



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 Senate 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	\$145,000,000	\$155,000,000	\$0	\$0	\$0
State Special Revenue-Behavioral Health Fu	\$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
State Special Revenue-Capital Dev-Operations & Maint		\$830,713	\$830,713	\$830,713	\$830,713
Federal Matching Funds	\$0	\$41,750,000	\$41,750,000	\$41,750,000	\$41,750,000
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Rev-Transfer In-Behavioral He	\$70,000,000	\$155,000,000	\$0	\$0	\$0
State Special Rev-Transfer In-Capital Devel	\$75,000,000	\$0	\$0	\$0	\$0
Federal Matching Funds	\$0	\$41,750,000	\$41,750,000	\$41,750,000	\$41,750,000
Net Impact-General Fund Balance:	<u>(\$145,000,000)</u>	<u>(\$155,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 DPHHS to staff the commission which requires no additional. The amended bill further adds federal matching authority.

FISCAL ANALYSIS

Assumptions:

Department of Administration

- No later than June 30, 2023, the state treasurer shall transfer \$70 million from the general fund to the account established in section 3.
- 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.
- No later than June 30, 2024, the state treasurer shall transfer \$155 million from the general fund to the account established in section 3.

Legislative Branch

4. There are five legislative members of the Commission.
5. Members of the Commission will be compensated per 2-15-124, MCA.
6. For the purposes of this fiscal note, it is assumed HB 314 will pass this Legislative Session and raise the Quasi-judicial boards compensation from \$50 to \$100 each day in 2-15-124, MCA.
7. Travel expenses are reimbursed as provided for in 2-18-501 and 2-18-503, MCA.
8. Section 1(5) states the Legislative Fiscal Division shall provide research and analysis at the request of the commission or its legislative members. These additional duties will be covered with existing staff.
9. Funding in the bill is appropriated to DPHHS.
10. Reimbursements to the commission members will be paid by DPHHS.
11. The fiscal impact to the Legislative Branch is \$0.

Department of Public Health and Human Services

Behavioral Health System for Future Generations Fund

12. 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 \$70,000,000 by June 30, 2023 and \$155,000,000 by June 30, 2024. In addition, Section 6 provides a transfer of \$75,000,000 in FY 2024 to the capital developments long-range building program.
13. The state special revenue account established in Section 3 and funded with this \$300,000,000 in general fund is intended to support the following uses:
 - a) Community investments.
 - b) Systemwide improvements and planning.
 - c) Operation and other contract expenses associated with ICF/IID and other state behavioral health settings.
 - d) Planning, operation, or other expenses associated with behavioral health (BH) settings.
 - e) Acquisition of new or remodeling of existing infrastructure or property to support the establishment of behavioral health settings and intermediate care facilities.
14. Upon approval of final recommendations from the commission established in Section 1 and approved by the Governor, DPHHS is authorized to spend appropriation established in Section 7 (\$40 million in FY 2024 and \$30 million in FY 2024).
15. The department assumes these appropriations are continuing.

Capital Development

16. Section 8 of this bill provides for establishing an appropriation of \$55,000,000 for the administration of the behavior health system for future generation capital development only after the administrative rules have been adopted under Section 4 and the commission submits a summary report on its recommendations to the Governor.
17. Section 8 also establishes an appropriation for 20,000,000 from the capital development fund beginning July 1, 2023.
18. 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.
19. 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. \$20 million in unrestricted capital development available immediately and \$55 million of which can only be spent after administrative rules have been adopted.

20. This bill appropriates \$1,661,426 in the 2025 biennium for the expansion or operations and maintenance for the new setting.

21. The department assumes these appropriations are continuing.

Federal Match

22. This bill appropriates \$83,500,000 in federal matching funds for the department.

Commission Expenses

23. Expenses related to the operating, personal services, per diem, travel, and reporting for the commission are included in the total costs and paid for by DPHHS.

<i>Behavioral Health System for Future Generations - Transfer of Funds and Appropriation</i>	
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
Capital Development Expansion or Operations & Maintenance	\$1,661,426
Federal Matching Funds	\$83,500,000
Total	\$230,161,426
2027 Biennium Appropriations-Subject to Appropriation by the Future Legislatures	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
Capital Development Expansion or Operations & Maintenance	\$1,661,426
Behavioral Health Setting Medicaid Match (FY 2027)	\$16,800,000
Federal Matching Funds	\$83,500,000
Total	\$173,061,426
2028 Biennium and Beyond Remaining Funds and Appropriation Authority	Amount
Subject to Appropriation by the Future Legislatures	\$67,100,000
Capital Development Expansion or Operations & Maintenance	\$1,661,426
Federal Matching Funds	\$83,500,000
Total	\$152,261,426

Fiscal Note Request – As Amended in Senate Committee

(continued)

	<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	0.00	0.00	0.00	0.00
<u>Expenditures:</u>					
Personal Services	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$60,875,000	\$50,875,000	\$79,975,000	\$49,675,000
Capital Outlay	\$0	\$75,830,713	\$830,713	\$830,713	\$830,713
Grants	\$0	\$20,875,000	\$20,875,000	\$20,875,000	\$20,875,000
Benefits	\$0	\$0	\$0	\$0	\$0
Transfer Out	\$145,000,000	\$155,000,000	\$0	\$0	\$0
TOTAL Expenditures	<u>\$145,000,000</u>	<u>\$312,580,713</u>	<u>\$72,580,713</u>	<u>\$101,680,713</u>	<u>\$71,380,713</u>
<u>Funding of Expenditures:</u>					
General Fund (01) Transfer Out	\$145,000,000	\$155,000,000	\$0	\$0	\$0
State Special Rev (02) Behavioral Health Fund	\$0	\$40,000,000	\$30,000,000	\$59,100,000	\$28,800,000
State Special Rev (02) Transfer In BH Fund	\$0	\$0	\$0	\$0	\$0
State Special Rev (02) Capital Development	\$0	\$75,830,713	\$830,713	\$830,713	\$830,713
Federal Rev (03) Federal Matching Funds	\$0	\$41,750,000	\$41,750,000	\$41,750,000	\$41,750,000
TOTAL Funding of Exp.	<u>\$145,000,000</u>	<u>\$312,580,713</u>	<u>\$72,580,713</u>	<u>\$101,680,713</u>	<u>\$71,380,713</u>
<u>Revenues:</u>					
General Fund (01) Transfer In	\$0	\$0	\$0	\$0	\$0
State Special Rev (02) Behavioral Health Fund	\$0	\$0	\$0	\$0	\$0
State Special Rev (02) Transfer In BH Fund	\$70,000,000	\$155,000,000	\$0	\$0	\$0
State Special Rev (02) Transfer In Capital Dev	\$75,000,000	\$0	\$0	\$0	\$0
Federal Rev (03) Federal Matching Funds	\$0	\$41,750,000	\$41,750,000	\$41,750,000	\$41,750,000
TOTAL Revenues	<u>\$145,000,000</u>	<u>\$196,750,000</u>	<u>\$41,750,000</u>	<u>\$41,750,000</u>	<u>\$41,750,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01) Transfer Out	(\$145,000,000)	(\$155,000,000)	\$0	\$0	\$0
State Special Rev (02) Behavioral Health Fund	\$0	(\$40,000,000)	(\$30,000,000)	(\$59,100,000)	(\$28,800,000)
State Special Rev (02) Transfer In BH Fund	\$70,000,000	\$155,000,000	\$0	\$0	\$0
State Special Rev (02) Transfer In Capital Dev	\$75,000,000	(\$75,830,713)	(\$830,713)	(\$830,713)	(\$830,713)
Federal Rev (03) Federal Matching Funds	\$0	(\$115,830,713)	(\$30,830,713)	(\$59,930,713)	(\$29,630,713)

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.



 Sponsor's Initials

 Date



 Budget Director's Initials



 Date