

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



JOHN WALSH
LT. GOVERNOR

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto House Bill 12 (HB 12) "AN ACT APPROPRIATING FUNDS FOR ONE-TIME PROVIDER RATE PAYMENTS; RESTRICTING USE OF FUNDS FOR PROVIDER PAYMENTS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

In 2010, former Governor Schweitzer was forced to implement provisions of the Budget Reduction Act (17-7-140, MCA), given the economic conditions of the time and their potential effects on projected ending fund balance. Providers, employees, state agencies, and others all absorbed these necessary statutory reductions at the time. None have sought to replace lost earnings, wages, jobs, or payments to date.

HB 12, however, seeks to do just that. While state agencies and their contractors absorbed those necessary reductions and moved forward, a select group now seeks compensation for the unavoidable impacts of the downturn in the national economy. This additional one-time payment is in addition to the prospective 2 percent permanent provider rate increase each year of the biennium that I submitted and that was approved by the 63rd Legislature.

Furthermore, the implications of HB 12 are such that the State of Montana would be providing retroactive payments to providers for services already rendered. The different rates were established after extensive public hearings during the 2011 Legislature. Medicaid rates then went through the administrative rule process which included additional public notice and comment periods. After all of this, providers continued to provide services knowing what the compensation would be. HB 12 now seeks to provide a "bonus" for previously provided services despite the fact that the terms and conditions of these contracts have already been performed. This sets a dangerous precedent and infringes on the ability of the Executive to implement the state budget in a responsible and predictable way.

In addition to the fiscal considerations, HB 12 has implementation issues as well. The bill provides a one-time only provider rate increase that must be distributed to providers of medical care, mental health care, foster care, child care, long-term care and assistance with activities of daily living in

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state fiscal year 2013. The bill appropriates \$6,481,952 from the general fund and provides another \$12,700,000 in federal special revenue. In order to obtain the federal match for Medicaid providers, public and tribal notice would need to be given and state plans would need to be submitted and approved by the Centers on Medicare and Medicaid Services before June 30, 2013. Administrative rules would also need to be written for both Medicaid and non-Medicaid providers. The compressed time frame between now and the end of state fiscal year 2013 make it extremely unlikely that the Department of Public Health and Human Services can comply with the bill.

For these reasons, I veto HB 12.

Sincerely

A handwritten signature in black ink, appearing to be 'SB', with a long horizontal stroke extending to the right.

STEVE BULLOCK
Governor

cc: Legislative Services Division
Mark Blasdel, Speaker of the House
Jeff Essmann, President of the Senate