



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0187: Generally revise medicaid laws

Primary Sponsor: Jonathan Windy Boy 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 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$44,641	\$72,228	\$74,072	\$75,976
Federal Special Revenue (03)	\$44,641	\$10,575,150	\$11,507,041	\$12,059,032
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$44,641	\$10,575,150	\$11,507,041	\$12,059,032
Net Impact	<u>(\$44,641)</u>	<u>(\$72,228)</u>	<u>(\$74,072)</u>	<u>(\$75,976)</u>
General Fund Balance				

Description of fiscal impact

SB 187 generally revises Medicaid laws by adding traditional healing services provided at an Indian Health Service facility, a Tribal Health Program designated under the Indian Self-Determination and Education Assistance Act, Public Law 93-638, Urban Indian Organization, or a facility who contracts with an Urban Indian Organization under the Montana Medicaid program. There will be an increase in Medicaid program costs with implementation of these new services.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

- The department assumes the addition of traditional healing providers and services will require an 1115 waiver through the Centers for Medicare & Medicaid Services (CMS). To meet federal and state public notice requirements and timelines and have adequate time for tribal consultation the department will submit the waiver to be approved by April 1, 2026, so implementation can take effect on July 1, 2026.
- The 1115 waiver is a five-year, multistep approval process from CMS. Based off past workload to implement and monitor current waivers, the department estimates an additional 0.50 FTE. The position will be responsible for drafting the waiver, leading public hearings, monitoring waiver requirements, collecting and analyzing interim waiver data, completing quarterly reporting and close out requirements. It is estimated that the position will cost \$38,032 in the first year, of which \$35,614 is personal services, \$1,068 is operating, and \$1,350 first time office setup.
- These costs are Medicaid administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds for personal services.

4. The department estimates contract costs of \$205,000 for the CMS required independent evaluations of the 1115 waiver. Contract costs receive FMAP of 50% for general fund and 50% federal funds.
5. The benefit fiscal impact calculations assume a July 1, 2026, 1115 waiver effective date. There is no impact to FY 2026 for benefits but assume an impact for the .50 FTE and contract to be in place prior to implementation.
6. Traditional healing services provided through an Indian Health Service (IHS) or Tribal 638 facility to an American Indian/Alaska Native (AI/AN) Medicaid participants would be 100% federally funded per FMAP.
7. Traditional healing services provided through an Urban Indian Organization (UIO) facility to an AI/AN Medicaid participants would be at the standard Medicaid FMAP (FY 2026 - 38.39% state share, 61.61% federal, FY 2027-2029 - 38.53% state share, 61.47% federal) or Medicaid Expansion FMAP (10% state share, 90% federal) depending on recipient eligibility.
8. Traditional healing services provided to an AI/AN recipient with Children's Health Insurance Program (CHIP) eligibility regardless of provider setting will be at the CHIP FMAP (FY 2026 - 26.81% state share, 73.19% federal, FY 2027-2029 - 26.97% state share, 73.03% federal).
9. Total AI/AN eligibility is as of October 2024 from the Montana Medicaid enrollment dashboard.
10. For purposes of the fiscal note, a 1.0% caseload growth increase was applied to the eligibility for FY 2027 through FY 2029.
11. The average percent of AI/AN seeking clinic and mental health services is calculated using Montana Medicaid claims data for FY 2024. The unique count of participants utilizing services is divided by the total AI/AN population for the eligibility category.
12. The percent of AI/AN seeking traditional healing provider services was found in the report Native American Traditional Healing: Information and Ways to Collaborate for Western Medicine and Mental Health Providers posted on the US Department of Health and Human Services Indian Health Service website.
13. Average visits per member per year were calculated using Montana Medicaid data for IHS/Tribal facilities and UIO facilities.
14. The Positive Pay System (PPS) rate for the UIOs is the weighted average of all the UIOs PPS rates for CY 2025. FY 2026 through FY 2029 is increased at the average 5-year Medicare Economic Index (MEI) increase of 3.2%.
15. The IHS/Tribal All Inclusive Rate (AIR) for FY 2026 is assumed to be the CY 2025 AIR increased at the 3-year average AIR increases of 7.8%. The rates for all subsequent years (FY 2027 through FY 2029) are increased at the same average increase of 7.8%.
16. Payment for CHIP recipients in the IHS/Tribal facility setting are the average fee schedule rates for clinic and mental health services paid through the third party administrator for FY 2025. FY 2026 through FY 2029 is increased at the average 5-year MEI increase of 3.2%.

The total amount of benefits paid under assumptions #9-#16 is found in the table below:

SB 187 - AN ACT GENERALLY REVISING MEDICAID LAWS; PROVIDING FOR MEDICAID COVERAGE OF TRADITIONAL HEALING SERVICES			
	FY 2027	FY 2028	FY 2029
Urban Indian Organization Facilities (Traditional Medicaid)			
Total American Indians (AI) with Eligibility	26,396	26,660	26,927
Percent of Total AIs with Services	3.1%	3.1%	3.1%
Average Percent Seeking Traditional Healing Providers	5.5%	5.5%	5.5%
Average Visits Per Member Per Year	4.65	4.65	4.65
Average Rate Per Visit	252.71	260.70	268.94
Total Expenditure Increase	52,437	54,634	56,926
Urban Indian Organization Facilities (Medicaid Expansion)			
Total American Indians (AI) with Eligibility	13,259	13,392	13,526
Percent of Total AIs with Services	8.6%	8.6%	8.6%
Average Percent Seeking Traditional Healing Providers	5.5%	5.5%	5.5%
Average Visits Per Member Per Year	4.65	4.65	4.65
Average Rate Per Visit	252.71	260.70	268.94
Total Expenditure Increase	73,855	76,953	80,179
Indian Health Service/Tribal Facilities (Trad Med & Med Expansion)			
Total American Indians (AI) with Eligibility	39,656	40,053	40,454
Percent of Total AIs with Services	43.0%	43.0%	43.0%
Average Percent Seeking Traditional Healing Providers	15.5%	15.5%	15.5%
Average Visits Per Member Per Year	4.40	4.40	4.40
Average Rate Per Visit	896.50	966.50	1,003.00
Total Expenditure Increase	10,430,661	11,357,677	11,904,606
Urban Indian Organization Facilities (CHIP)			
Total American Indians (AI) with Eligibility	1,345	1,358	1,372
Percent of Total AIs with Services	2.0%	2.0%	2.0%
Average Percent Seeking Traditional Healing Providers	5.5%	5.5%	5.5%
Average Visits Per Member Per Year	4.65	4.65	4.65
Average Rate Per Visit	252.71	260.70	268.94
Total Expenditure Increase	1,739	1,812	1,888
Indian Health Service/Tribal Facilities (CHIP)			
Total American Indians (AI) with Eligibility	1,345	1,358	1,372
Percent of Total AIs with Services	2.0%	2.0%	2.0%
Average Percent Seeking Traditional Healing Providers	5.5%	5.5%	5.5%
Average Visits Per Member Per Year	4.65	4.65	4.65
Average Rate Per Visit	109.68	113.15	116.73
Total Expenditure Increase	755	786	819
Total Expenditure Increase (All Providers)	10,559,446	11,491,862	12,044,419

The funding of these expenditures based on assumptions #6-8 is outlined in the table below

Standard Medicaid				
State		20,204	21,051	21,934
Federal		32,233	33,584	34,992
Medicaid Expansion				
State		7,385	7,695	8,018
Federal		66,469	69,257	72,161
Children's Health Insurance Program (CHIP) - UIO				
State		469	489	509
Federal		1,270	1,323	1,379
Children's Health Insurance Program (CHIP) - IHS/Tribal				
State		204	212	221
Federal		551	574	598
Indian Health Service/Tribal Facilities				
State		-	-	-
Federal		10,430,661	11,357,677	11,904,606
TOTAL IMPACT				
State		28,262	29,447	30,682
Federal		10,531,184	11,462,416	12,013,737
TOTAL IMPACT				
		10,559,446	11,491,862	12,044,419

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	0.50	0.50	0.50	0.50
TOTAL Fiscal Impact	0.50	0.50	0.50	0.50
Expenditures				
Personal Services	\$35,614	\$35,614	\$36,148	\$36,690
Operating Expenses	\$53,668	\$52,318	\$53,103	\$53,899
Benefits	\$0	\$10,559,446	\$11,491,862	\$12,044,419
TOTAL Expenditures	\$89,282	\$10,647,378	\$11,581,113	\$12,135,008
Funding of Expenditures				
General Fund (01)	\$44,641	\$72,228	\$74,072	\$75,976
Federal Special Revenue (03)	\$44,641	\$10,575,150	\$11,507,041	\$12,059,032
TOTAL Funding of Expenditures	\$89,282	\$10,647,378	\$11,581,113	\$12,135,008
Revenues				
Federal Special Revenue (03)	\$44,641	\$10,575,150	\$11,507,041	\$12,059,032
TOTAL Revenues	\$44,641	\$10,575,150	\$11,507,041	\$12,059,032
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$44,641)	(\$72,228)	(\$74,072)	(\$75,976)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Concerns

1. CMS would require the submission of a 1115 waiver in order to receive authority to implement traditional healing services. The Health Resources Division would need to submit and receive approval of an 1115 waiver to implement traditional healing services.
2. This expenditure authority will not expand the Medicaid eligible populations, and CMS anticipates that the Medicaid payment rate for most of these services will be the IHS AIR. CMS has therefore determined that this coverage of traditional health care practices is expected to be budget neutral and will not require a

specific budget neutrality expenditure sub-limit. The department will be held to general monitoring and reporting requirements, as per the Scheduled Tribes Castes (STC)s, and will continue to be held accountable to the overall budget neutrality expenditure limit of the demonstration.

3. Sections 4 and 5 of SB 187 remove the sunset on the Medicaid Expansion program, since SB 187 does not change any other provisions of the program, no fiscal impact from this is expected.
4. On January 1, 2024, Medicare began coverage of community health integration services, social determinants of health risk assessment, and principal illness navigation services. Medicare covers these services under the Healthcare Common Procedure Coding System (HCPCS) codes found in below table. Montana Medicaid also currently covers the codes paid via Resource-Based Relative Value Scale (RBRVS) and Outpatient Prospective Payment System (OPPS) rates. All HCPCS codes in the table below are payable for trained auxiliary personnel under the direction of a physician or other practitioner. No fiscal impact from this is expected.

HCPCS CODE	LONG DESCRIPTION
G0019	COMMUNITY HEALTH INTEGRATION SERVICES
G0022	COMMUNITY HEALTH INTEGRATION SERVICES
G0136	ADMINISTRATION OF A STANDARDIZED, EVIDENCE-BASED SOCIAL DETERMINANTS OF HEALTH RISK ASSESSMENT TOOL
G0023	PRINCIPAL ILLNESS NAVIGATION SERVICES
G0024	PRINCIPAL ILLNESS NAVIGATION SERVICES
G0140	PRINCIPAL ILLNESS NAVIGATION - PEER SUPPORT BY CERTIFIED OR TRAINED AUXILIARY PERSONNEL
G0146	PRINCIPAL ILLNESS NAVIGATION - PEER SUPPORT BY CERTIFIED OR TRAINED AUXILIARY PERSONNEL

NO SPONSOR SIGNATURE



Sponsor's Initials

Date

Budget Director's Initials

2/3/2025

Date