During the turnaround process, the entire appropriation was allocated to FY 2027. The Department would like to begin work in FY 2026, so it shifted a portion of this appropriation to the current year to allow for this.
- BHDD transferred $1.6M to HRD to implement Medicaid-funded home visiting benefits under the HEART Initiative. Although the funding was appropriated through BHDD's budget, the program will be administered through HRD.
- HFD transferred approximately $937,000 from the operating expense account to the personal services account to fund the hiring of 41.5 modified FTE at the MSH Grasslands facility (to reduce traveler utilization).

Anticipated Realignment of Medicaid Appropriations

- As a part of QFR review, the Department identified some misalignment of Medicaid appropriation that happened during the turnaround process. While total appropriation amounts are accurate, there were some oversights in the distribution to the various subclasses.
- The resulting impact had too much appropriation in a restricted category in the General Fund and too little appropriation in a restricted category in the State Special and Federal fund types.
- DPHHS will be working with OBPP and LFD to correct these issues.
- The Department is instituting additional training and internal control procedures to prevent this misalignment from happening again.

Contracted Staffing: 7/2025 through 10/2025

Contracted Staffing Report - 07/01/2025 - 10/31/2025								
Division	Division Acronym	Contractor	Staffing Type	Purpose	Due to Vacancy Y/N	Calculated Hours	FTE Equivalent	Expense
01	DETD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Digitizing/Paperless		645	0.91	22,567
02	HCSD	GREAT FALLS INTERPRETING SERVICES LLC	Interpreter's	Work is adhoc		19	0.03	658
02	HCSD	CORPORATE TRANSLATION SERVICES LLC	Interpreter's	Work is adhoc		186	0.26	6,524
03	CFSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Digitizing/Paperless		126	0.18	4,399
04	DO	BRADY CO INC	Administrative	Program Design - Pediatric complex care		458	0.64	16,047
04	DO	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Administrative Hearings		342	0.48	11,968
05	CSSD	CORPORATE TRANSLATION SERVICES LLC	Interpreter's	Work is adhoc		0	0.00	9
06	BFSD	EMPLOYBRIDGE HOLDING COMPANY	Adminstrative	Internal Support Services		898	1.26	31,447
07	PHSD	BRADY CO INC	Administrative	Env. Health and Food Safety Intern		403	0.57	14,113
07	PHSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Epidemeology PM/Vital Records		2,681	3.77	93,850
10	BHDD	BRADY CO INC	Administrative	Vacation fill		289	0.41	10,128
11	HRD	FRONTIER PSYCHIATRY PLLC	Staff Augmentation	Program Management		4,286	6.02	150,000
22	SLTC	BRADY CO INC	Administrative	Administrative		422	0.59	14,761
25	ECFSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Administrative		759	1.07	26,557
33	HFD	ACI FEDERAL INC	Direct Care	Staff 24/7 facilities		621	0.87	52,806
33	HFD	AYA HEALTHCARE INC	Direct Care	Staff 24/7 facilities		32,761	46.01	2,784,660
33	HFD	AMERGIS HEALTHCARE STAFFING INC	Direct Care	Staff 24/7 facilities		41,351	58.08	3,514,835
33	HFD	CAWDREY AVIS	Administrative	Court Ordered Evaluations		80	0.11	6,810
33	HFD	MICHAEL J SCOLATTI PHD PC	Administrative	Court Ordered Evaluations		62	0.09	5,250
33	HFD	ALBEE PEGGY ANNE	Administrative	Court Ordered Evaluations		462	0.65	39,296
33	HFD	FRONTIER PSYCHIATRY PLLC	Direct Care	Locum		186	0.26	15,773
33	HFD	TRADITIONS PSYCHIATRY GROUP PC	Direct Care	Locum		10,405	14.61	884,467
33	HFD	SHC SERVICES INC	Direct Care	Staff 24/7 facilities		1,825	2.56	155,138
33	HFD	CIM M LEPROWSE	Direct Care	Staff 24/7 facilities		151	0.21	12,818
33	HFD	ADAPTIVE WORKFORCE SOLUTIONS LLC	Direct Care	Staff 24/7 facilities		4,059	5.70	345,025
33	HFD	AB STAFFING SOLUTIONS LLC	Direct Care	Staff 24/7 facilities		42,469	59.65	3,609,825
33	HFD	WHEELER ANNASTATIA S	Administrative	Court Ordered Evaluations		19	0.03	1,617
33	HFD	SUNBELT STAFFING LLC	Direct Care	Staff 24/7 facilities		9,655	13.56	820,701
33	HFD	WASHINGTON UNIVERSITY	Administrative	Court Ordered Evaluations		30	0.04	2,571
33	HFD	LAURA KIRSCH	Administrative	Court Ordered Evaluations		25	0.03	2,089
33	HFD	BARTON & ASSOCIATES INC	Direct Care	Locum		2,970	4.17	891,074
				TOTAL		158,646	222.82	13,547,780

Overtime Reporting: 7/2025 through 10/2025

HB 2 Overtime Hours by Division 07/01/2025 - 10/31/2025			
Division Name	Hours	FTE Equivalent	Expense
HCSD	4,487	6.30	200,907
CFSD	2,179	3.06	106,280
DO	571	0.80	41,878
BFSD	85	0.12	4,679
PHSD	51	0.07	2,643
OIG	26	0.04	1,418
TSD	782	1.10	44,422
BHDD	117	0.16	6,410
OSD	36	0.05	2,173
SLTC	5	0.01	264
ECFSD	216	0.30	12,787
HFD	13,285	18.66	556,522
TOTAL	21,840	30.67	980,384

Overtime Hours Description
Most overtime hours are concentrated in the following divisions:

HCSD: Overtime hours due to vacancies. The primary staff type accruing overtime is Client Service Coordinator.

CFSD: Overtime hours due to workload associated with caseload. Primary staff type accruing overtime is Child Protection Specialist.

TSD: Overtime hours due to the workload associated with on-call support. The primary staff type accruing overtime is IT Systems Administrator.

HFD: Overtime hours primarily due to vacancies. The primary staff type accruing overtime is Psychiatric Technician.

Supplemental Pressures

Budget Status Report

- Projecting budgetary shortfalls related to Montana State Hospital and Medicaid expenses in FY 2026

Supplemental Pressure

- Healthcare Facilities Division
  - Amendment on the Senate Floor – reduced the budget for the biennium by $35 million
  - Projecting a shortfall of **$14.2 million in SFY 2026**

- Medicaid Caseload **(will impact both General and Federal Funds)**
  - Utilization upturn in key service areas late in SFY 2025 has continued in SFY 2026
  - Reductions in drug rebate %
  - Caseload projections adopted during the session were too low
  - Projecting the following shortfalls in SFY 2026
    - **General Fund: $19.9 million**
    - **Federal Fund: $88.4 million**

Monitoring for SFY 2027

- Healthcare Facilities Division and Medicaid Caseload
- Implementation of HR 1 provisions
- FMAP changes – beginning in SFY 2027, the state share will be larger than was anticipated in the budget

Budget Deep Dive
Child Support Services Division

Christie Twardoski, Division Administrator
Natalie Smitham, Chief Financial Officer

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Introduction

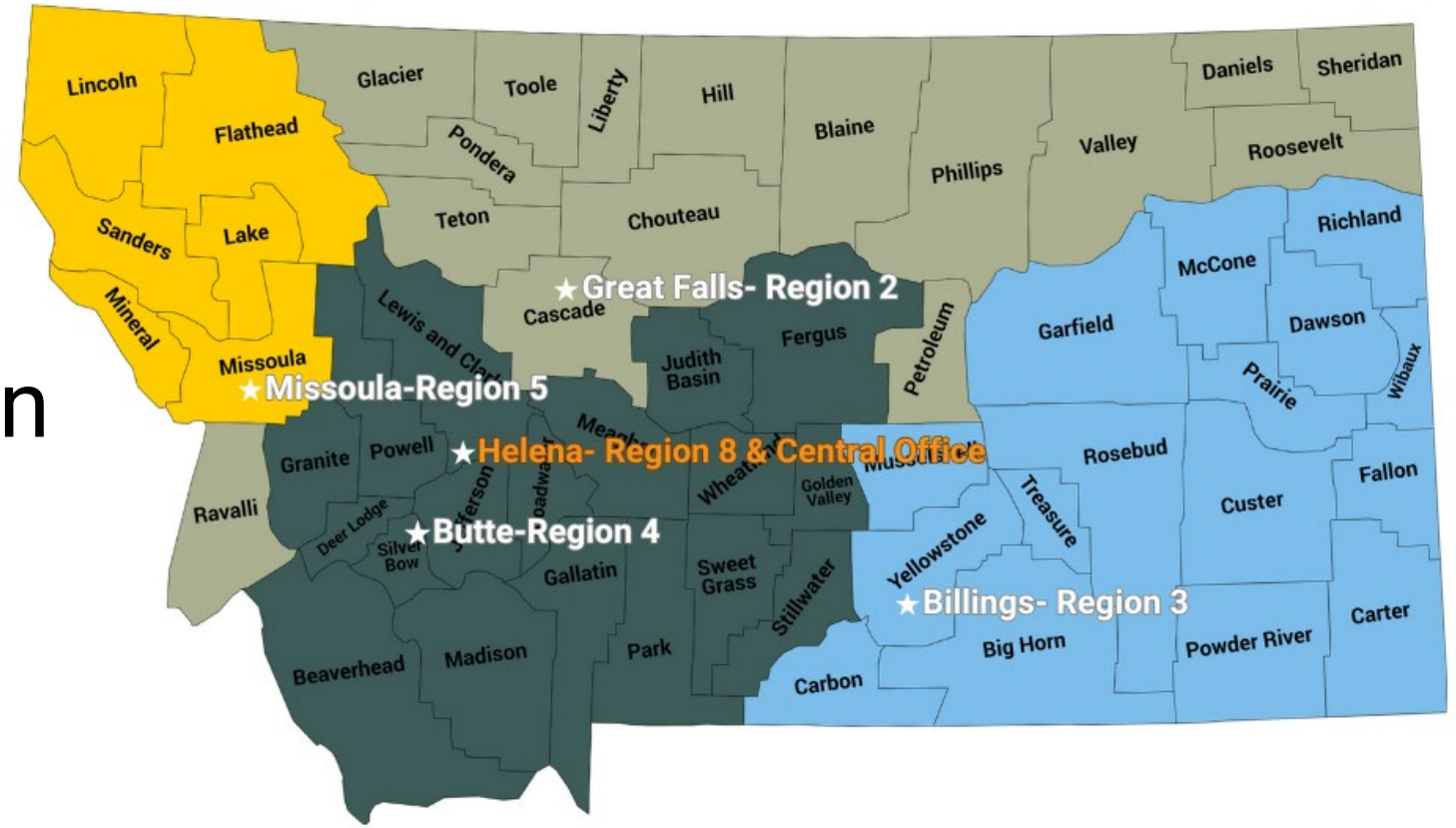
MISSION: Improve the economic stability of Montana families through the establishment and enforcement of parental obligations.

The Montana CSSD provides the following child support services:

- Locating parents;
- Establishing paternity;
- Establishing and enforcing financial and medical support orders;
- Modifying child support orders;
- Collection and disbursement of child support.

Montana Families Impacted

- 42,000 children
- 27,000 cases



Strategic Focus Areas

State Plan Goal – increase arrears collections on non-paying cases

Strategies

1. State Improvement Plans
    - Decrease cases in Locate status
    - Increase Arrears payments on non-paying cases
2. Arrears/Non-Paying Cases Specialized Unit
    - Used current PB - 6 PB (1 Sup, 5 CWs)
        - Shifting resources to focus on non-paying cases (CLEAR licenses)
        - Stabilize consistent payments through engagement of case participants and employers + stabilize consistent payments through engagement of case participants

SFY 2026 CSSD Budget

Natalie Smitham, Chief Financial Officer

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

SFY 2026 CSSD Budget Summary

CHILD SUPPORT SERVICES DIVISION (CSSD)

SFY 2026 BUDGET

Total Personal Services: $10,986,917
Total Operating: $2,019,557
Total PB: 130.81

$13,006,474

General Fund	$3,821,750	29.4%
State Special	$363,533	2.8%
Federal Funds	$8,821,191	67.8%

SFY 2026 CSSD Budget by Subclass

870H1: ADMINISTRATION	870H2: REGIONS	870H8: INCENTIVES
$3,559,698	$8,258,547	$1,188,229
Personal Services: $2,683,958 **Operating:** $875,740 **PB** #36	**Personal Services:** $7,389,516 **Operating:** $869,031 **PB** #94.81	**Personal Services:** $913,443 **Operating:** $274,786

SFY 2026 Personal Services and Positions Budgeted (PB)

870H1: ADMINISTRATION

$2,683,958

Job Title	PB Total 36
Accounting Supervisor	1
Accounting Technician 2	6
Central Mail Unit Tech	2
Admin. Orders Tech	2
Administrative Specialist 2	4
Administrative Support Supv	1
Budget Analyst 2	1
Bureau Chief	3
Career Development Spec.	1
Collections Agent 1	1
Data Processor 3	1
Division Administrator	1
Document Processing Tech	3
IT Systems Support 1	1
IT Systems Support 2	3
Program Manager	2
Program Supervisor	2
Training Supervisor	1

870H2: REGIONS

$7,389,516

Job Title	PB Total 94.81
Administrative Assistant 2	8
Administrative Support Supv	1
Career Development Specialist	1
Child Support Investigator 2	67.81
Child Support Supervisor	12
CSSD Regional Manager	5

870H8: INCENTIVES

$913,443

Positions are budgeted to 870H1 & 870H2. Eligible payroll expenditures are then charged to 870H8.

- In FY 2025, **$73 million** in child support was collected
- **1,407** new child support obligations; modified **900** existing support orders
- This supports **42,000 children**
- Established paternity for **360 children**

Total dollars collected per dollar expended (FFY2024): **$3.58**
Total dollars collected per PB: **$464,145**

SFY 2026 Operating Budget
2nd Level Account Detail

870H1: ADMINISTRATION

$875,740

62000 Operating Expenses	$833,813
63000 Equip. & Intangible Assets	$0
64000 Capital Outlay	$0
65000 Local Assistance	$0
66000 Grants	$0
67000 Benefits & Claims	$0
68000 Transfers-Out	$41,927
69000 Debt Service	$0

870H2: REGIONS

$869,031

62000 Operating Expenses	$255,002
63000 Equip. & Intangible Assets	$21,456
64000 Capital Outlay	$0
65000 Local Assistance	$0
66000 Grants	$0
67000 Benefits & Claims	$0
68000 Transfers-Out	$101,796
69000 Debt Service	$447,990

870H8: INCENTIVES

$274,786

62000 Operating Expenses	$181,786
63000 Equip. & Intangible Assets	$0
64000 Capital Outlay	$0
65000 Local Assistance	$0
66000 Grants	$0
67000 Benefits & Claims	$0
68000 Transfers-Out	$0
69000 Debt Service	$93,000

SFY 2026 Operating Budget
3rd Level Account Detail

870H1: ADMINISTRATION

$833,813

62100 Contracts	$303,369
62200 Supplies & Materials	$8,757
62300 Communications	$52,544
62400 Travel	$17,515
62500 Rent	$43,787
62600 Utilities	$0
62700 Repairs & Maint.	$52,544
62800 Other	$350,926

870H2: REGIONS

$297,789

62100 Contracts	$153,969
62200 Supplies & Materials	$27,971
62300 Communications	$7,992
62400 Travel	$0
62500 Rent	$19,979
62600 Utilities	$0
62700 Repairs & Maint.	$3,996
62800 Other	$83,913

870H8: INCENTIVES

$184,786

62100 Contracts	$149,287
62200 Supplies & Materials	$0
62300 Communications	$0
62400 Travel	$15,000
62500 Rent	$0
62600 Utilities	$0
62700 Repairs & Maint.	$
62800 Other	$17,500

CSSD Operating Budget Totals by Category

62100 - Contracts	$	606,625	46.34%
62200 - Supplies & Materials	$	36,728	2.81%
62300 - Communications	$	60,536	4.62%
62400 - Travel	$	32,515	2.48%
62500 - Rent	$	63,766	4.87%
62600 - Utilities	$	-	0.00%
62700 - Repairs & Maintenance	$	56,540	4.32%
62800 - Other	$	452,339	34.55%
	$	1,309,049	

62100 – Contracts

62100 – Contracts	$606,625	46.34%

- Printing charges – **22.8%**
- Process Service Fees – **21.5%**
- E-Government Transaction Fees (credit card processing) – **17%**
- IT Consulting and Professional Services – **11.2%**
- Medical Services – **10.2%**
- Records Storage Fees – **10%**
- Laboratory Testing – **2.9%**

62200 – Supplies and Materials

62200 – Supplies and Materials	$36,728	2.81%

- Office Supplies – **83.2%**
- Photo and Reproduction – **6.5%**
- Minor Equipment – **4.3%**

Average Spend = **$23.40 per PB per month**

62300 – Communications

62300 – Communications	$60,536	4.62%

- Postage and Mailing – **98.1%**
- Telephone charges – **1.9%**

62400 – Travel

62400 – Travel	$32,515	2.48%

- Supervisor travel to regional offices
- Travel to trainings and conferences

62500 – Rent

62500 – Rent	$63,766	4.87%

- Rental of postage meters – **4.4%**
- Motor pool lease – **1.5%**
- Lease of photocopier equipment – **50.81%**
- Software License Fees – **43.3%**

62700 – Repairs and Maintenance

62700 – Repairs and Maintenance	$56,540	4.32%

- Minor building maintenance and repair – **100%**

62800 – Other

62800 – Other	$452,339	34.55%

- Fee Collection Expense – **93.5%**
- Meeting/Conference Costs – **1.1%**
- Taxes, Assessments – **1.3%**

Federal Funding and Programs Summary

Funding Source/Program	Title	Key Role & Funding Mechanism	Interaction with CSSD (IV-D)
Primary Federal Office of Child Support Enforcement	Title IV-D (Social Security Act)	Establishes the federal-state partnership for child support enforcement. Funding: Federal matching grant, providing 66% Federal Financial Participation (FFP) for eligible state costs.	CSSD's Mandate: Locates parents, establishes paternity, and establishes/enforces support orders (wage withholding, tax intercepts, license suspension).
Performance Funding	Federal Incentive Payments	Rewards states based on performance across five key measures (e.g., Paternity Establishment, Order Establishment, Current Support Collections, Collection on Arrears).	Reinvestment Requirement: Montana must reinvest the full amount of incentive payments back into the child support program.
	Title IV-A (TANF Block Grant)	Provides temporary cash assistance to needy families.	Automatic Referral: IV-A recipients are automatically referred to CSSD for services. Reimbursement: Support collected may be retained by the state and federal government to offset IV-A costs.
	Title IV-E (Foster Care & Adoption Assistance)	Provides federal funding for foster care maintenance and adoption subsidies.	Cost Offset: CSSD establishes and enforces support orders against parents whose children are in state custody, helping to offset state IV-E expenditures.

Federal Action and Departmental Impacts

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Waiver Status Updates

Jessie Counts, Human Services Executive Director
Rebecca de Camera, Medicaid and Human Services Executive Director

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

SNAP Food Restriction Waiver

- SNAP Food Restriction Waiver allows states flexibility to restrict certain foods from purchase with SNAP funds.
- As of December 2025, 18 states have waivers approved from FNS with targeted implementation dates in 2026.
- Process to request a waiver:
  - States complete the waiver, to include type(s) of food to be restricted, implementation plan, and monitoring and reporting processes, followed by submission to FNS
  - FNS reviews the waiver for compliance
  - Upon FNS approval, states implement the food restrictions in partnership with EBT vendor and retailers
- As part of the Rural Health Transformation Program, DPHHS has committed to applying for a Montana SNAP Food Restriction Waiver in the spring of 2026.
- As part of its commitment to stakeholder engagement, DPHHS has held exploratory discussions with retailer groups, including organizations representing convenience stores and the beverage industry.
  - The policy must restrict one (or more) of the following: Soda, candy, energy drinks, fruit/vegetable drinks with less than 50% natural juice, and prepared desserts.
- DPHHS will formally initiate waiver design activities in January 2026

SDMI Waiver Renewal +

The waiver renewal application was submitted to CMS in June 2025. BHDD has responded to CMS comments and is awaiting final review by CMS. The expected effective date is January 1, 2026. The current waiver approval was extended through the end of December 2025.

Key features included in the renewal:

- Changed the name of the waiver from SDMI Waiver to Hope Waiver
- **Added new reserve capacity for youth transitioning to SDMI waiver and individuals discharging from the Montana State Hospital and the Montana Mental Health Nursing Care Center**
- Incorporated updated 1915(c) technical guidance, providing assurances and adding language to clarify that each waiver service is necessary to avoid institutionalization
- Updated reimbursement rates to implement legislatively appropriated increases

HELP 1115 Waiver

- Submitted to CMS on September 2, 2025, to align Montana's Medicaid expansion program with MCA and HR 1.
- Recent Director's Office discussions with CMS suggest that CMS does not intend to approve community engagement (CE) through 1115 waiver authority
- DPHHS has signaled its intent to immediately shift CE authority request to a State Plan Amendment as soon as template is available in early 2026; CMS remains supportive of Montana's early implementation along with other states
- DPHHS intends to amend existing 1115 waiver to include premium authority only; CMS review and approval timeline remains unclear

HR 1 Implementation Update

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

HR 1: Medicaid Implementation Planning

Eligibility Determination Requirement Changes

- For the Expansion population, HR 1 requires redetermination every six months for most individuals (rather than the current annual process) and community engagement or exemptions to be verified/approved prior to eligibility
- As a result of these additional requirements, autorenewal rates are expected to drop, and case processing time may increase
- Approximately 61k individuals will be impacted by these requirements

HR 1: Medicaid Implementation Planning (cont.)

Eligibility Staffing

- To manage the increased workload from these requirements, 59 new staff members are needed, funded by a 75% federal match
- These positions are required to manage the workload after initial implementation; however, the Department assumes need for these positions will decrease over time based on a reduction in enrollment
- Anticipated cost for increased staffing is approximately $4.3M for the first year
    - Federal: $3.2M State: $1.1M

Technology Preparation

- Implementation of Community Assister Portal (early spring) to increase access to online application and renewal information
- Increased text message reminders to clients (renewal due dates, etc.)

HR 1: Medicaid Changes

Non-Citizen Eligibility Requirement Changes

- Restricts the definition of qualified immigrant to LAPR, Cuban and Haitian entrants, and COFA migrants
- Non-citizen groups will lose eligibility, including refugees, asylees, parolees, and other lawfully present immigrants who are not considered “qualified aliens”
- Approximately 200 individuals will be impacted by these changes
- Verifications are completed at all program applications, redeterminations, or when case changes are reported/processed
- Verifications include state and federal data checks for citizenship, income, and residency

HR 1: Medicaid Changes (cont.)

Eligibility and Data Integrity Process (ongoing)

- Interfaces Include
  - DLI Quarterly Wage Information (Income)
  - DLI Unemployment Insurance (Income)
  - Department of Revenue State Tax Records (Income)
  - Social Security Death Records (Deaths)
  - Montana Death Registry System (Deaths)
  - Social Security Administration (Identity and Residency)
  - SOLQ-I (Identity and Residency)
  - Lexis Nexis (Identity and Residency)
  - Department of Corrections (Incarceration)
  - BENDEX / SSA (Income)
  - State Verification and Exchange System (Income)
  - National Directory of New Hires (Income/Employment)
  - Child Support Services (Income)
  - National Accuracy Clearing House (Out of State Benefits)
  - PARIS Report (Out of State Benefits)
  - Federal Data Service Hub (Medical Insurance)

HR 1: Medicaid Implementation Planning: Cost Sharing

- **Premiums**: dependent upon CMS approval of 1115 HELP Waiver
  - Premiums may be implemented alongside community engagement
  - Exploring options to operationalize premium processing
  - DPHHS desires to leverage prior operational design and processes (from previous HELP waiver) to the fullest extent possible
- **Co-payments:** MCA currently prohibits co-pays for Medicaid Expansion
  - In CY2026, DPHHS will begin planning activities to comply with HR 1 co-payment requirements that take effect in 2028

HR 1: Projected Impacts to Medicaid Expansion Program

Projected Enrollment, Expenditures and PMPM by Fiscal Year WITH Eligibility Changes			
	2027	**2028**	**2029**
Enrollment	77,179	67,631	67,182
PMPM	$1,068	$1,159	$1,223
Expenditures	$989,510,279	$940,627,067	$986,242,220
Projected Enrollment, Expenditures and PMPM by Fiscal Year WITHOUT Eligibility Changes			
	2027	**2028**	**2029**
Enrollment	79,560	81,151	82,774
PMPM	$1,065	$1,118	$1,174
Expenditures	$1,016,780,695	$1,088,972,125	$1,166,289,146
Total Impact	**($27,270,417)**	**($148,345,058)**	**($180,046,925)**
Funding of Fiscal Impact			
General Fund	($1,917,001)	($10,720,181)	($13,342,161)
State Special Fund	($810,041)	($4,114,325)	($4,662,531)
Federal Fund	($24,543,375)	($133,510,552)	($162,042,233)

HR 1: SNAP Changes

SNAP Program Changes

Sections **10002–10012**: Tighten eligibility and redefine exemptions

- System reprogramming and staff retraining
- Risk of higher payment error rates (PER) and potential federal sanctions
- Outreach and education costs to prevent client confusion

SNAP FMAP Changes

- **Administrative Match Reduction**: Section 10007 reduces federal reimbursement for SNAP administrative costs from 50% to 25%, increasing Montana's share to 75%.
  - Effective date is 10/01/2026.
- **Benefit Match Requirement**: Section 10006 introduces a state match for SNAP benefits starting FFY2028.
  - The benefit cost share will be based on the PER from the third preceding fiscal year – except for FFY 2028, when states may choose either FFY 2025 or FFY 2026.

SNAP Payment Error Rate	State Match
Less than 6%	0%
6% to 7.99%	5%
8% to 9.99%	10%
10% or higher	15%

SNAP Benefits Changes [1]	State	Federal
Average SNAP Benefit 24/25	$ -	$168,092,180
Projected Change for SFY 2028 at 5%	$6,303,457	$161,788,723
Projected Change for SFY 2028 at 10%	$12,606,914	$155,485,267
SNAP Admin Changes [2,3]	**State**	**Federal**
Average Expense at 50/50	$12,373,791	$12,373,791
SFY 2027 Expense at 75/25	$18,560,686	$6,186,895
Potential annual net increase based on Average Expense	$6,186,895	($6,186,895)
Net increase for 75% of SFY 2027	$4,640,171	($4,640,171)

1. Implementation is 10/01/2027; no effect this biennium
2. Implementation is 10/01/2026; 75% impact for SFY 2027
3. Does not include SNAP E&T

HR 1: SNAP Changes (cont.)

HR 1 modified age requirements for existing exemptions and removed previous exemptions for Able-Bodied Adults Without Dependents (ABAWDs). The table below illustrates the projected impact of these changes.

HR1 SNAP Change		Number of Individuals Previously Eligible (FY2025)	Number of Individuals No Longer Eligible*
ABAWD Exemption	Upper age limit increase from 55 to 65	18,868	1,617
	Minor in home age decrease from 18 to 14	2,353	1,615
	Veteran exemption removal	529	89
	Homelessness exemption removal	2,310	1,043
	Former foster care youth exemption removal	74	18
Non-Citizen Eligibility Requirement	Restricts benefits to LAPR, asylees, parolees	566	238
Energy Assistance Payment	Only the elderly and disabled can use LIHEAP as a SUA expense	23,486	2,218
			Number of Individuals Newly Eligible*
ABAWD Exemption Addition	Added exemption for individuals who meet the definition of "Indian," "Urban Indian," or "California Indian“	0	7,755

*Individual does not qualify for another exemption. May be counted more than once in this table; numbers should not be aggregated.

HR 1: SNAP Implementation Planning

HR 1 establishes a matching funds requirement based on the Payment Error Rate, requiring states to bear a percentage of the cost of SNAP benefit allotments in FFY 2028

- Department of Innovative Government (DOIG) project
  - Quality assurance/improvement effort supported by OBPP
  - Established a focus group of eligibility and training staff to understand root cause of payment errors
  - Next Steps: Develop action plans for two identified root causes
- QA Peer Review Project
  - Development of a peer review process for complicated/error-prone cases
  - Analysis of error-prone case factors is being completed
  - Next Steps: Develop a system to routinely “exchange cases” for a peer review of criteria for error-prone cases
- Ongoing efforts to reduce PER:
  - Error-specific training (i.e., detailed training on household composition, income)
  - Updated interview strategies for open-ended interview questions
  - Increased communication between OIG and HCSD
  - Alignment of processing policies with review guide

Rural Health Transformation Program

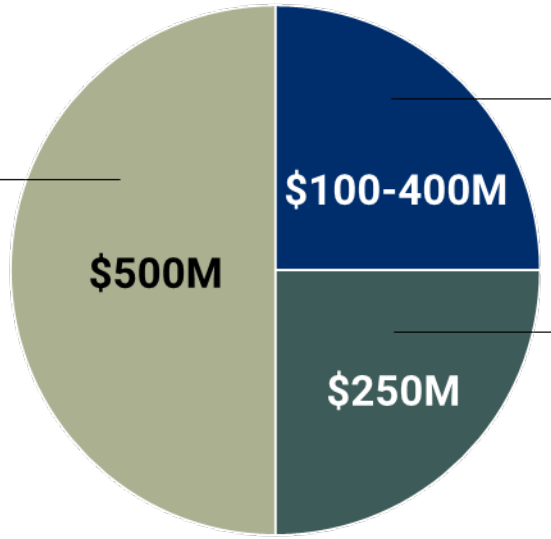
Rebecca de Camara, Medicaid and Health Services Executive Director

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Background: Summary of Funding Opportunity

- **RHTP will provide a $50B total opportunity across states, with each state receiving funding based on a set of criteria.**

Potential Montana funding over the 5-year RHTP period (~$1B)



Baseline: Equally distributed among approved States

Application: Distributed based on application content (e.g., proposed initiatives, policy actions) and quality of application

Data: Distributed based on a pre-determined set of demographic data

RHTP Timeline

Sep.-Nov. 2025

Stakeholder consultation & application development

Dec. 31, 2025

Expected award date

Oct.-Nov. 2026

First review by CMS, with potential to re-allocate funds (up or down) based on progress

Nov. 5, 2025

Submission to CMS

Jan. 2026

Implementation begins

Implementation continues through FY31, with annual reviews / potential funding reallocations by CMS

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Stakeholder Consultation

The State consulted widely with stakeholders during application development.

During proposal development, the State:

- Conducted 1-1 consultations with Montana PPS Hospitals and CAHs, tribes and >20 other rural health stakeholders
- Hosted a webinar with nearly 900 registrants
- Reviewed more than 300 RFI responses

During implementation, the State will:

- Continue to engage closely with stakeholders on specific initiatives
- Participate actively in a twice-annual stakeholder consultation hosted by the Montana Office of Rural Health

Montana's RHTP application includes five integrated initiatives

Montana submitted its application to the Centers for Medicare & Medicaid Services (CMS) on Nov. 5 with five integrated initiatives that align with the State's priorities

- Develop **workforce** through recruitment, training, and retention
- Ensure **rural facility sustainability** and access through partnerships and restructuring
- Launch **innovative care** delivery and payment models
- Invest in **community health and preventive** infrastructure
- Deploy modern health care **technologies** to guide rural health interventions

Initiative 1: Develop workforce through recruitment, training, and retention

To attract more health care providers to rural and frontier areas in Montana, DPHHS plans to invest RHTP funds in:

- **Recruiting health care providers** by increasing access to local pipelines and apprenticeships, and reimbursing related instruction costs
- **Increasing ability to train health care providers in rural and frontier areas** by creating more physician residency slots, rural training tracks, and incentivizing and training supervisors
- **Encouraging providers to stay in rural Montana and have ongoing training** for the skills they need to treat the rural population (e.g., primary care/behavioral health integration)

Initiative 2: Ensure rural facility financial sustainability and access through partnerships and restructuring

To support rural hospitals that face economic challenges due to low utilization, DPHHS plans to use RHTP funds for the following:

- **Advising on profitability** to assist rural hospitals in improving operations and profitability by providing technical assistance and financial incentives to adjust services and staffing based on community needs
- **Connecting to specialists and fostering provider partnerships** by enhancing partnerships and telehealth services that will link rural hospitals with specialists statewide, including virtual care for stroke and mental health, along with improved transportation coordination
- **Building partnerships** by fostering collaboration among rural facilities that will enhance their negotiating power to reduce costs for administrative services, medical supplies, and medications

1. Total budget includes both direct DPHHS and contractor/subrecipient managed spend

Initiative 3: Launch innovative care delivery and payment models

Montana residents frequently face challenges accessing health care services beyond hospital settings. To enhance the delivery of care in rural areas, DPHHS plans to use RHTP funds for:

- **Incentivizing value-based care,** transitioning more rural health care providers to value-based care models, which focus on reimbursing for the quality of services rendered
- **Authorizing "Treat in Place,"** empowering EMS to deliver on-site care when feasible to reduce emergency room admissions, along with upgrading ambulances and EMS equipment
- **Expanding rural pharmacy services,** permitting and equipping pharmacists to prescribe medications and offer basic primary care, as well as manage chronic diseases

1. Total budget includes both direct DPHHS and contractor/subrecipient managed spend

Initiative 4: Invest in community health and preventative infrastructure

Rural Montanans frequently lack access to preventative health care and infrastructure to promote healthy lifestyles, which leads to a high level of chronic disease. To address this, DPHHS plans to invest RHTP funds in:

- **Increasing care in community-based settings** by facilitating more primary care and behavioral health in schools through partnerships with FQHCs and other providers and purchasing/retrofitting mobile care vans to bring services to rural communities
- **Repairing outdated rural health care infrastructure** by funding minor renovations and repairs for facilities, and ensuring future Community Behavioral Health Clinics (CCBHCs) can provide crisis "safe spaces"
- **Investing in community spaces that promote healthy lifestyles** by providing one-time funding for community gardens and similar projects to improve rural population health and nutrition

1. Total budget includes both direct DPHHS and contractor/subrecipient managed spend

Initiative 5: Upgrade health care technology to coordinate and improve care

Rural communities in Montana often face limited access to care, fragmented clinical infrastructure, and gaps in data integration that hinder timely, informed decision-making. To address this, DPHHS plans to invest RHTP funds in:

- **Enhancing data usability and health interventions** by creating tools for actionable insights using Montana's health data (hospital and behavioral health bed registry) and implementing monitoring and evaluation programs leveraging data warehouse
- **Modernizing Electronic Health Record (EHR) systems for rural** providers by updating EHR systems for providers on outdated (non-HITECH certified) platforms and funding consumer-facing EHR modules to enable nutrition and chronic disease management and remote patient monitoring

Considerations for Distribution of RHTP Funds

- Funding across all initiatives, including direct incentives, will support facilities and providers operating in HRSA-designated rural counties and rural census tracts within Montana’s five non-rural counties
- HRSA defines 51 of Montana's 56 counties as rural. For the 5 countries that are considered metropolitan (Cascade County, Gallatin County, Lewis and Clark County, Missoula County, Yellowstone County) there may be portions that would be defined as rural based on HRSA criteria
- The State will continue to gather input from stakeholders that represent rural communities, facilities, and providers, through the Office of Rural Health twice-annual gathering and ad-hoc touch points as needed

RHTP Budget Submitted to CMS

	Spend Category Breakdown									
Sub-initiative	**Rural providers**	**Community based providers**	**Rural communities**	**Rural tech**	**DLI**	**Contractors (Rural providers)**	**Contractors (Community-based care delivery)**	**Contractor (Tech)**	**RHTP admin**	**Total**
1.1. Increase recruitment of rural health workers					$74					**$74**
1.2. Expand clinical training capacity					$29					**$29**
1.3. Retain and upskill rural healthcare workforce					$14					**$14**
2.1. Launch Center of Excellence	$350					$68				**$418**
2.2. Increase access through clinical partnerships	$7	$7		$7		$10	$10	$10		**$51**
2.3. Facilitate vendors and shared services						$5				**$5**
3.1. Implement innovative payment models						$8	$7			**$15**
3.2. Modernize EMS care model		$16					$13			**$29**
3.3. Expand access through pharmacies		$5								**$5**
3.4. Expand outpatient services	$35					$35				**$71**
4.1. Implement community-based care		$9					$61			**$70**
4.2. Repair healthcare infrastructure	$16	$16				$16	$15			**$62**
4.3. Invest in healthy lifestyles			$17							**$17**
5.1 Improve HIE usability and population health analytics				$6				$5		**$11**
5.2. Expand EMR modernization	$65			$32						**$97**
6.1 Admin									$30	**$30**
Totals	**$472**	**$53**	**$17**	**$45**	**$118**	**$142**	**$106**	**$15**	**$30**	**$1,000**

Planning for Budget Adjustment

- While the RHTP application process assumed a budget of $1B, CMS is expected to notify Montana of its actual RHTP award – likely in the range of $900M-1.3B – by December 31.
- The State will then have a short window to submit a revised budget matching the awarded amount.
- The State has identified the following principles to guide budget adjustment:
  - Prioritize workforce, both for funding increases in upside scenarios and to avoid cuts in downside scenarios
  - Do not scale programs that are likely to have limited additional absorptive capacity
  - Hold Admin spend constant

Planning for Budget Adjustment: Illustrative View Based on These Principles

	Budget allocation scenarios ($M)					
Sub-initiatives	$900M	$950M	$1000M	$1100M	$1200M	$1300M
1.1. Increase recruitment of rural health workers	—	—	$74	↑ ↑	↑ ↑	↑ ↑
1.2. Expand clinical training capacity	—	—	$29	↑ ↑	↑ ↑	↑ ↑
1.3. Retain and upskill rural healthcare workforce	—	—	$14	↑ ↑	↑ ↑	↑ ↑
2.1. Launch CoE to implement data-backed recommendations	↓	↓	$418	↑	↑	↑
2.2. Increase regional clinical partnerships	↓	↓	$51	↑	↑	↑
2.3. Facilitate vendors and shared services	↓	↓	$5	↑	—	—
3.1. Implement innovative payment models	↓	↓	$15	↑	↑	↑
3.2. Modernize EMS care model	↓	↓	$29	—	—	—
3.3. Expand access through pharmacy enhancements	↓	↓	$5	↑	—	—
3.4. Expand outpatient services	↓	↓	$71	↑	↑	↑
4.1. Implement community-based care	↓	↓	$70	↑	—	—
4.2. Repair healthcare infrastructure	↓	↓	$62	↑	↑	↑
4.3. Invest in healthy lifestyles	↓	↓	$17	↑	↑	↑
5.1. Improve HIE usability and population health analytics	↓	↓	$11	↑	↑	↑
5.2. Expand EMR modernization for select providers	↓	↓	$97	—	—	—
Admin	—	—	$30	—	—	—

Each Sub-Initiative has Been Designed Around One or More Models of Sustainability

1. **Time-limited initiatives with lasting impact:** RHTP funds for these initiatives cover the costs of programs or activities that will only be in operation during the RHTP period of performance but that will have a lasting impact beyond FY2031. Despite the limited time frame, these initiatives create lasting and sustainable impact by providing crucial resources (e.g., a larger workforce) that will last beyond RHTP funding, unlock transformation through network effects, and fill existing rural health gaps.
2. **Up-front investments intended to be self-sustaining:** These RHTP funds support new programs that have previously been blocked by start-up costs. Once started, these programs should pay for themselves, by averting more costs than they incur, creating a positive ROI. If costs averted are less than costs incurred, the programs will be phased out; only those programs that show positive ROI will continue beyond FY2031.
3. **Initiatives with a clear plan to transfer responsibility for operating/maintenance costs to a third party after the project period:** These RHTP funds provide necessary upfront investment for programs that require ongoing operating and/or maintenance expenditures after the project period. These initiatives each have a designated organization that will be responsible for ongoing costs after FY2031. In many cases, designated funding streams for FY2031 onwards have already been identified.

Models of Sustainability by Sub-Initiative

Sub-initiative	Time limited initiatives with lasting impact	Self-sustaining following upfront investment	Clear plan to transfer responsibility
1.1 Increase recruitment of rural health care workers	✓		
1.2 Enhance and increasing rural clinical training			✓
1.3 Retain and upskill rural health care workforce		✓	
2.1 Launch a time-limited Montana Rural Health CoE	✓		
2.2 Fostering and incentivizing clinical partnerships		✓	✓
2.3 Shared services for rural facility cost efficiency		✓	
3.1 Implement innovative payment and care models		✓	
3.2 Modernize Emergency Medical Service care model		✓	✓
3.3 Pharmacist point-of-care testing sites		✓	
3.4 Increase outpatient services	✓		
4.1 Make preventive care accessible for rural communities			✓
4.2 Update rural health care infrastructure	✓	✓	
4.3 Invest in rural healthy lifestyles			✓
5.1 Utilize HIE data to drive decisions and population health interventions		✓	
5.2 Modernize EHRs for rural providers			✓

Next Steps: Early Implementation

The State is planning for a fast start to implementation, including:

- **Stakeholder engagement and partnership formation,** which are foundational across all initiatives
- **Governance, procurement, and contracting** are being prioritized to ensure rapid deployment and accountability
- **Strengthening DPHHS's capacity** to oversee and manage the program
- **Establishing metrics**, baselines, and progress tracking mechanisms

Preliminary Plan For Procurements and Contracts

Topic	Initiative	Total Spend (M)
Montana Rural Health Center of Excellence	2	$25
Care delivery transformation implementation support	2	$48
Support implementation of rural provider telemedicine platforms and interfacility transport systems	2	$22
Expand IDD telehealth pilot statewide	2	$8
Modernize EMS systems	3	$13
Clinic technical support and payment model interventions	3	$16
Expansion of outpatient services and community-based care programs	3&4	$67
School-based care site delivery	4	$26
Tribal program development	4	$34
Improve HIE usability and population health analytics	5	$5

Preliminary Plan for Modified PBs to Support RHTP

Position title	# of positions
RHTP Program Director	1
Program Managers	5
Grant Manager	1
Compliance Officer	1
Budget Analyst	1
Workforce Coordinators	2
DLI Liaison	1
Community Engagement Regional Liaisons	2
Tribal Liaisons	2
Data and Evaluation Analysts	3
EHR Integration Specialist	1

Metrics to Track Progress (1/2)

Metric	Baseline	FY2031 Target
Ratio of NPs per 100,000 people in rural counties	76.7 per 100k	5% increase annually
Ratio of physicians per 100,000 people in rural counties	89.2 per 100k	5% increase annually
Ratio of RNs per 100,000 people in rural counties	860.9 per 100k	5% increase annually
Ratio of dental hygienists per 100,000 people in rural counties	90.7 per 100k	5% increase annually
Ratio of EMTs per 100,000 people in rural counties	115.0 per 100k	5% increase annually
Ratio of PAs per 100,000 people in rural communities, all rural counties	70.6 per 100k	5% increase annually
Rate of position turnover in rural counties (in health care)	Internal data on metric is not collected yet	At least to national average
Provider mental health rating	Internal data on metric is not collected yet	Higher behavioral health ratings
Average ED length-of-stay	3.9 hours	10% reduction
Rural facility operating margin	Estimated: -14.5%, to be validated and refined during FY 2026	0%; hospitals breakeven
Total facility inpatient days divided by staffed beds	39.49% average	30 pp increase
Percentage of total Medicaid visits conducted via telehealth	Expansion visits: 2.12%; expansion traditional: 2.33%	15 pp increase
% of Medicaid spend on outpatient care	72.8% spend on outpatient care	80% spend
Treat no Transport CPT use	0% (Treat no Transport not currently reimbursable)	10% of calls
Percentage of total pharmacists prescribing for Medicaid members	0% (Pharmacists currently not reimbursable)	50% participation
ED high utilizers	21.03% all; 19.86% Medicaid	10 pp decrease
Average dollar amount spent from Medicaid on Duals (PMPM)	$305 yearly average PMPM, non-disabled, no TPL, dual Medicare	Stable
Number of crisis safe spaces	1 crisis safe space	11 spaces

Blue = quality and health outcomes metrics

Metrics to Track Progress (2/2)

Metric	Baseline	FY2031 Target
Percentage of children who receive a well-child visit in the first 30 months of life (W30-CH)	Internal data on metric is not collected yet	Comparable with national median
% of diabetics with A1c control	37.80% all; 27.31% Medicaid	10 pp increase
% of those with hypertension with BP control	36.75% all; 29.74% Medicaid	10 pp increase
% of specific population with BMI levels under control	Internal data on metric is not collected yet	Higher levels of control
Behavioral health ED admissions per 1,000	50.61 per 100k	6% reduction
Deaths by suicide per 100,000 total population	26.2 per 100k statewide	10% decrease
Prevalence of students reporting mental health and related risk behaviors	43% students reported feeling sad or hopeless for two weeks or more	10% decrease
Number of Community Health Aide Program Practitioners	0 (CHAP not launched)	200 CHAP providers
Average wait time for behavioral health bed placements across non-State facilities	Internal data on metric is not collected yet	Reduction in wait time
Percentage of rural facilities and clinics participating in HIE	73% of hospitals, 43% of providers	95% for hospitals; 75% for others
Percentage of rural sites connected with HITECH-certified EHRs	88% of hospitals	95% of hospitals
Rural facility financial performance after EHR modernization	Estimated -14.48% net operating profit margin based on Definitive data; to be validated and refined during FY2026 Q2	10% increase for participating facilities

Blue = quality and health outcomes metrics

Health Care Facilities Division Update

Matt Waller, Health Care Facilities Executive Director

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

General MSH Updates

Recruitment Updates

- Chief Medical Officer (non-contracted) offer accepted by a psychiatrist who has previous experience working at MSH. Anticipated March 2026 start date.
- Staffing Manager offer accepted by a nurse who will oversee all functions of the MSH Staffing Office. Anticipated start December 15.
- MSH Staffing Office targeted engagement with Kaufmann Hall slated to start in early 2026 to review best practices in staffing, scheduling, internal controls, reporting, and overall oversight.
    - Key component of ongoing cost containment
- Dedicated effort to convert Grasslands temporary travel staff to modified state staff positions to further mitigate financial pressures.

General MSH Updates

Recruitment Updates

- Implementing strategies for cost containment:
  - The second round of negotiated rate reductions for traveling staff within existing contracts are in full effect and savings are being realized. There is a strong emphasis on converting traveling nurses to State FTE positions.
  - Reduction in 1:1 and 2:1 monitoring has continued to stabilize. Data is tracked weekly for variances
  - 25 MSH nurses (non-contracted) have been hired since January 2024.
- The Department remains focused on attracting and hiring qualified personnel, particularly floor nurses:
  - Efforts are underway to connect with Montana nursing programs to create recruitment pipelines.
    - Agreements Completed: Carroll College (Helena), MT Tech (Butte), MSU Bozeman
    - Agreements In Process: Salish Kootenai College (SKC) (Pablo), Missoula College (Missoula), and MSU Northern (Havre)

MSH Recertification

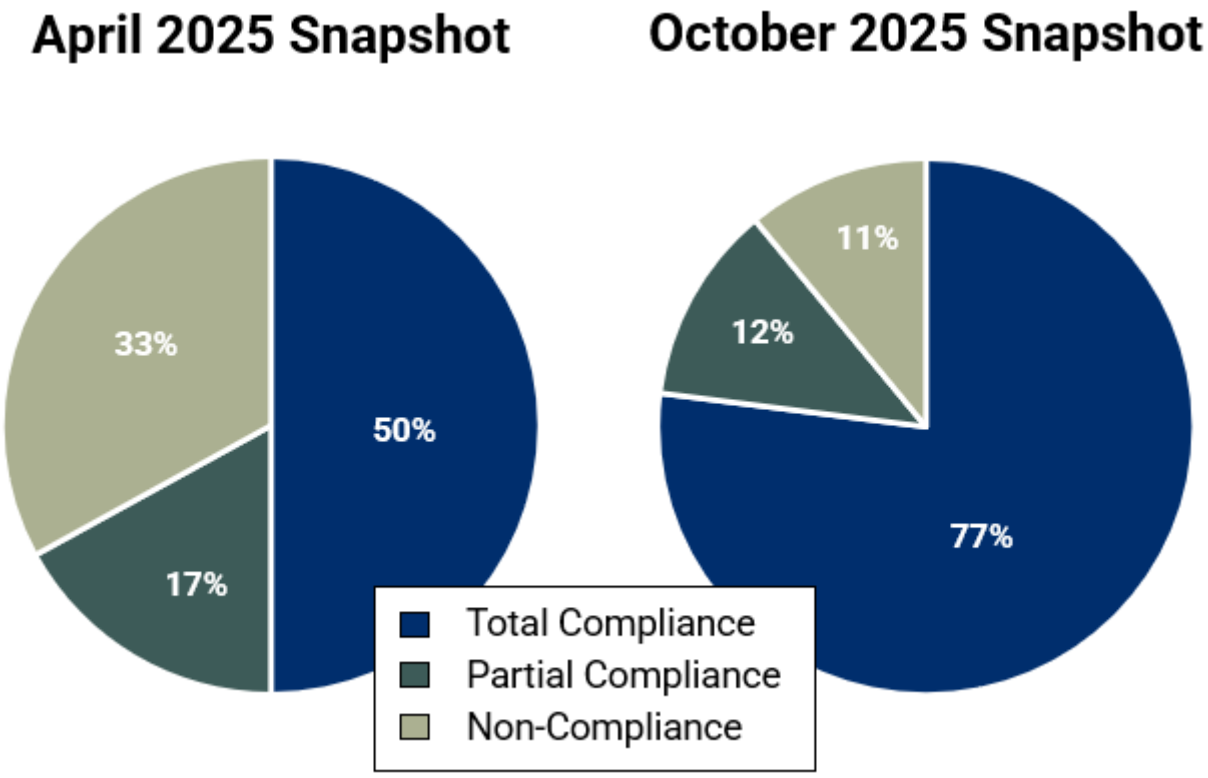
Certification Application to CMS

- DPHHS is actively drafting certification application and plans to submit it to CMS by December 31, 2025.
- Anticipating CMS onsite recertification survey in 2026. Surveys are unannounced so continual survey preparedness is mission-critical.
- As with any CMS certification survey of this scope and breadth, there will likely be findings to resolve, and a cross-functional team will swiftly develop a plan of correction to mitigate those issues within the timeframes provided by CMS.

MSH Recertification (cont.)

Oversight and Monitoring Improvements

- **Approx. 77% of the necessary work to meet the Conditions of Participation (CoPs)** is completed and operational, with continuous daily monitoring conducted through various tools, internal audits, and on-site staff support from Helena. **This work has resulted in a 27% improvement in compliance since April 2025.**
- Helena-based personnel are present on-site three or more days each week to facilitate the progression of CoP implementation activities, monitor compliance, and promote corrective actions.
- The MSH Executive Team and HFP/DO leadership can monitor CoP compliance in real-time.



MSH Recertification (cont.)

Key Focus Areas of Critical Importance

1. Medication Management and Administration
2. Chart Documentation (provider and nursing)
3. Discharge Planning Documentation and Process
4. Hand Hygiene Compliance
5. Respiratory Program, Bloodborne Pathogens, and TB Testing for Staff
6. Incident Reporting Process

The “Spratt Sprint”

Dedicated DPHHS Initiative to Discharge Remaining Spratt Patients and Close the Unit

- All-hands weekly meetings involving multiple divisions including DO/HCSD/BHDD/SLTC/MSH Social Services/Medicaid Complex Care Coordinators
  - January 1, 2025 Spratt Census: 59 patients
  - December 12, 2025 Spratt Census: 15 patients
  - Of the remaining 15 patients, 8 have placement and discharge plans and 7 are still awaiting placement
- Rapid procurement of appropriate beds to allow for potential transfer into main hospital
- Dedicated in-house and outside counsel to accelerate necessary guardianship proceedings
- Facility tours and patient interviews with local Skilled Nursing Facilities to encourage placement
- Continued efforts to secure health coverage and identify creative payment options for remaining patients
- Leveraging alternative wrap-around and support services to facilitate successful and suitable placements

Looking Ahead: 2026 and Beyond

Developing capabilities to function as a true health system

- Multi-year planning horizon for capital expenditures, construction, and deferred maintenance for all DPHHS health care facilities
  - Integrated quality plan
  - Recruitment and retention of qualified staff at all levels
  - Evaluating staffing needs across all facilities to compare and contrast with nationally recognized benchmarks

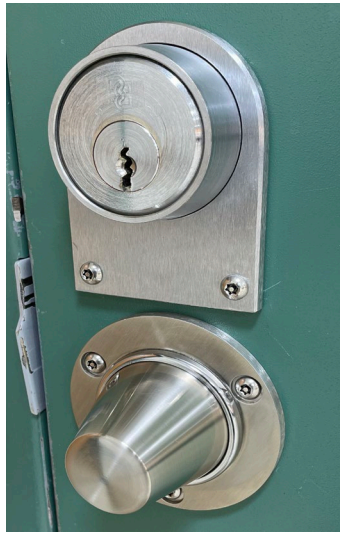
HB 5 and HB 10 Updates

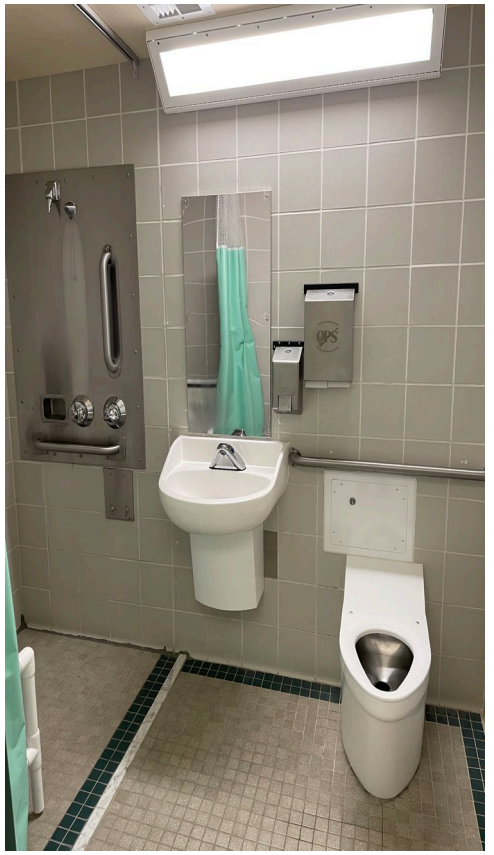
Charlie Brereton, Director

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Montana State Hospital Construction

- **Compliance and Recertification Construction**
  - Target completion: Dec. 2025
  - Total project cost: $21.3M
- **Percentage of Completion of Each Unit**
  - Alpha Unit – **99% complete**; expected completion Dec. 22, 2025
  - Bravo Unit – **100% complete**
  - Delta Unit – **100% complete**
  - Med Clinic – **100% complete**
  - Echo Unit – **100% complete**





Laurel Forensic Mental Health Facility

Project Background

- State-prioritized infrastructure project aimed at expanding behavioral health capacity
- Funded with a $26.5 million appropriation in HB 5
- BOI is responsible for site selection, development, and facility construction
- DPHHS is responsible for advising on facility design/business requirements and operating facility through a long-term lease with BOI
- Joint DPHHS/BOI plan must be approved by OBPP

HB 5 – Section 17

(2) Prior to the transfer in subsection (1) taking place, the budget director shall adopt a plan from the board of investments and the department of public health and human services on the facility type and location. The board of investments and the department of public health and human services shall report to the health and human services interim budget committee established in 5-12-501 on the progress of choosing the facility type and location. Once a plan is adopted by the budget director, the board of investments and the department of public health and human services shall provide a progress report at each subsequent meeting of the health and human services interim budget committee and each subsequent meeting of the long-range planning budget committee that are held prior to December 31, 2026.

Laurel Forensic Mental Health Facility (cont.)

Project Status

- DPHHS selected Laurel, MT as the location for the proposed 32-bed forensic mental health facility
  - Access to workforce
  - Promising sites with available infrastructure
  - Local partnership
- OBPP approved joint DPHHS/BOI plan on 11/28/25 as required by HB 5
- Continued coordination amongst Laurel officials and DPHHS and BOI leadership
  - DPHHS and BOI offered public comment regarding facility type and project process during 12/9 City Council meeting
- DPHHS finalizing facility design with DLR Group
- BOI exploring potential sites and nearing contingent buy-sell agreement following consultation with OBPP and DPHHS
- DPHHS will continue facility operational planning in CY2026
  - Further discussion with IBC-B re: operational costs as part of EPP

Laurel Forensic Mental Health Facility (cont.)

Overall Floor Plan Phase 1: 32,803 SF

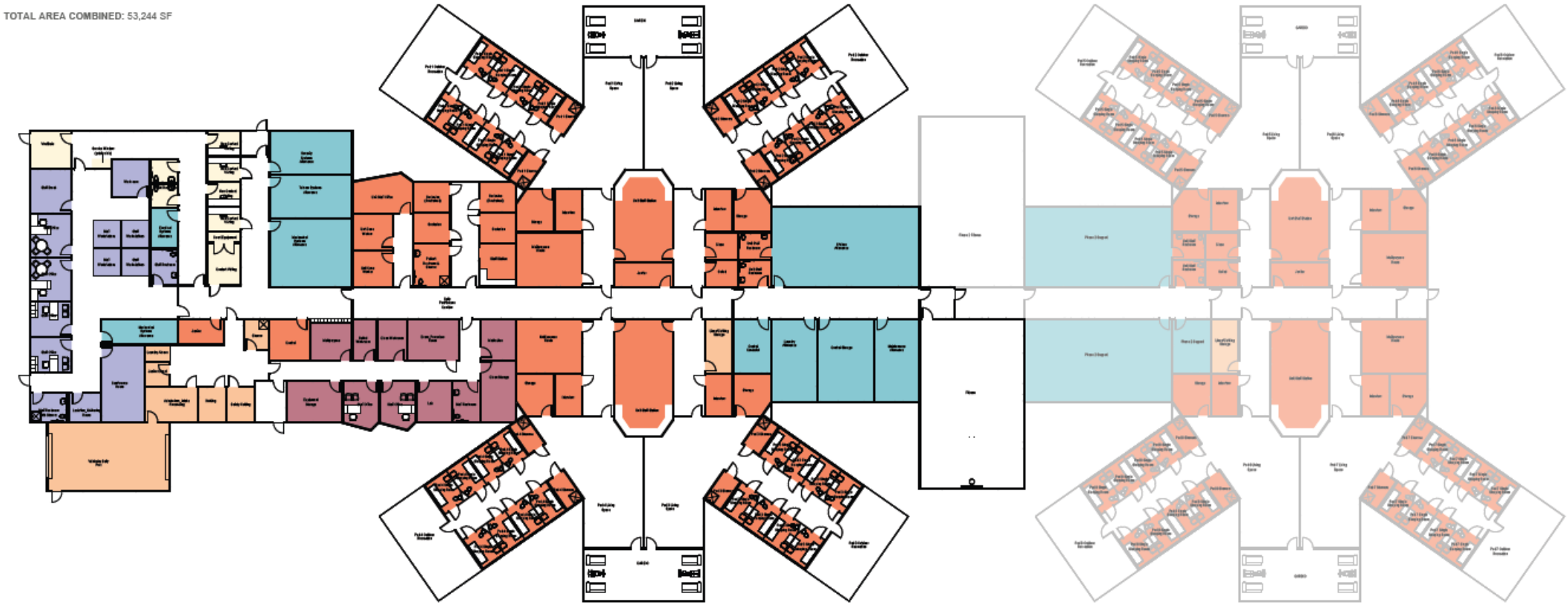
- HOUSING
- STAFF
- PUBLIC
- BUILDING SUPPORT
- ADMIT
- MEDICAL

Laurel Forensic Mental Health Facility (cont.)

Laurel Forensic Mental Health Facility (cont.)

TOTAL AREA PHASE 2: 20,441 SF

TOTAL AREA COMBINED: 53,244 SF



HB 10 Long-Range Information Technology Appropriations

Carrie Albro, Chief Information Officer

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

2025B and 2027B Project Status Updates

Project Status Overview

- DPHHS is actively managing 14 Long-Range IT HB10 projects across multiple divisions to modernize legacy systems, improve citizen services, and ensure state and federal compliance.
- The project portfolio is healthy, with progress made across both the 2025 and 2027 biennia.
- Several initiatives are progressing toward key milestones, including:
  - Completion of the CCWIS Discovery phase in February 2026,
  - the start of EBT development and testing in early 2026,
  - completion of SLTC business requirements with a procurement approach decision in January 2026,
  - and vendor selection for the Pharmacy Benefit Management System (PBMS).

2025B - HB10 Status Overview

Planning

1. **CSSD**: Montana Systems for the Enforcement and Recovery of Child Support (SEARCHS) Replacement
2. **MES**: Interoperability and Patient Access – Mobile

Procuring

1. **HCFP**: Electronic Health Records and Billing System Replacement (EHR)
2. **MES**: Pharmacy Benefit Management System (PBMS) Replacement

Initiating
Design, Develop, Implement

1. **CFSD**: Comprehensive Child Welfare Information System (CCWIS) Replacement
2. **HCSD**: Electronic Benefits Transfer (EBT) System Replacement
3. **MES**: Interoperability and Patient Access – Integration

Completed
Deployed

1. **MES**: Electronic Visit Verification (EVV) System Implementation
2. **MES**: Medicaid Enterprise Systems Integration Platform Project

2025B LRIT HB10
Projects in Motion

Comprehensive Child Welfare Information System (CCWIS) Replacement

- 3 of 5 implementation phases have been started or completed
  - Phase I: Business Process Redesign = 100% complete
  - Phase II: Transition & Infrastructure = 45% complete
  - Phase III: Discovery = 40% complete
- Target go-live date is July 2027

Montana Systems for the Enforcement and Recovery of Child Support (SEARCHS) Replacement

- Federal approval for a Streamlined Feasibility Study and Business Process Analysis was received from OCSS on DEC 4, 2025.
- Next planning and implementation steps pending completion of the Streamlined Feasibility Study.
- Tentative project kick-off is being re-baselined.
- RFP release date undetermined.

Electronic Benefits Transfer (EBT) System Replacement for SNAP, TANF, and WIC

- System design and development is in progress.
- Project remains on target for SNAP/TANF go-live APR 2026.
- WIC go-live scheduled for SEPT 2026.
- The difference in program go-lives is based on different programmatic and federal requirements.

Electronic Health Records and Billing System Replacement (EHR)

- Pursuing a competitive procurement via a Request for Proposal (RFP)
- The RFP materials are complete and subject to final internal and DOA SPSD review cycles.
- Planned JAN 2026 for RFP posting and vendor selection no later than MAY 2026.

Pharmacy Benefit Management System (PBMS) Replacement

- Participated in a NASPO ValuePoint procurement with Georgia, Missouri, and Alaska
- Currently analyzing vendor responses to complete vendor selection and procurement activities.
- Estimated project kick-off is FEB 2026.

Interoperability and Patient Access – Integration

- Finalized scope and analysis of the minimum required data elements to support interoperability.
- 7 Application Programming Interface (APIs) will be developed.
- Target completion: DEC 2026.

Interoperability and Patient Access – Mobile

- Exploring incorporating the mobile component into the scope of the Customer Care module.
- The team is assessing scope and requirements to support procurement next steps.

2027B - HB10 Status Overview
Projects in Motion

Planning	Procuring	Initiating Design, Develop, Implement	Completed Deployed
1. **CSSD**: Montana Systems for the Enforcement and Recovery of Child Support IV&V Services 2. **HCSD**: Request for Secure Data Connections for HCSD Programs 3. **HCSD**: Request for Improving Timeliness of Public Benefit Recipient Notifications 4. **HCSD**: Request for Public Benefits System Efficiency Modernization	1. **SLTC**: Senior Long Term Care System Replacements 2. **CSSD**: State Directory of New Hires (SDNH) 3. **CFSD**: Comprehensive Child Welfare Information System (CCWIS) IV&V Services		

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

2027B LRIT HB10 Status Update
Projects in Motion

Comprehensive Child Welfare Information System (CCWIS) IV&V Services

- Statement of Work is complete. Final reviews of procurement work products are in progress.
- IV&V will be procured as a Contractor Engagement Proposal (CEP) in coordination with DOA SPSD.
- Post CEP in eMACS in JAN or FEB 2026

Montana Systems for the Enforcement and Recovery of Child Support IV&V Services

- Planning activities are in motion.
- Reviewing guidance from OCSS for requirements and cadence of IV&V services.
- IV&V will be procured as a CEP in coordination with DOA procurement.
- Procurement next steps are on hold awaiting required guidance from OCSS.

State Directory of New Hire (SDNH)

- In the procurement stage(s) of the project in collaboration with DOA SPSD.
- Will proceed with an RFP which is being drafted.
- Target posting is JAN 2026.

Request for Secure Data Connections for HCSD Programs

- HCSD is working with the vendor to confirm final scope, requirements, resources, and project kick-off timeline.
- Target implementation is JUN – JUL 2026

Improving Timeliness of Public Benefit Recipient Notifications

- HCSD is working with the vendor to confirm final scope, requirements, resources, and project kick-off timeline.
- Target implementation is APR 2026

Public Benefits System Efficiency Modernization

- HCSD needs to migrate its benefits system, CHIMES, which supports Montana families through programs such as SNAP, TANF, Medicaid, and LIHEAP, to a modern and cost-effective technology platform.
- HCSD is working with the vendor to confirm final scope, requirements, resources, and project kick-off timeline.

Senior Long-Term Care (SLTC) Legacy System Replacements

- Business requirements completed.
- Determine the procurement approach by November 21, 2025, with a final decision by January 2026.
- Awaiting a decision from SPSD to determine if NASPO procurement is an option.

BHSFG Implementation Updates

Meghan Peel, Behavioral Health and Developmental Disabilities Division Administrator

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

CCBHC Implementation Updates

- DPHHS is on target for 10/1/2026 implementation date, pending approval of Montana's demonstration grant application
- CCBHC Certification Process
  - Anticipating 4 CCBHCs provisionally certified by 3/31/2026
- PPS Rate Design
  - Receipt of Cost Reports from 4 CCBHC providers
  - Development of Individual PPS Rates by 2/1/2026
- CCBHC Crisis Services

Acuity-Based Rates

Recommendation #1: Refine and Reconfigure the Current 0208 Comprehensive Waiver Services Rates

- Goal to refine and reconfigure the current 0208 Comprehensive Waiver Services rates by adjusting the rate methodology to better align each individual's support needs with the resources they receive
- DPHHS conducted internal and external stakeholder engagement for selection of evidence-based acuity assessment tool
- DPHHS will conduct a pilot with 500 assessments of individuals enrolled in the 0208 waiver to inform rate development
- Development of rate structure with Guidehouse

Acuity-Based Rates (cont.)

Recommendation #17: Redesign Rates for Youth Residential Services

- Align reimbursement structure with level of acuity to increase capacity of Montana's in-state residential providers
  - Smaller four-bed group homes; and
  - Acuity enhancement payments
- DPHHS conducted internal and external stakeholder engagement September 2025 - December 2025
- DPHHS will issue a Request for Information to inform the possibility of a "No Eject, No Reject" policy
- Development of rate structure with Guidehouse – expected completion date of 09/30/2026
- Anticipated implementation date of new rate structure early 2027

Data Collection Efforts for Key Performance Indicators

Is DPHHS performing the right actions (process measures) to achieve the desired results (outcome measures)?

- **Process measures** – What we do (directly controllable)
- **Outcome measures** – Is the intervention effective?

Data Collection Efforts for Key Performance Indicators (cont.)

Process measures

- Is there provider and other stakeholder buy-in?
- Is there more mental health training for school personnel?
- Is participant satisfaction improved?

Data Collection Efforts for Key Performance Indicators (cont.)

Outcome measures – are BHSFG recommendations effective with:

- Reducing Emergency Department visits
- Reducing out-of-state placements
- Increasing the numbers of individuals who remain in the community
- Reducing time to access services, time on waitlist, and time in high acuity service
- Reducing readmissions to facilities

Olmstead Plan Quarterly Update

Lindsey Carter, Senior and Long-Term Care Division Administrator

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Activities Since Last Update

- In Partnership with the Rural Institute, the project team developed six priority goals and crafted objectives and activities related to each goal, based on feedback from all stakeholders.
- The goals, objectives, and activities were reviewed and revised based on feedback from DPHHS employees and leadership staff.
- The goals and objectives were presented to the Department of Transportation and Department of Commerce leadership staff in preparation for a public feedback period.

Public Feedback Period

The goals, objectives, and activities were made publicly available for a 30-day feedback period on December 8th and can be found at: https://www.umt.edu/rural-institute/partnership/olmstead-plan-public-feedback.php [umt.edu]

- A virtual town hall meeting is scheduled for December 19th.
- Collected comments will be analyzed for inclusion in the current plan or for consideration in future plan iterations.

Draft Olmstead Plan Goal and Objectives

- Implementing and maintaining the Olmstead Plan requires a dedicated support structure and active, ongoing involvement from stakeholders.
- To operate the Plan effectively and maintain its momentum across all goals, we will need to ensure some dedicated resources are directed at this import effort, including funding for an Olmstead Coordinator. This Coordinator will ensure consistent oversight and management of all Plan activities.

Goal #1

Promote rights, choice, and autonomy of people with disabilities

- Prevent and reduce institutionalization through data-informed strategies that enhance access to community supports
  - Improve data collection around reasons for institutionalization
  - Establish standards for service and employment settings
- Expand access to choice in decision-making for people with disabilities
  - Support expanded training for person-centered planning
  - Expand education on supported decision making and alternatives to guardianship

Goal #2

Increase collaborations and enhance state programs to expand choice in housing and transportation for people with disabilities

- Improve interagency collaboration and system alignment within DPHHS and across other state entities
  - Commit to two inter-agency meetings with the Department of Transportation
  - Commit an additional two meetings with the Department of Commerce every year
- Develop more inclusive, accessible housing and infrastructure for individuals with disabilities and aging populations
  - Expand role of transportation coordinator to include housing tasks
  - Explore partnerships for incentivizing accessible units

Goal #2 (cont.)

Increase collaborations and enhance state programs to expand choice in housing and transportation for people with disabilities

- Strengthen and expand accessible transportation systems for individuals with disabilities and aging populations
  - Utilize transportation advisory councils to greater effect
  - Analyze current transportation data to better understand barriers to use
  - Train providers for working with people with disabilities

Goal #3

Increase access to and choice of healthcare and mental health services in community settings

- Improve workforce education and sustainability
  - Expand provider education offerings and access to telehealth
  - Explore expansion of loan repayment program
- Expand service delivery to improve access to care across rural and urban settings
  - Increase access to telehealth and specialty care
  - Explore options for assistive technology that will support direct care staff
- Reduce caregiver burden
  - Enhance promotion of respite services

Goal #4

Improve creation and delivery of accessible information and resources

- Expand interdepartmental coordination to reduce information silos and improve service accessibility and communication
  - Integrate cross-DPHHS session at yearly Summit for collaboration
  - Develop consistent case management requirements and expectations
- Improve accessibility and transparency of public-facing information
  - Review current physical and digital materials for accessibility/plain language
  - Create system to flag outdated or inaccessible content
- Build internal capacity for creating and maintaining accessible materials
  - Develop consistent plain-language polices
  - Include accessibility training in new-hire orientation

Goal #5

Support Competitive Integrated Employment while working toward becoming an Employment First state

- Establish DPHHS as a model employer for people with disabilities
  - Develop disability-led hiring guide and statewide education materials on disability employment
  - Host interagency meeting yearly on value of disability employment
- Montana will become an Employment-First state
  - Develop MOUs with partner agencies to foster collaboration
- Increase the number of disability-inclusive employers by engaging private businesses and supporting sustainable relationships
  - Educate and train private businesses on disability employment
  - Identify annually 50 new businesses committed to disability employment initiatives
- Eliminate sub-minimum wage in Montana

Goal #6

Improve benefits education, and transition planning services

- Improve infrastructure for accessible and widespread information dissemination
  - Establish person-centered benefit planning services within each 1915c waiver
  - Create a strengthened transitions system for people with disabilities at all stages of life
- Expand benefits education and transition planning
  - Partner for trainings on benefits education and independent living skills
  - Expand membership to the Montana Secondary Transition Partnership

Olmstead Plan Next Steps

- Integrate public feedback into goals and objectives and finalize accompanying draft narrative and summary.
- Complete quality assurance plan, including drafting indicators and data strategies and identifying data sources.
- By the end of March, finalize the Olmstead report with an accompanying accessible version, including dissemination and monitoring plans.

Opioid Settlement Funds

Rebecca de Camara, Medicaid and Health Services Executive Director

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Montana Opioid Abatement Trust (MOAT)

- Purpose: Manages 70% of funds Montana receives from the multi-state settlement with pharmaceutical companies related to the opioid epidemic
- Funds are used to support opioid remediation efforts in Montana
- Allowable uses include expanding access to addiction treatment and recovery services, supporting prevention and education programs, and funding law enforcement and public safety initiatives
- MOAT Advisory Committee

Opioid Settlement Funds

- Approximately $6.1 million of opioid abatement funds distributed through the MOAT
- Funding distributed across 61 approved applications
- Next MOAT Advisory Committee meeting: January 13, 2026
- State funding: 15% of funds Montana receives from the settlements are managed by the state
  - DOJ and DPHHS split these funds evenly
  - DPHHS has received approx. $3.5 million to date
  - Neither DOJ nor DPHHS have expended funds
  - DPHHS does not have an appropriation for these funds

MOAT Allocation Per Region

		July 2025 - June 2026	July 2026 - June 2027	July 2027 - June 2028
Projected Grant Distribution Availability:		$ 6,000,000.00	$ 6,000,000.00	$ 6,000,000.00
Allocation Availability Per Region:	Allocation %	Year 2	Year 3	Year 4
Abatement Region 1	6.2551612741%	$ 375,309.68	$ 375,309.68	$ 375,309.68
Abatement Region 2	5.5621614290%	$ 333,729.69	$ 333,729.69	$ 333,729.69
Abatement Region 3	3.7809796480%	$ 226,858.78	$ 226,858.78	$ 226,858.78
Abatement Region 4	7.1181856516%	$ 427,091.14	$ 427,091.14	$ 427,091.14
Abatement Region 5	4.0141642096%	$ 240,849.85	$ 240,849.85	$ 240,849.85
Butte-Silver Bow	5.6101260434%	$ 336,607.56	$ 336,607.56	$ 336,607.56
Cascade County/Great Falls	8.2570830264%	$ 495,424.98	$ 495,424.98	$ 495,424.98
Flathead County/Kalispell	10.4877218079%	$ 629,263.31	$ 629,263.31	$ 629,263.31
Gallatin County/Bozeman	6.0367459224%	$ 362,204.76	$ 362,204.76	$ 362,204.76
Lake County	3.6175099064%	$ 217,050.59	$ 217,050.59	$ 217,050.59
Lewis and Clark County/Helena	6.6687367376%	$ 400,124.20	$ 400,124.20	$ 400,124.20
Missoula County/Missoula	12.4585392204%	$ 747,512.35	$ 747,512.35	$ 747,512.35
Ravalli County	3.6906819270%	$ 221,440.92	$ 221,440.92	$ 221,440.92
Yellowstone County/Billings	16.4422031963%	$ 986,532.19	$ 986,532.19	$ 986,532.19

Conclusion

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES