



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0872 - Provide funding for behavioral health system for future generations (Keenan, Bob)

Status: As Amended in House Committee

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:					
General Fund-Transfer Out	\$300,000,000	\$295,744	\$317,757	\$322,523	\$327,361
State Special Revenue	\$0	\$40,000,000	\$30,000,000	\$59,100,000	\$28,800,000
State Special Revenue-Capital Development	\$0	\$75,000,000	\$0	\$0	\$0
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Rev-Transfer In	\$225,000,000	\$0	\$0	\$0	\$0
State Special Rev-Transfer In-Capital Development	\$75,000,000	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$300,000,000)</u>	<u>(\$295,744)</u>	<u>(\$317,757)</u>	<u>(\$322,523)</u>	<u>(\$327,361)</u>

Description of fiscal impact: HB 872, as amended, provides Department of Public Health and Human Services (DPHHS) (department) appropriations, a funding mechanism and a process for legislative advisory strategies and recommendations to be incorporated into implementation of the behavioral health system for future generations fund. The amended bill requires Legislative Services Division (LSD) to staff the commission which would require 3.00 FTE. This fiscal note also includes some revisions in addition to the amendment changes.

FISCAL ANALYSIS

Assumptions:

Department of Administration

1. No later than June 30, 2023, the state treasurer shall transfer \$225 million from the general fund to the account established in Section 3.
2. No later than June 30, 2023, the state treasurer shall transfer \$75 million from the general fund to the capital developments long-range building program account provided for in 17-7-209.

Legislative Branch

3. HB 872 as amended requires LSD to staff the commission, which will require three FTE:
 - a) Attorney (\$113,543 in FY 2024 and \$122,069 in FY 2025).
 - b) Research Analyst (\$112,099 in FY 2024 and \$120,511 in FY 2025).
 - c) Secretary (\$70,102 in FY 2024 and \$75,177 in FY 2025).
4. Position data was taken from the position budgets in IBARS.
5. There are seven legislative members of the commission.
6. Members of the commission will be compensated per 2-15-124, MCA (Quasi-Judicial Boards).
 - a) Members are allowed an honorarium of \$50/day.
 - b) Travel expenses will be reimbursed provided for in 2-18-501 and 2-18-503, MCA.
7. Funding in the bill is appropriated to DPHHS.
8. Reimbursements to the commission members will be paid by DPHHS.
9. The total fiscal impact to the LSD is \$613,501 for the 2025 biennium.
10. A 1.5 % inflationary factor was added to FY 2026 and 2027.

Department of Public Health and Human Services

11. Section 3 of HB 872 establishes a state special revenue account and Section 6 provides the transfer of general fund revenue in the amount of \$225,000,000 by June 30, 2023. In addition, Section 6 provides a transfer of \$75,000,000 in SFY 2024 to the capital developments long-range building program.

Behavioral Health System for Future Generations Fund

12. The state special revenue account established in Section 3 and funded with \$225,000,000 in general fund is intended to support the following uses:
 - c) Community investments.
 - d) Systemwide improvements and planning.
 - e) Operation and other contract expenses associated with ICF/IID and other state behavioral health settings.
 - f) Planning, operation, or other expenses associated with behavioral health (BH) settings.
13. Upon approval of final recommendations from the commission established in Section 1 and the Governor, DPHHS is authorized to spend appropriation established in Section 7 (\$40 million in the first year of the biennium and \$30 million in the second).
14. The department assumes these appropriations are continuing.

Capital Development

15. Section 6 of HB 872 provides for establishing an appropriation of \$75,000,000 to DOA for the administration of the behavioral health system for future generations capital development only after administrative rules have been adopted under Section 4 and the commission approval.
16. For purposes of this fiscal note, the department assumes establishment by June 30, 2024.
17. The capital development fund supports the following uses as outlined 17-7-201:
 - a) Renovation, construction, alteration, site, or utility project.
 - b) New facility with a construction cost of \$250,000 or more.
 - c) Purchase of real property for which an appropriation is required to fund the purchase.
18. For purposes of this fiscal note, the capital development expenditures are assumed to be made in FY 2024, whereas in practicality, the funds could be spent on an as-needed basis, via the executive/legislative process outlined in the bill until the funds or appropriation are exhausted.

Commission Expenses

19. Expenses related to the per diem, travel, and reporting for the commission are included in the total costs.

Behavioral Health System for Future Generations - Transfer of Funds and Appropriation	
2025 Biennium Transfer of Funds	Amount
To Behavioral Health System for Future Generations Fund	\$225,000,000
To Capital Development Fund	\$75,000,000
Total	\$300,000,000
2025 Biennium Appropriations	Amount
Community-Based, Planning & Design, and Other Investments (FY 2024)	\$40,000,000
Commission Process Work-Potential Purchase/Build Funds (FY 2024)	\$75,000,000
Community-Based and Other Investments (FY 2025)	\$30,000,000
Total	\$145,000,000
2027 Biennium Appropriations	Amount
Community-Based, Planning & Design, and Other Investments (FY2026)	\$53,000,000
Behavioral Health Setting Medicaid Match (FY 2026)	\$6,100,000
Community-Based and Other Investments (FY 2027)	\$12,000,000
Behavioral Health Setting Medicaid Match (FY 2027)	\$16,800,000
Total	\$87,900,000
2028 Biennium and Beyond Remaining Funds and Appropriation Auth	Amount
Subject to Appropriation by the Future Legislatures	\$67,100,000
Grand Total Appropriations	\$300,000,000

HB 872 - Provide Funding for Behavioral Health System for Future Generations							
Expenditure Category	Account	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Community Investments	66xxx	\$20,000,000	\$14,000,000	\$15,000,000	----->	\$15,000,000	----->
Systemwide Improvements & Planning	62xxx	\$20,000,000	----->	\$10,000,000	----->	----->	----->
Setting Long Range	6xxxx	\$75,000,000	----->	----->	----->	----->	----->
*Setting Contingency		-	-	-	-	\$18,750,000	----->
1st Behavioral Health Setting Operations Subsi	62xxx	-	\$12,000,000	\$12,000,000	-	-	-
1st Behavioral Health Setting Medicaid Match	67xxx	-	-	\$4,600,000	\$9,200,000	\$9,200,000	\$9,200,000
ICF Operations Subsidy	62xxx	-	\$4,000,000	\$4,000,000	-	-	-
ICF Medicaid Match	67xxx	-	-	\$1,500,000	\$3,000,000	\$3,000,000	\$3,000,000
2nd BH Setting Operations Subsidy	62xxx	-	-	\$12,000,000	\$12,000,000	-	-
2nd BH Setting Medicaid Match	67xxx	-	-	-	\$4,600,000	\$9,200,000	\$9,200,000
Total	ALL	\$115,000,000	\$30,000,000	\$59,100,000	\$28,800,000	\$55,150,000	\$21,400,000

*Setting contingency \$18.750M is 25% of the \$75M Long Range Building funding

	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>					
FTE	0.00	3.00	3.00	3.00	3.00
<u>Expenditures:</u>					
Personal Services	\$0	\$295,774	\$317,757	\$322,523	\$327,361
Operating Expenses	\$0	\$20,000,000	\$16,000,000	\$38,000,000	\$12,000,000
Capital Outlay	\$0	\$75,000,000	\$0	\$0	\$0
Grants	\$0	\$20,000,000	\$14,000,000	\$15,000,000	\$0
Benefits	\$0	\$0	\$0	\$6,100,000	\$16,800,000
Transfer Out	\$300,000,000	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$300,000,000	\$115,295,774	\$30,317,757	\$59,422,523	\$29,127,361

<u>Funding of Expenditures:</u>					
General Fund (01)	\$300,000,000	\$295,774	\$317,757	\$322,523	\$327,361
State Special Rev (02)	\$0	\$40,000,000	\$30,000,000	\$59,100,000	\$28,800,000
State Special Rev (02) Transfer In	\$0	\$0	\$0	\$0	\$0
State Special Rev (02) Transfer In Capital Dev	\$0	\$75,000,000	\$0	\$0	\$0
TOTAL Funding of Exp.	\$300,000,000	\$115,295,774	\$30,317,757	\$59,422,523	\$29,127,361

<u>Revenues:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
State Special Rev (02)	\$0	\$0	\$0	\$0	\$0
State Special Rev (02) Transfer In	\$225,000,000	\$0	\$0	\$0	\$0
State Special Rev (02) Transfer In Capital Dev	\$75,000,000	\$0	\$0	\$0	\$0
TOTAL Revenues	\$300,000,000	\$0	\$0	\$0	\$0

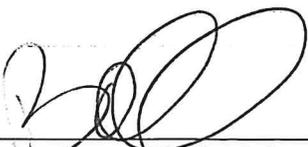
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$300,000,000)	(\$295,774)	(\$317,757)	(\$322,523)	(\$327,361)
State Special Rev (02)	\$0	(\$40,000,000)	(\$30,000,000)	(\$59,100,000)	(\$28,800,000)
State Special Rev (02) Transfer In	\$225,000,000	\$0	\$0	\$0	\$0
State Special Rev (02) Transfer In Capital Dev	\$75,000,000	(\$75,000,000)	\$0	\$0	\$0

Long-Term Impacts:

1. The Behavioral health system for future generations fund is intended to fund initiatives and projects beyond the 2025 Biennium. Planning and implementation of projects occurring in the 2025 biennium will need appropriations in the 2027 biennium and beyond.

Technical Notes:

1. Although the federal match associated with some of the expenditures is unknown at this time, a federal appropriation should be amended in to the bill.



 Sponsor's Initials

4/16

 Date



 Budget Director's Initials

4-5-23

 Date