



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0885.01: Generally revise Medicaid laws to improve customer service

Primary Sponsor: SJ Howell Status: As Introduced

Included in the Executive Budget Needs to be included in HB 2 Significant Local Gov Impact

Significant Long-Term Impacts Technical Concerns Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$848,683	\$961,050	\$962,850	\$959,251
State Special Revenue (02)	\$120,208	\$136,123	\$136,378	\$135,869
Federal Special Revenue (03)	\$1,708,344	\$1,934,530	\$1,938,153	\$1,930,910
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,708,344	\$1,934,530	\$1,938,153	\$1,930,910
Net Impact	<u>(\$848,683)</u>	<u>(\$961,050)</u>	<u>(\$962,850)</u>	<u>(\$959,251)</u>
General Fund Balance				

Description of fiscal impact

HB 885 requires improved customer service through opening additional Offices of Public Assistance and streamlined correspondence through mobile technology and translation.

FISCAL ANALYSIS

Assumptions

The Department of Public Health and Human Services (department)

1. The department assumes 1.00 FTE for a program manager is needed to manage the impacts to the department by the required completion date of June 30, 2026. This would be an ongoing position within the Human and Community Services Division (HCSO). Salary and benefits for the 1.00 FTE is \$99,122 in FY 2026, \$99,454 in FY 2027, \$99,787 in FY 2028, and \$99,122 in FY 2029. One-time office space set up costs in FY 2026 would be \$2,800, and ongoing operating costs associated with the FTE are 3% of personal services.
2. The annual cost of a lease for 1 additional office space is estimated to be \$5,142. This is based on 300 square feet per employee x \$17.14/square foot.
3. Funding for the 1.00 FTE program manager would at the following Federal Medical Assistance Percentages (FMAP) percentages: 31.70% general fund, 4.49% state special revenue and 63.81% federal funds.

Section 1

4. HCSO has a hotline with a callback option in place, but the callback line has a capacity of 150 callback

- slots. To accomplish a callback option to each caller, HSCD needs to double its existing callback slots (300) for a cost of \$135,000 annually (\$450 x 300 additional callback slots).
5. HSCD estimates an annual cost of \$13,200 to produce hotline call statistics at the county level (5 hours per month x \$220/hotline contractor cost per hour).
 6. HSCD does not currently have the systematic ability to text or email due dates to clients. A one-time-only (OTO) cost to add this feature to the Combined Health Information and Montana Eligibility System (CHIMES) eligibility system would be \$62,500 (500 hours x \$125/hour). There is a maintenance fee cost of \$50/month or \$600/year.
 7. There are approximately 70 application notices and related forms that can be sent to clients. These forms would need to be translated into five of the most commonly spoken languages. The cost to translate is \$1,010 per form for a total OTO cost of \$353,500 (70 forms * 5 languages * \$1,010). See technical note related to American Indian languages.
 8. These operating expenses would be at following FMAP percentages: 31.70% general fund, 4.49% state special revenue and 63.81% federal funds.

Section 2

9. HSCD is required to open/reopen 10 Offices of Public Assistance (OPA). The OPA provides eligibility services for healthcare (Medicaid/Children's Health Insurance Program (CHIP)), Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families. The necessary client service coordinators (CSC) will be determined based on the conditions of Section 2(2)(b). Necessary CSCs will be re-allocated from existing physical locations through attrition across the division. HSCD would also need one new client service supervisor (CSS) and one client service technician (CST) at each new location. CSS are expected to be promotions from current CSC positions. A total of 20.00 new FTE are needed.
10. A minimum six-month training period is required before new staff can process cases. To staff 10 physical locations by June 30, 2026, the new FTEs would start employment on January 1, 2026. Salary and benefits of the 20.00 FTE are \$780,351 in FY 2026, \$1,565,731 in FY 2027, \$1,570,760 in FY 2028, and \$1,560,701 in FY 2029. One-time office space set up costs in FY 2026 would be \$56,000, and ongoing operating costs associated with these FTE are 3% of personal services.
11. The cost of a lease for 10 additional physical locations is estimated to be \$100,668 per location per year. This is based on average existing leases for the ten smallest existing physical locations. Total is estimated to be \$1,006,680 per year.
12. There is a hotline licensing cost of \$83.84/month per employee. With the addition of 20 FTEs, this would increase the cost by \$20,122 each year.
13. The cost to add an office to the state network is \$9,600 per year per office. For 10 additional offices, the cost is \$96,000 per year.
14. Funding for the 20.00 FTE and lease would at the following FMAP percentages: 31.7% general fund, 4.49% state special revenue and 63.81% federal funds.

Section 3

15. The appropriated \$3 million in general fund will be used to fund the increased administrative expenses for the new OPA offices.

Fiscal Analysis Table

Department of Public Health and Human Services				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
FTE	21.00	21.00	21.00	21.00
TOTAL Fiscal Impact	21.00	21.00	21.00	21.00

Expenditures

Personal Services	\$898,729	\$1,703,844	\$1,709,356	\$1,698,336
Operating Expenses	\$1,778,506	\$1,327,859	\$1,328,025	\$1,327,694
TOTAL Expenditures	\$2,677,235	\$3,031,703	\$3,037,381	\$3,026,030

Funding of Expenditures

General Fund (01)	\$848,683	\$961,050	\$962,850	\$959,251
State Special Revenue (02)	\$120,208	\$136,123	\$136,378	\$135,869
Federal Special Revenue (03)	\$1,708,344	\$1,934,530	\$1,938,153	\$1,930,910
TOTAL Funding of Expenditures	\$2,677,235	\$3,031,703	\$3,037,381	\$3,026,030

Revenues

Federal Special Revenue (03)	\$1,708,344	\$1,934,530	\$1,938,153	\$1,930,910
TOTAL Revenues	\$1,708,344	\$1,934,530	\$1,938,153	\$1,930,910

Net Impact to Fund Balance (Revenue minus Funding of Expenditures)

General Fund (01)	(\$848,683)	(\$961,050)	(\$962,850)	(\$959,251)
State Special Revenue (02)	(\$120,208)	(\$136,123)	(\$136,378)	(\$135,869)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Concerns

Department of Public Health and Human Services

1. The department's review of HB 885, in consultation with the current enrollment & eligibility system vendor, confirms that the CHIMES self-service application meets the mobile device criteria outlined in Sections 1.1 a, b and 1.2 a, b of the bill.
2. The department assumes that client-facing technology provided to employees after the bill's effective date will be appropriately designed and compliant with mobile technology requirements. The department interprets "mobile-first technology" as *not* requiring a dedicated CHIMES mobile application. If the intent of HB 885 is to require a CHIMES mobile application, the department estimates \$1.5M - \$2M (minimum) will be needed to complete this work.
3. Section 2 is not clear if the intent is that more than 10 offices might be required to open. The department estimated opening 10 OPA offices. After analysis required in Section 2, should the department be required to add additional offices, it would be an additional cost to the department.
4. The department is unable to estimate the cost to translate documents into American Indian languages.
5. The department uses interfaces to receive external data to evaluate cases for auto renewal according to 42 2 CFR 435-.916(b)(1). The department cannot guarantee ex parte renewals completed according to 42 2 CFR 435.916(b)(1) will meet the proposed 60% threshold.
6. HB 855 does not have codification instructions.

NOT SIGNED BY SPONSOR

Date



Budget Director's Initials

3/31/2025

Date