

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Call to Order: By Chairman Bradley, on January 25, 1989, at 8 a.m.

ROLL CALL

Members Present: All members were present with the exception of Sen. Van Valkenburg

Members Excused: None

Members Absent: Sen. Van Valkenburg

Staff Present: Peter Blouke, LFA
Lois Steinbeck, OBPP

Announcements/Discussion: Social & Rehabilitation Services:
Audit and Compliance - Disability Determination,
Vocational Rehabilitation and Visual Services.

HEARING ON SOCIAL AND REHABILITATIVE SERVICES

Dr. Blouke discussed the similarities and differences in the Audit Compliance budgets for Disability Determination, Vocational Rehabilitation and Visual Service as documented in the attached issue sheets. (See attachments)

027

Discussion followed regarding funding for fraud abuse in the audit and program compliance service and proposal for modified budget request for two (2) additional liability investigators and two (2) administrative clerical positions to assist the quality control unit in monitoring program compliance.

The Audit and Program Compliance program conducts financial audits, quality control reviews, and seeks financial recoveries for all programs administered by SRS. Financial audits determine appropriateness of expenditures, compliance with contract terms, and adequacy of internal fiscal controls. Quality control

reviews are conducted on selected AFDC, food stamp, and medicaid cases to assure compliance with state and federal eligibility rules. The program also monitors the medicaid program to recover misspent medicaid dollars, remove or restrict recipients or providers who abuse the system and ensure that liable third-party payers, such as insurance companies or medicare, pay their share before medicaid is billed.

A060

Mr. Merdinger reported that at any one time there are 200 cases with recipients and/or providers being monitored by Consultec and approximately \$1,000,000 per year is recovered because of fraud abuse, error, etc. The cost of two (2) financial investigators could equate to the increased collection of \$200,000 per year. Many times this is the result of monitoring to see that private insurers pay ahead of medicaid.

A120

There are quality control units throughout the state with no clerical support; there has been no increase in this area for a number of years. Clerical support staff would increase the efficiency and effectiveness of this particular unit.

A166

Rep. Cody asked why an increase of staff is needed now if there was no demand in the past. Mr. Merdinger remarked that the complexity of the program warrants clerical support staff. There have been a number of rules' changes in the AFDC, food stamp and medicaid programs; there now are more stringent deadlines, which is now 45 days, after the quality control reviewer receives case on random review.

Inquiries from Rep. Cody revealed that approximately \$16 million dollars had been recovered through use of the quality control unit.

A200

Rep. Cobb asked if there have been any criminal costs involved in the program. Mr. Merdinger replied that in 1988 there were 45 cases referred to the appropriate county attorneys' officers throughout the state. These are handled through a deferred prosecution process with the recipient and/or offender pleading guilty and prosecution deferred 30-40 days. There are also hearings at the administrative level where the first offense involves six months' suspension, the second offense is 12 months and the third offense is permanent suspension of benefits.

A230

Sen. Keating asked for information in the method used to avoid third party coverage by the person requesting

assistance and wanted to know how they received eligibility coverage without being discovered. Agency staff replied that recipient might not have had private insurance in the beginning, may not want to acknowledge having other coverage if recipient feels they would not then be eligible for medicaid and occasional error on part of recipient/agency.

A280

Mr. Merdinger stated that there are penalties for presenting wrong information which forestalls prospective clients from giving such information.

A320

Discussion followed regarding the supported employment program of Vocational Rehabilitation Service. This program, established by the 1987 legislature, is designed to assist severely disabled individuals in finding and maintaining suitable employment in the public sector. This program is to be funded with 80% federal and 20% state match. The state revenue funds used to match federal funds are the Industrial Accident Rehabilitation Account (IARA) funds received from the Division of Worker's Compensation. These funds are generated through an one (1) percent tax on the compensation paid to injured employees by the employer if self insured, insurance companies, or by the Workers' Compensation Division.

A500

In matching federal Section 110 funds, the IARA funds may only be used to provide services to injured employees under the conditions specified under the Workers' Compensation Division Act. General vocational rehabilitation services are also funded through federal funds from the Job Training Partnership Act (JTPA), Supplemental Security Income (SSI) funds and Social Security Disability Income (SSDI) funds. Approximately 7,100 clients received services under this portion of the program during fiscal 1988.

A590

Ms. Bullock reported on two issues facing the supplemented employment program in funding. Because recipients are the severely disabled they need continued supplementary personal services; however, after they become employed, they are decertified and lose these supplementary services they need to maintain their abilities to work. At present time, cases are being decertified; during 1988 those numbers not being certified has increased by 376%.

A044

The number of certified cases has decreased by 55% and

vocational rehabilitation (VR) cannot access the IARA funds as before. IARA was set up in the early 1960's and until 7/1/1987, there were considerable more Workers' Comp funds paid out which increased IARA funds available, based on one percent of monies paid in settlements

A140

Discussion initiated by Rep. Cody as to what percent of the clients being served come under the Workers' Compensation classification, Ms. Bullock reported about 20%.

A160

Rep. Bradley asked if the IARA funds could be used for testing in the field. Ms. Bullock reported that legislative intent by the subcommittee would enable the agency to use these funds. Ms. Steinbeck reported that the governor has a deep interest in this program and plans to use IARA funding with general funds for federal match. Ms. Bullock stated that every time we do not put \$1.00, we lose \$6.00 based on the number of certified cases.

A180

Rep. Bradley stated it was her understanding that clients had to be able to be rehabilitated to be eligible for the supplemented employment program. Ms. Bullock said there was this requirement and clients required a number of supplementary services to maintain as they receive training or retraining, such as tuition, tutors, transportation, housing etc. The two (2) percent increase for providers would cover such costs as tuition where there has been a steady rise in cost.

A480

Rep. Cody requested information on transferable work skills. Mr. Palmer stated there is a panel made up of representatives from SRS, Job Service and Workers' Comp where testing is done to evaluate if prospective clients have skills in other areas. If the clients do have other skills than those used prior to injury, then these are transferable to another situation such as work, training or other reimbursable job. Mr. Palmer reported that the short term (two years) or long term (four years) training was a statutory mandate.

A533

Sen. Keating remarked that training was also done in the private sector to rehabilitate workers and is not a method of avoiding settlements.

A620

Agency sees a drop in trust fund (IARA) money of \$500,000 in next biennium. Our access is becoming more limited,

there are less large sums of money for the one percent IARA funds to generate from and there are more private insurance agencies working with disabled clients. Private evaluations determine client has skills, then they are out of the picture and the state must provide vocational rehabilitation.

A811

Comments from the subcommittee as to why so many of VR programs are 100% federally funded brought the response from Mr. Johns and agency staff that SRS do the work for the feds.

A850

The subcommittee discussed process of modified budget requests. Rep. Cody asked if they were being included in the current levels and Sen. Keating wanted to know if the subcommittee would be getting back to discussion of the current level plus the modified requests. Dr. Blouke stated that the modifieds are not included in the current level. Rep. Bradley stated their would be further discussion on current level plus the modifieds.

Testimony from public requested maintenance of vocational rehabilitation and visual services programs for the severely disabled to enable them to become taxpayers instead of tax users. These services are vital to long term training and education for the severely disabled.

Testimony was given by:

Jim Smith for the Montana Association for Rehabilitation Association; Kathy Collins, teacher; George Kircher, author of computerized textbooks for the blind; Jack Chambers, client; Pat Domme and seeing eye dog, A.J., Montana School for the Deaf/Blind; Tim Harris, Montana Independent Living Project; Virginia Sutich, Montana's first rehabilitation teacher; Bob LeMieux, Montana School for Deaf/Blind; Kathy Biscup, trauma/head injury consumer; Maria Nyberg, head injury consumer; Annette Lyman, trauma (bullet) recovering student; Anita Nelson, teacher Montana School for Deaf/Blind; and Cathy Ward, wife of Prof. Ward, Carroll College (Prof. Ward suffered aneurysm and received rehabilitation services).

ADJOURNMENT

Adjournment at 11:00 a.m.



REP. DOROTHY BRADLEY, Chairman

DB/dib

2123.min

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
 DISABILITY DETERMINATION

<u>PERSONAL SERVICES</u>	<u>1990</u>	<u>1991</u>
Executive FTE	44.13	44.13
LFA Current Level FTE	<u>44.13</u>	<u>44.13</u>
Difference	0	0
Executive	\$1,323,057	\$1,324,237
LFA Current Level	<u>\$1,333,024</u>	<u>\$1,333,959</u>
Difference	\$9,967	\$9,722

- - - - - Personal Services Issues - - - - -

Personal Services differences are caused by differences in the calculation of employee benefits and salary for an aggregate 2.5 FTE used by the program to pay for physician examinations.

Appropriations Committee Policy

- A. Elimination of Vacant Positions
None identified in this program.
- B. Elimination of Vacancy Savings

	<u>FY 90</u>	<u>FY 91</u>
Vacancy Savings		
Executive	\$9,729	\$9,738
LFA	<u>\$9,803</u>	<u>\$9,810</u>
Adjusted Personal services		
Executive	\$1,332,786	\$1,333,975
LFA	<u>\$1,342,827</u>	<u>\$1,343,769</u>
Difference	(\$ 10,041)	(\$ 9,794)

1. Committee Issues/Committee Action

<u>OPERATING EXPENSES</u>	<u>1990</u>	<u>1991</u>
Executive	\$1,186,369	\$1,189,268
LFA Current Level	<u>\$1,140,280</u>	<u>\$1,185,501</u>
Difference	\$46,089	\$3,767

- - - - - Operating Expenses Issues - - - - -

The major difference in contracted services is the LFA is \$24,810 lower in fiscal 1990 and \$15,800 higher in fiscal 1991 for medical exams conducted by the program for disability determination. The LFA used a 5 percent increase per year for caseload growth, whereas the Executive increased the amount for medical exams by \$100,000 over the fiscal 1988 actual.

The Executive includes \$20,000 more per year for travel. The Executive based their travel request on federal requirements for staff training. The LFA increase travel 5 percent for caseload growth and allowed a \$3,000 increase for staff training.

1. Committee Issues

2. Committee Action

<u>EQUIPMENT</u>	<u>1990</u>	<u>1991</u>
Executive	\$83,280	\$14,000
LFA Current Level	<u>\$20,000</u>	<u>\$20,000</u>
Difference	\$63,280	(\$6,000)

----- -Equipment Issues - -----

The Executive funded additional equipment for the program's computer system. The LFA used an adjusted three year average.

1. Committee Issues

2. Committee Action

GRANTS

Client Travel

	<u>1990</u>	<u>1991</u>
Executive	\$68,000	\$68,000
LFA Current Level	<u>\$59,000</u>	<u>\$59,000</u>
Difference	\$6,050	\$6,050

----- -Grants Issues- -----

This benefit is to pay client travel for medical exams. The LFA increased the fiscal 1988 actual by 5 percent for caseload growth, the Executive projected a higher caseload and associated travel.

1. Committee Issues/Committee Action

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
VOCATIONAL REHABILITATION

<u>PERSONAL SERVICES</u>	<u>1990</u>	<u>1991</u>
Executive FTE	77.40	77.40
LFA Current Level FTE	<u>68.40</u>	<u>68.40</u>
Difference	9.00	9.00

Executive	\$1,870,033	\$1,872,717
LFA Current Level	<u>\$1,581,773</u>	<u>\$1,584,199</u>
Difference	\$288,260	\$288,518

- - - - - Personal Services Issues - - - - -

The major difference between the executive and the LFA FTE and personal services cost is the LFA reduced 9 FTE associated with the Supported Employment grant program. However, two of the FTE reduced by the LFA from this program were transferred to the Assistance Payments program. Also the LFA used a 4 percent vacancy savings and the Executive used a 2 percent vacancy savings. Executive includes modified for replacement of Workers' Compensation funding.

Appropriations Committee Policy

- A. Elimination of Vacant Positions
None identified in this program.
- B. Elimination of Vacancy Savings

	FY 90	FY 91
Vacancy Savings		
Executive	\$38,164	\$38,219
LFA	\$65,907	\$65,907
Adjusted Personal services		
Executive	\$1,908,197	\$1,910,936
LFA	<u>\$1,647,680</u>	<u>\$1,650,106</u>
Difference	\$260,517	\$260,830

1. Committee Issues/Committee Action

<u>OPERATING EXPENSES</u>	<u>1990</u>	<u>1991</u>
Executive	\$558,138	\$553,328
LFA Current Level	<u>\$443,200</u>	<u>\$445,363</u>
Difference	\$114,938	\$107,965

- - - - -Operating Expenses Issues - - - - -

The major difference between the LFA and Executive is the LFA removed the Supported Employment Expenses from the fiscal 1988 base and did not include any expenses for the program in the 1991 biennium. Operating costs for the Executive include the modified request for replacement of Workers' Compensation funding.

1. Committee Issues

Committee Action

<u>EQUIPMENT</u>	<u>1990</u>	<u>1991</u>
Executive	\$10,742	\$7,309
LFA Current Level	<u>\$ 7,641</u>	<u>\$5,779</u>
Difference	\$3,101	\$1,530

- - - - -Equipment Issues - - - - -

Both the LFA and executive include funds for purchase of computer software and office equipment.

2. Committee Issues/Committee Action

BENEFITS

	<u>1990</u>	<u>1991</u>
Executive	\$5,022,491	\$5,081,299
LFA Current Level	<u>\$4,737,260</u>	<u>\$4,759,714</u>
Difference	\$285,231	\$321,585

-----Grants Issues-----

Significant difference exist between the Executive and LFA in funding for benefit programs. In addition to eliminating \$435,000 in federal funds for the Supported Employment program, the LFA includes \$32,000 less per year for SSI/SSDI funding. These reductions are partially off set by the LFA including \$544,000 more in state special revenue as match for federal funds.

As part of the Executive funding modification, the Executive has included \$361,000 additional general funds to support lost Workers' Compensation funds.

A major issue the committee will need to consider regarding Vocational Rehabilitation benefits is whether to maintain current level services and increase general fund support, or to reduce service to a level that can be supported with available Workers' Compensation funds.

1. Committee Issues

Committee Action

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

VOCATIONAL REHABILITATION PROGRAM

MODIFIED BUDGET REQUESTS

1. Provider Rate Increase

This modified request funds a 2 percent rate increase for service providers. The Department would allocate the increase at its discretion.

	FY 90	FY 91
Benefits	<u>\$100,452</u>	<u>\$204,266</u>
TOTAL EXPENDITURES	\$100,452	\$204,266
General Fund	\$ 13,186	\$ 28,288
Federal Funds	<u>\$ 87,266</u>	<u>\$175,978</u>
TOTAL FUNDS	\$100,452	\$204,266

2. Supported Employment

This modified request would increase funding for the Supported employment program by \$50,000 each year of the 1991 biennium to provide employment opportunities for severely disabled persons.

	FY 90	FY 91
Benefits	<u>\$50,000</u>	<u>\$50,000</u>
TOTAL EXPENDITURES	\$50,000	\$50,000
General Fund	\$50,000	\$50,000
TOTAL FUNDS	\$50,000	\$50,000

3. Migrant Worker

This modified request would continue a federally funded program to provide service to migrant workers. This program was begun in fiscal 1989 through the budget amendment process.

	FY 90	FY 91
Benefits	<u>\$83,366</u>	<u>\$127,979</u>
TOTAL EXPENDITURES	\$83,366	\$127,979
Federal Funds	\$83,366	\$127,979
TOTAL FUNDS	\$83,366	\$127,979

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
 AUDIT AND PROGRAM COMPLIANCE

<u>PERSONAL SERVICES</u>	<u>1990</u>	<u>1991</u>
Executive FTE	38.00	38.00
LFA Current Level FTE	<u>38.00</u>	<u>38.00</u>
Difference	0	0
Executive	\$982,858	\$984,868
LFA Current Level	<u>\$977,743</u>	<u>\$979,741</u>
Difference	\$5,115	\$5,127

----- Personal Services Issues -----

Personal Services differences result from the 2 percent vacancy savings factor applied by the Executive as opposed to a 2.5 percent vacancy savings included in the LFA.

Appropriations Committee Policy

A. Elimination of Vacant Positions
 None identified in this program.

B. Elimination of Vacancy Savings

	FY 90	FY 91
Vacancy Savings		
Executive	\$20,059	\$20,099
LFA	<u>\$25,174</u>	<u>\$25,226</u>
Adjusted Personal services		
Executive	\$1,002,917	\$1,004,967
LFA	<u>\$1,002,917</u>	<u>\$1,004,967</u>
Difference	\$0	\$0

2. Committee Issues/Committee Action

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

AUDIT AND PROGRAM COMPLIANCE

<u>OPERATING EXPENSES</u>	<u>1990</u>	<u>1991</u>
Executive	\$153,861	\$154,692
LFA Current Level	\$159,590	\$160,898
Difference	(\$5,729)	(\$6,206)

-----Operating Expenses Issues-----

The major differences occur in the Contracts portion of the budget: the LFA included \$3,000 more for professional medical consultants for the utilization review program and \$1,700 more for publications and graphics.

1. Committee Issues

2. Committee Action

<u>EQUIPMENT</u>	<u>1990</u>	<u>1991</u>
Executive	\$4,700	\$2,700
LFA Current Level	\$4,700	\$2,700
Difference	\$0	\$0

-----Equipment Issues-----

Both the executive and LFA funded minor office equipment.

1. Committee Action

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

AUDIT AND PROGRAM COMPLIANCE

GRANTS

Fraud Abuse	<u>1990</u>	<u>1991</u>
Executive	\$143,926	\$143,223
LFA Current Level	<u>\$120,330</u>	<u>\$120,330</u>
Difference	\$23,596	\$22,893

- - - - -Grants Issues- - - - -

These are 100 percent federal funds that are contracted with the Department of Revenue to conduct investigations of medicaid and Food Stamp fraud.

The LFA used the fiscal 1988 actual expenditure level, the Executive included an estimate of the costs for investigations from Department of Revenue.

1. Committee Issues

2. Committee Action

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

AUDIT AND PROGRAM COMPLIANCE

MODIFIED BUDGET REQUESTS

1. Additional Liability Investigators

This modified request adds 4.00 FTE: two clerical positions to be allocated part-time in field offices and two third party liability investigators. General funds are 50 percent of the total cost.

	FY 90	FY 91
FTE	4.00	4.00
Personal Services	\$71,932	\$71,948
Operating Costs	\$13,075	\$2,643
TOTAL EXPENDITURES	\$85,007	\$74,591
General Funds	\$42,503	\$37,295
Federal Funds	<u>\$42,504</u>	<u>\$37,296</u>
TOTAL FUNDS	\$85,007	\$74,591

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

VISUAL SERVICES

<u>PERSONAL SERVICES</u>	<u>1990</u>	<u>1991</u>
Executive FTE	18.30	18.30
LFA Current Level FTE	<u>18.30</u>	<u>18.30</u>
Difference	0	0

Executive	\$456,148	\$456,773
LFA Current Level	<u>\$449,352</u>	<u>\$449,968</u>
Difference	\$6,796	\$6,805

- - - - - Personal Services Issues - - - - -

The LFA applied a 3.5 percent vacancy Savings and the Executive used a 2 percent vacancy savings.

Appropriations Committee Policy

A. Elimination of Vacant Positions
None identified this program.

B. Elimination of Vacancy Savings

	<u>FY 90</u>	<u>FY 91</u>
Vacancy Savings		
Executive	\$9,309	\$9,322
LFA	<u>\$16,105</u>	<u>\$16,127</u>
Adjusted Personal services		
Executive	\$465,457	\$466,095
LFA	<u>\$465,457</u>	<u>\$466,095</u>
Difference	\$0	\$0

1. Committee Issues/Committee Action

<u>OPERATING EXPENSES</u>	<u>1990</u>	<u>1991</u>
Executive	\$106,571	\$106,109
LFA Current Level	<u>\$114,068</u>	<u>\$113,075</u>
Difference	(\$6,255)	(\$6,966)

- - - - -Operating Expenses Issues - - - - -

The major difference in operating expenses is the LFA included \$5,500 more in travel than is included in the executive budget.

1. Committee Issues

1. Committee Action

<u>EQUIPMENT</u>	<u>1990</u>	<u>1991</u>
Executive	\$3,091	\$3,091
LFA Current Level	<u>\$9,346</u>	<u>\$9,129</u>
Difference	(\$6,255)	(\$6,038)

- - - - -Equipment Issues - - - - -

The executive included minor office equipment equal to the fiscal 1988 actual. The LFA included purchase of adaptive equipment for visually impair employees.

1. Committee Action

GRANTS

VISUAL SERVICES BENEFITS	<u>1990</u>	<u>1991</u>
Executive	\$424,267	\$424,267
LFA Current Level	<u>\$424,267</u>	<u>\$424,267</u>
Difference	\$0	\$0

-----Grants Issues-----

Both the LFA and Executive funded Visual Services benefits at the fiscal 1989 budgeted level.

2. Committee Issues

Committee Action

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

VISUAL SERVICES

MODIFIED BUDGET REQUESTS

1. Independent Living

This modified request extends a federally funded grant for services to elderly blind or visually impaired persons.

	FY 90	FY 91
Benefits	\$199,965	\$199,965
TOTAL EXPENDITURES	\$199,965	\$199,965
Federal Funds	<u>\$199,965</u>	<u>\$199,965</u>
TOTAL FUNDS	\$224,802	\$213,954

2. Provider Rate Increase

This modified request would allow a 2 percent rate increase for service providers. Funding for the modified is 12.6 percent general fund.

	FY 90	FY 91
Benefits	<u>\$8,486</u>	<u>\$16,972</u>
TOTAL EXPENDITURES	\$8,486	\$16,972
General Funds	\$1,072	\$2,146
Federal Funds	<u>\$7,414</u>	<u>\$14,826</u>
TOTAL FUNDS	\$8,486	\$16,972

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
AUDIT AND PROGRAM COMPLIANCE DIVISION

The Audit and Program Compliance Division performs audits, conducts reviews, and makes financial recoveries for the programs of the department. The Division is divided into two Bureaus - the Audit Bureau and the Program Integrity Bureau.

The Audit Bureau conducts audits of developmental disabilities providers, food stamp issuance agents, low income energy assistance contractors, commodity programs, medicaid case management teams, weatherization contractors, community services block grant contractors, pharmacy contractors, nursing home contractors, the first check system, vocational rehabilitation providers and state assumed counties. Audits determine allowability of expenditures, compliance with contract terms, accounts due the department when appropriate, and in most instances, adequacy of internal controls.

The Program Integrity Bureau has five units that primarily provide support functions to the Department.

The first unit is the Quality Control Unit. This unit reviews selected Aid to Families with Dependent Children, Food Stamp, and Medicaid cases for compliance with federal and state eligibility rules and reports findings to the federal government. Quality Control findings are also used as a management tool to assist program managers in administering their programs.

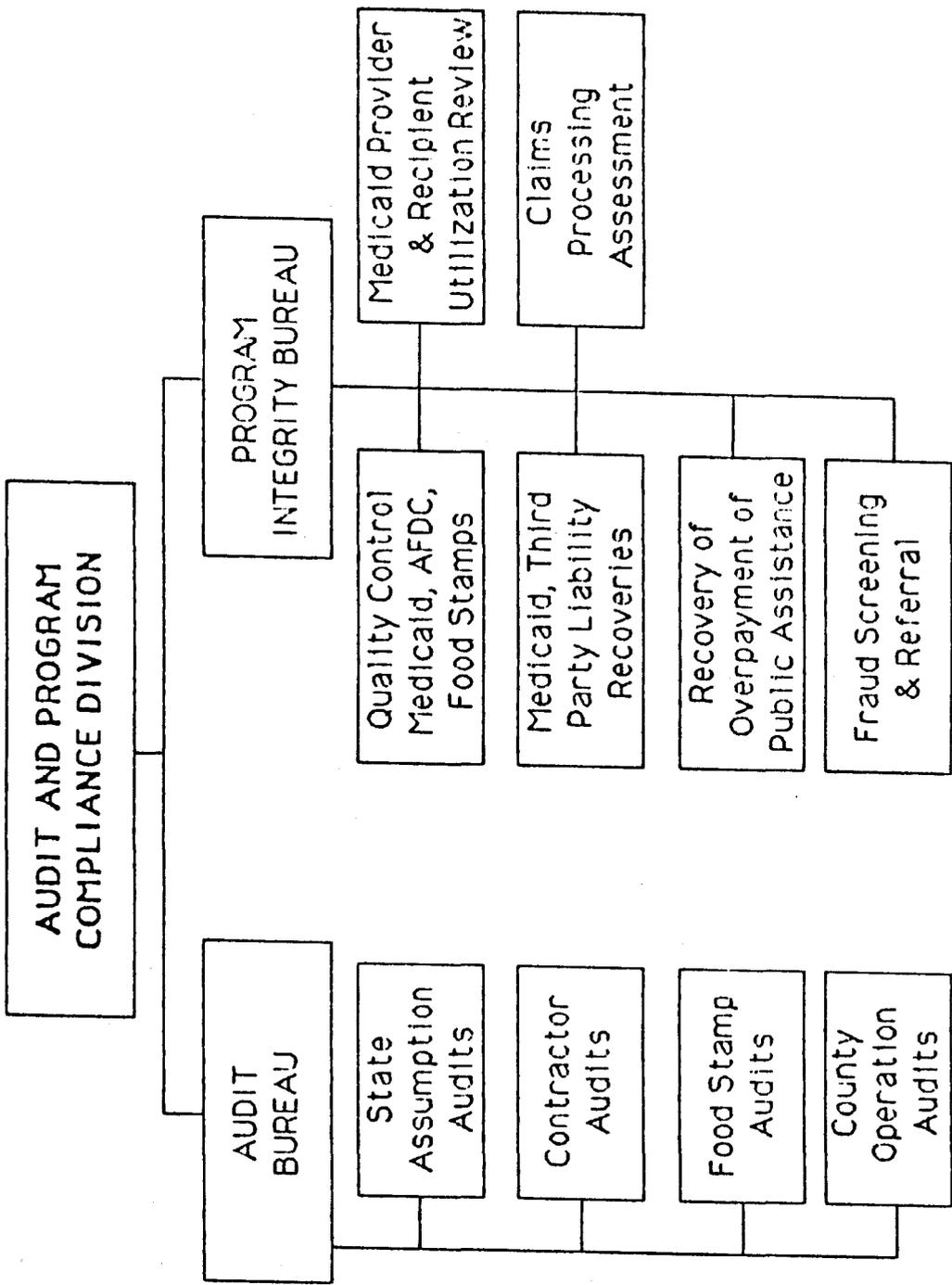
The second unit is the Surveillance and Utilization Review Unit. This Unit monitors the use of the Medicaid program by both recipients and providers and initiates appropriate actions to recover misspent Medicaid dollars and removes or restricts providers and recipients who have abused the program. This Unit was recently recognized for collecting in one quarter over \$180,000.00 in misspent Medicaid dollars.

The third unit is the Third Party Liability Unit. This unit performs two major functions for the Medicaid program. First, cost avoidance assures that responsible third parties, including Medicare, pay their share of medical services before Medicaid is billed. Secondly, if Medicaid has paid the bill and a liable third party is discovered, a process known as Pay and Chase is used to collect the amount due Medicaid. For FY88 this unit played an important part in cost avoiding over 15 million medicaid dollars and collected more than one million for pay and chase activities.

The fourth unit is the Claims Processing Assessment Unit (CPAS). This unit reviews samples of provider claims to assure that claims are paid properly. An example of how vital this monitoring function is the identification of a hospital laboratory payment problem a few years ago that resulted in the recovery of almost \$300,000.00 in misspent Medicaid funds.

The last unit is the Fraud and Recovery Unit. This Unit plays an important part in the collection of monies resulting from client abuse and overpayments in the Aid to Families with Dependent Children, Food Stamp, Medicaid, Lieap, and Weatherization programs. The unit also performs fraud screening and refers cases to the Department of Revenue for investigation and possible criminal prosecution or recommends an administrative hearing. This Unit helped the State recover approximately \$1,000,000.00 from Food Stamps, Aid to Families with Dependent Children and Medical overpayments during the biennium.

FUNCTIONAL CHART
AUDIT AND PROGRAM COMPLIANCE DIVISION
 Department of Social & Rehabilitation Services
 January, 1989



**PROGRAM SUMMARY
VOCATIONAL REHABILITATION AND VISUAL SERVICES
FISCAL YEAR 1988**

The Rehabilitative and Visual Services Divisions, together known as Vocational Rehabilitation (VR), provide services to persons with disabilities to assist them with their return to employment. For persons not able to enter competitive employment, VR provides independent living, supported employment, and extended employment services. Services are delivered from ten field offices across the state.

Funding

Federal Section 110 funds provide most of the funding for the VR program. Other federal funding sources include Supported Employment, Independent Living, Job Training Partnership Act (JTPA), Social Security, and Inservice training funds. State funds include Workers Compensation and general fund. Both general fund and workers compensation funds are used to match the federal funds. The 1988 total budget for VR was \$8.4 million.

Services Provided

1. Section 110

VR uses Section 110 funding to assist persons with disabilities prepare for and obtain employment. Section 110 services are the largest part of the VR program. Funding for these services is 71% of the total budget.

In fiscal year 1988, VR served 7,787 persons (1,746 of whom were on public assistance) and rehabilitated 843 (removing 70 from public assistance rolls). Client wages increased from an average of \$14 per week at referral to \$167 per week at closure. National statistics show a return on investment of ten dollars for every dollar spent in the Section 110 VR program.

The disabilities served under the Section 110 services include the following:

<u>Disability</u>	<u>Number Served</u>
Orthopedic--cerebral palsy, multiple sclerosis, stroke, arthritis, accidents, injuries	4,232
Mental illness, mental retardation, alcoholism, behavior problems	1,548
Blind/visually impaired	831
Deaf/hearing impaired	272
Amputations	82
Other--cancer, cardiac, digestive, respiratory, learning disability	825

The services provided and number of persons served in 1988 are listed below:

<u>Service</u>	<u>Number of Clients</u>
Counseling and placement	7,787
Diagnosis and evaluation	2,869
Physical/mental restoration	573
College or University	968
Other post secondary training	642
High school	124
Personal and vocational adjustment	173
Post employment	34
Orientation & mobility/rehab teaching	815
Other services (serv. to family, etc.)	942

2. Independent living

- Purpose: to assist persons with severe disabilities live independently in the community
- Number served: 544
- Examples of disabilities served: head injured, spinal cord injured, multiple sclerosis, blind
- Services: peer counseling, skill instruction, transportation, housing modifications, readers, drivers, information and referral; ski recreation program; swim therapy program; senior peer companions for older blind persons

3. Supported employment

- Purpose: to place and train persons with severe disabilities requiring ongoing support in jobs and to develop the necessary interagency support networks for those persons
- Number served: 248
- Examples of disabilities served: mental retardation, serious mental illness, head injury
- Services: job placement, training, job coaching

4. Extended employment

- Purpose: to provide sheltered employment and work activity services to persons with severe disabilities who are not capable of competitive work
- Number served: 65
- Examples of disabilities served: mentally ill, borderline intellectual functioning with behavior problems
- Services: sheltered employment services from rehabilitation facilities

5. Workers compensation

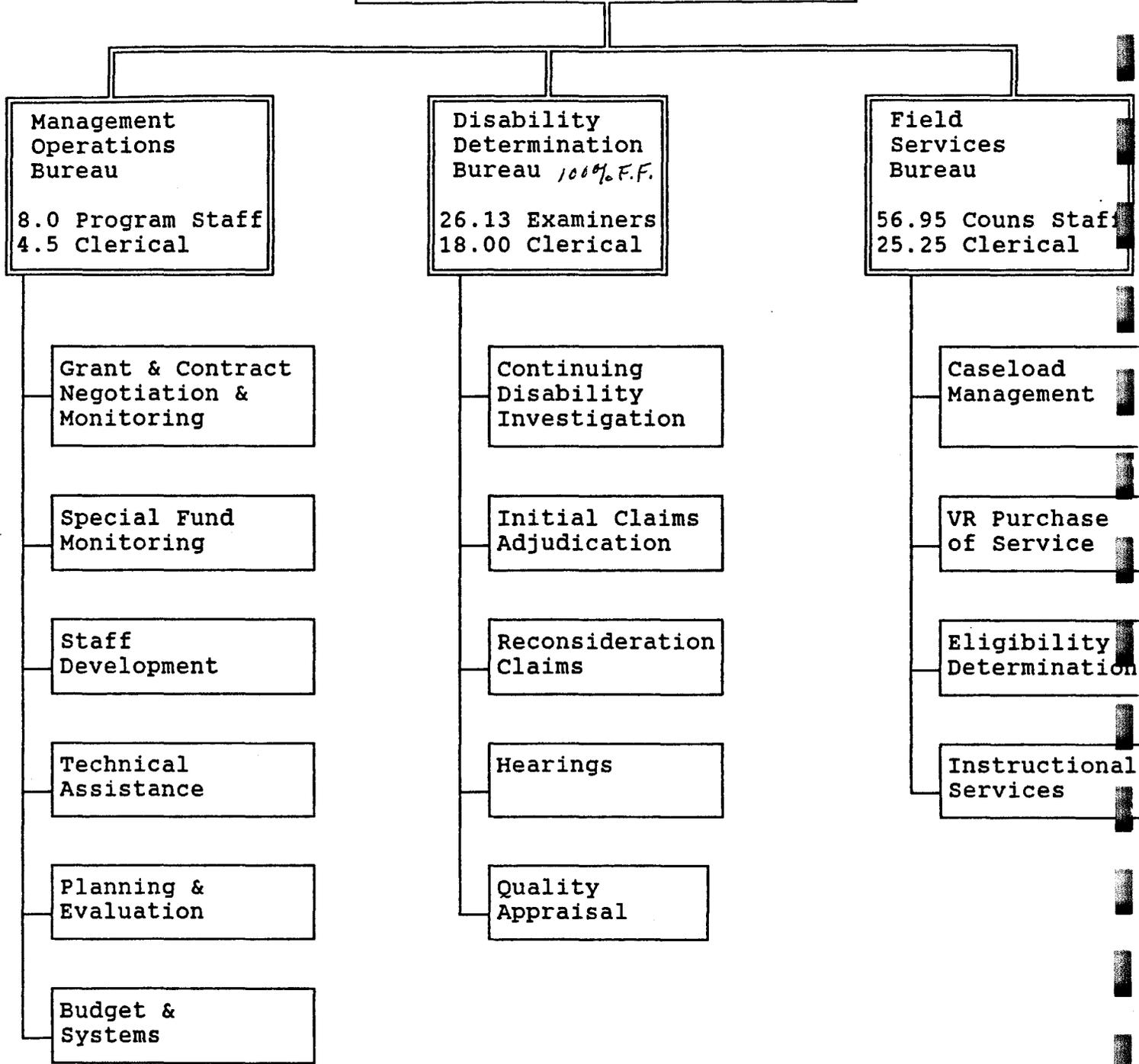
- Purpose: to provide rehabilitation services to industrially injured persons
- Number served: 1,594
- Examples of disabilities served: industrially injured
- Services: all services provided under the Section 110 program

6. Visual services medical

- Purpose: to preserve and restore sight for persons with eye problems
- Number served (paid services): 93
- Examples of disabilities served: eye problems
- Services: laser treatment, cataract removal, eye surgery

1-25-89

Rehab/Visual Services Divisions
1 Administrator



Field offices are located in the following towns: Bozeman, Billings, Butte, Great Falls, Havre, Helena, Kalispell, Miles City, Missoula, and Warm Springs

DISABILITY DETERMINATION BUREAU

The Disability Determination Bureau (DDB) has the responsibility for the administration of the disability provisions of the Social Security Disability Programs. Title 2 provides coverage for cash benefits for those disabled workers (and their dependents) who have contributed to the Social Security Trust Fund through the FICA tax on their earnings. These individuals have an "earned right" to disability insurance benefits. Title 16 provides for a minimum income level for the needy aged, blind and disabled. A person qualifies under the SSI Program because of financial need rather than an earned right.

The Medically Needy Program determinations for Medicaid coverage are processed by the DDB. This program represents about 2% of total program costs and workload.

Under all programs the definitions of disability and blindness are essentially the same. The programs define disability as "inability to engage in any substantial gainful activity by reasons of a medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months".

Claimants file for disability benefits through local Social Security Field Offices. In Montana, these are located in Kalispell, Missoula, Butte, Helena, Bozeman, Great Falls, Havre, Glasgow, Billings and Miles City. Personnel in the Field Offices conduct eligibility reviews and record disability related information. When the claim reaches the Disability Determination Bureau, medical and vocational development is undertaken on behalf of the claimant. In approximately 35% of the claims a consultative medical examination is purchased to more clearly assess the claimant's residual functional capacity. A disability adjudication team composed of a professional disability examiner and a licensed physician or psychologist decide jointly whether the claimant meets the definition of disability outlined above. The claimant's folder and decision is subject to further sample review in a Social Security disability component either in the Regional Office in Denver or the Central Office in Baltimore. Medically Needy claims are taken in County Welfare Offices and follow the same workflow sequence except they are not reviewed by a subsequent SSA component.

During FY88 a total of 8,262 claims were processed. The average processing time amounted to 47 days. The percent of folders returned by a review component for further development or disagreement was less than 6% of the total workload. The allowance rate for initial claims averaged 38%. Regarding reconsideration actions the reversal rate amounted to 10%. The production per work year was 214 claims. The Commissioner of Social Security presented a Commissioner's Citation to the DDB for "continued exceptional performance as reflected by high accuracy, very low processing times and increasing productivity" in December 1987.

All of our operating statistics are well within the performance levels established for State Disability Determination Services established by Social Security Administration Regulations.

Social and Rehabilitation Services
Audit and Program Compliance Division
Modifications
FY 90-91

Third Party Liability Unit

- A. FTE requested (2)
- B. Position title/description
Two - Financial Investigator I - Primary functions are to identify insurance coverage for Medicaid recipients and to collect from the liable third party. The positions will also allow for the expansion of the retroactive Medicare and estate recovery programs.
- C. Justification/Rationale
In the last year, the need for additional staff in the TPL Unit has become critical. An increasing emphasis in TPL at the Federal level has resulted in numerous new Federal rules aimed at requiring states to improve its TPL collections. The new rules not only set standards but also impose sanctions when states do not meet the standards. The additional TPL staff will enable the unit to comply with the new standards and increase TPL collections and cost-avoidance by at least \$200,000 per year.
- D. Biennium Budget

FY 90	FY 91	Biennium
52,836	45,836	98,672

Quality Control Unit

- A. FTE requested (2)
- B. Position title/description
Administrative Clerk II - Clerical support (copying, filing and typing) for Quality Control Reviewers stationed in the field.
- C. Justification/Rationale
Currently there is no clerical support for 12 Quality Control Reviewers located throughout the state in 7 different locations. During the last two bienniums, not only have the caseloads and complexity of Quality Control increased but also federal case completion timelines have been imposed that could adversely impact the state if not met. Since the Quality Control process involves some clerical type functions (e.g. mailing, copying, typing), the addition of clerical support will greatly enhance the effectiveness and efficiency of the unit to meet the federal requirements. The funding ratio is 50 percent federal and 50 percent general fund.
- D. Biennium Budget

FY 90	FY 91	Biennium
35,968	32,718	68,686

EXHIBIT 2
DATE 1-25-89
RB _____

WITNESS STATEMENT

NAME Robert LeMieux BILL NO. _____
ADDRESS 3424 12th Ave So. Great Falls, Mt. 59405 DATE 1/25/89
WHOM DO YOU REPRESENT? Rehabilitation Services
SUPPORT OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

In support for more funding for
disability groups -

Mrs. Chairman and Members of the Committee:

EXHIBIT 3
DATE 1-25-89

HB _____

I am Robert LeMieux from Great Falls, Montana. I appear before you today as a member of the Advisory Council. Also, I have been involved with the Social Rehabilitation Services for 9 years. In addition, I am a taxpaying citizen of Montana, and have qualified myself as a professional through education and experience.--(27 years of teaching at the Montana School for the Deaf and the Blind.)

Parents, relatives, and many people who know deaf and blind individuals have serious concerns about what is happening to programs and services--particularly education and vocational training--for deaf and blind students in Montana. After they graduate from the Montana School for the Deaf and the Blind, they still need funds to further acquire a needed post-secondary education. These services are expensive in Montana. So the vocational rehabilitation is the only program that helps with post secondary for many deaf and blind students from the MSDB. Yet, they have to go out of state to receive proper training and education, because these programs and services are cost-effective. So continuity of funding for disability groups is a necessity. It is an excellent idea to try to help all people with disabilities to gain employment.

We want our deaf and blind individuals to become full citizens who take their place in our society as tax payers and not tax users for the rest of their lives. What more splendid or useful investment can you make with tax dollars?

We urge you to consider carefully what the implications and the results are of your decisions. Deaf and blind individuals are citizens of Montana and should be equally treated to the constitutional provision of a right to be educated.

Please give your full support to continuity of funding for disability groups.

Thank you.

MONTANA ASSOCIATION FOR REHABILITATION

A non-profit organization dedicated to the rehabilitation and well-being of all disabled persons.

January 25, 1989.



Madame Chairman and Members of the Subcommittee;

For the record my name is Jim Smith. I am speaking to you this morning on behalf of the Montana Association for Rehabilitation and the Montana Association for Rehabilitation Facilities (MAR/MAF). You'll recall that on January 6th this Subcommittee's held its first meeting. At the time you were all warned how complex, difficult and demanding the work on these budgets would be. But the chair also noted that you would have the opportunity "to meet some of the most dedicated, competent and compassionate individuals in Montana" during the course of your work on this very important Joint Appropriations Subcommittee. I truly hope you have found that to be the case, both here in this room over the last few weeks; and through the visits and calls you have made at the community-based, non-profit corporations in Helena.

You will meet some more of those individuals this morning. We appreciate the time that the chair has allotted and we'll try to use it well. However, what these people have to say about the programs and services provided by the Vocational Rehabilitation/Visual Services Division at SRS, is important. It would be important for this Committee to be aware of these services in any biennium; it is extremely important this year, in this biennium. You will recall that Ben Johns mentioned the Vocational Rehabilitation funding problem to you on January 6th. He added this to list of critical issues facing the department of SRS, and this Committee, this session.

The issue is given a fair, detailed, thorough analysis in both the Executive and LFA budgets. From the options presented in each it should be possible to find an acceptable solution to the Division's funding problem, at least for this biennium. The status quo, in which Voc Rehab is totally dependent upon the Worker's Compensation Division for its federal matching dollars, is not a workable situation. The present situation seriously inhibits the ability of Voc Rehab to serve its clients; it restricts the division's access to its state funds needlessly; this, in turn, limits the Division's ability to access currently available federal funds; and it may soon jeopardize the state's maintenance of effort requirement. Finally, this situation is not going to get better; the passage of time will only add to the magnitude of this problem.

The first step is to realize that vocational rehabilitation works; that funds invested in this program generate ongoing benefits in both human and financial terms. The first step in finding a solution to this complex

The Workers Compensation Funding Problem Vocational Rehabilitation Program

Problem

The Workers Compensation (WC) funding is expected to decrease from \$865,000 in 1988 to \$365,000 in 1990. If the governor's "modified level" budget is not approved, Vocational Rehabilitation (VR) current level funding will be reduced \$1.8 million. Client benefits will be decreased by approximately 50% from the 1989 level.

Who will be affected

- All clients (not just WC) will be affected
- Sheltered workshops/rehabilitation facilities
- Supported employment providers
- Vocational rehabilitation
- Visual services
- Everyone VR purchases services from--businesses, doctors, schools

Background:

- Match requirement
 - federal funds are matched 80% federal, 20% state
 - WC funding provides the majority (78%) of the state match for the VR program.
- WC funding
 - provided by a one percent assessment on WC insurance companies on the benefits they pay out
 - separate fund, not related to the WC deficit we read about
 - amount is over \$1 million per year, which is adequate
 - can only be spent on WC client services (tuition, on the job training, books, transportation, etc.). It cannot be spent on counselor salaries, and other operational costs.
 - if money is not spent on VR client services, it cannot be spent anywhere else (it just sits in the bank)
- Using WC funding for state match
 - before WC funding can be used to match federal funds, it must be spent on a WC "certified" client
 - the number of WC "certified" clients is decreasing
 - 1987 WC law change
 - tighter certification process
 - the total number of industrially injured persons eligible for VR services is not decreasing
 - "non-certified" WC clients must be served with other VR funds

- Dependence on WC funding for state match
 - 1983 Legislature first used WC funding for state match (replaced general fund state match with WC funding)
 - In 1983, WC funding in VR was \$209,000
 - In 1988, WC funding in VR was \$865,000
 - VR total budget (Sec. 110) in 1988--\$5.5 million
 - VR total state match in 1988--\$1.1 million
 - WC funding used for match in 1988--\$865,000
 - General fund used for match in 1988--\$245,000
 - NOTE: In 1988, the federal - state funding was 80% federal, 16% WC, 4% general fund

Governor's budget

- reduces the current level budget by the expected reduction in WC funding and the related federal funds (\$1.8 million)
- includes the replacement of general fund in a modified request contingent on the WC law being changed to allow VR to fund part of its operational costs with WC funding
- does not fully match the funds available through the VR federal grant even with the modified request
- reduces counselor case service budget from the 1989 level by a total of \$375,000 even when considering the modified request (in 1989, VR was overmatched and could draw in extra federal funds in a budget amendment)

Proposed Solutions

- Make VR less dependent on WC funding
 - as WC funding "dries up", VR will have to go through this process each year
- Change WC law to let VR use WC funding for administrative expenses
 - this is a necessity for the modified request to be approved

**CAREER EXPLORATION &
DEVELOPMENT CENTER**

A Service of Flathead Industries for the Handicapped
(406) 752-1204 - 66 4th Ave. W.N. - Kalispell, MT 59901

January 20, 1989

Appropriations Committee
Montana State Legislature
Helena, MT 59601

Honorable Committee Members,

As service providers for State Vocational Rehabilitation Services, we are writing in regard to the monies to replace the Workers Compensation match that has been lost.

In addition to receiving referrals from State Rehabilitation Services, we also provide services to Workers Compensation recipients referred to this facility from Private Rehabilitation companies. In many cases, services are often terminated from these Private Rehabilitation companies prior to gainful employment. Luckily, when this happens, State Vocational Rehabilitation Services are available to these individuals. The State Rehabilitation Counselors continue to work with these individuals to reach their vocational objective. Therefore, individuals will eventually pay back to the community/state any dollars utilized in their rehabilitation by becoming tax paying citizens. Statistics indicate for every dollar spent in an individuals rehabilitation process, ten dollars is returned to the community/state.

We urge you to replace the Workers Compensation match with State General Fund appropriations for the State Vocational Rehabilitation Programs.

Thank you for your support in this matter.

Sincerely,

Claudette Vance

Claudette Vance
Rehabilitation Director

Sandy Newsum

Sandy Newsum
Work Adjustment Coordinator

1/20

Appropriations Committee
Mont. State Legislature
Helena, Mt. 59601

To Whom it may concern:

My husband and I are very concerned about future funding for Voc. Rehabilitation. Both of our sons (19 & 21 yrs.) are learning disabled and are currently under a Voc. Rehab. program. Without this source, we really doubt either would be employable - let alone have any brightness in their futures.

We strongly urge you to reject workmans comm. match with State general fund appropriation for the State Voc. Rehab. Pgm.
Thank you for your consideration - Jim & Maryks

January 19, 1989

Representative Vivian Brooke
Montana Legislature
Capitol Station
Helena, MT 59601

Dear Representative Vivian Brooke:

I am a disabled working citizen of the State of Montana. I have been continuously employed for 17 years as the result of counseling and services I received from Montana's Rehabilitation and Visual Services Division. During the past 17 years I have not been dependent on any government social security or welfare payment; I am now independent and employed.

Please ensure employment and opportunity for Montana's disabled population--support funding for Rehabilitation and Visual Services Division.

Sincerely,

Mike Connor

Mike Connor

675 E. Kent
Missoula, MT 59801

January 19, 1989

Senator Fred VanValkenburg
Montana Legislature
Capitol Station
Helena, MT 59601

Dear Senator VanValkenburg:

I am a disabled working citizen of the State of Montana. I have been continuously employed for 17 years as the result of counseling and services I received from Montana's Rehabilitation and Visual Services Division. During the past 17 years I have not been dependent on any government social security or welfare payment; I am now independent and employed.

Please ensure employment and opportunity for Montana's disabled population--support funding for Rehabilitation and Visual Services Division.

Sincerely,

Mike Connor

Mike Connor
675 E. Kent
Missoula, MT 59801

Brenda J. Rasmussen
705 Ronald
Missoula, Montana 59801
January 20, 1989

Appropriation Committee
Montana State Legislature
Helena, Montana

Dear Legislators:

Almost six and a half years ago, September 20, 1982, I was involved in a single car accident that left me with a severe head injury. I now have a speech impairment as well as a learning disability. Although my auto was well insured, I was covered for up to one hundred thousand dollars in medical bills, circumstances have dictated that I make use of the Social Rehabilitation Services agency to help me find employment, pay for counselling and doctor bills.

Does the phrase, "there, but for the grace of God, go I," sound familiar? Living in these highly mobile times, it should. Which brings me to the point of this letter. I understand that there is a decline in WCD funding to assist in matching the federal funds. I stongly encourage you to replace the WCD match with a state match. After all, you Able-bodied are only temporarily so! (Just a thought.)

Sincerely,

Brenda J. Rasmussen
Brenda J. Rasmussen

January 20, 1989

Appropriations Committee
Montana State Legislature
Helena, MT 59601

Honorable Committee Members,

I am writing in regards to State Vocational Rehabilitation services.

I was a client of State Rehab. after a back injury at former employment. Their services such as counseling, morale building, and follow-through techniques were very impressive. At the same time I was working with a private rehab. counselor, who was pushy and intimidating, whereas the counselor from State Rehab. was encouraging and stimulating. State Rehab. uses many different methods with clients to develop the best possible program for each individual.

I strongly urge the legislature to replace the Workers Compensation match with state General Fund appropriation for the State Rehabilitation program.

Through this State Rehab. service, I am once again gainfully employed and generating tax dollars back to the state. I feel this service is a great asset to our community and state.

Sincerely,


Bobbie Meyer

P. O. Box 237
Kalispell, MT 59903
January 20, 1989

Appropriations Committee
Montana State Legislature
Helena, MT 59601

Honorable Committee Members:

In July of 1987 I met with unfortunate circumstances causing me to have back surgery. As a result of the surgery, I found myself in a situation I never thought could happen to me. I was no longer able to work in my profession that I had worked in for eighteen years.

My workers' compensation benefits were barely adequate to survive. Therefore it seemed impossible to go back to school for retraining as the costs of tuition were prohibitive.

I contacted the State Vocational Rehabilitation program and found a way to improve my life. The counselor at the program was extremely helpful and assisted me with funding so that I could pursue a new career. The assistance did not end there. She has been a continuing source of help to me. I received assistance with tuition, books, and transportation expenses. Because of the help I have received, I now have a promising outlook for the future. I will be able to be self-supporting in a career in which I can feel proud.

I am urging that you consider replacing the workers compensation match for the State Vocational Rehabilitation program with state general fund appropriations. This program is extremely important and is a valuable asset to our communities. It can provide many people with the means to lead productive lives. This is not only beneficial to the individual but to society as well.

Thank you for your consideration in this matter.

Sincerely,

Donald L. Howard

Donald L. Howard

January 20, 1989

Dear Honorable Committee Members:

I understand that the Rehabilitation Services Division may possibly lose 41% of their funding. This would, of course, sorely limit services offered to individuals who are disabled and limit any hope for rehabilitation. When a person returns to work, it not only improves that individual's quality of life but once again they become tax paying citizens making a contribution to our communities. Should services be cut back to this population, it would result in more people on welfare roles for a longer period of time. It is known the long term effects of this way of life can be generational.

If your concern is what makes more sense financially in the long run, plus what makes most sense when we consider a Montanans quality of life, you must seriously consider appropriating moneys from the general fund to replace the workmans compensation match that has been lost.

Sincerely
Mary J. Hammi

**CS & K TRIBES
VOCATIONAL REHABILITATION PROJECT
BOX 117
PABLO, MONTANA 59860
(406) 675-4810**

January 20, 1989

Mark Weggeman
Box 978
Helena, MT 59601

Dear Mark:

I am writing to share my concern about the proposed drastic cuts in the funding for Vocational Rehabilitation. The governor's current level budget reduces total Vocational Rehabilitation fundings \$1.8 million, because of the reduction in Workman's Compensation funding. This reduction will cause client services to be cut by 50%.

As a coordinating agency with State Vocational Rehabilitation it is clear that this would have a severe detrimental impact on the services that clients receive. It would be impossible to provide adequate services with such a funding cut, Rehabilitation is difficult in rural areas, especially during economic depression as Montana is now experiencing. If the disabled of Montana are to have a chance at employment in such circumstances, then funding must be maintained at the present level.

Sincerely,



Micheal J. Hermanson, Coordinator
C. S. & K. T. Vocational Rehabilitation Project

146 - 3rd Ave. West
Kalispell, Montana 59901
(406) 257-1336



Appropriations Committee
Montana State Legislature
Helena, Mt. 59601

Jan. 21, 1989

Honorable Committee Members,

I am writing to voice my support of the allocation of funds to replace those lost to the Vocational Rehabilitation program through the loss of matching funds from the Workers Compensation Division. Our program has utilized Vocational Rehabilitation services in order to assist those persons with chronic mental illnesses return to work. Without this help, our program efforts will be severely restricted and fewer persons will be taken off of their benefits and become contributing members of the community. This is not only a negative impact on the well being of our clients, but also a negative impact on the state.

Again, we encourage and endorse an appropriation of state general funds to replace the workers compensation match. Many people depend on Vocational Rehabilitation and without its programs they will stand a much greater chance of failure.

Thank you for your consideration.

Sincerely,


Randy Moddrell
Vocational Specialist

1/20/89

Appropriations Committee
Montana State Legislature
Helena, MT 59601

To Whom It May Concern:

I am a disabled individual (paraplegic) who received Voc Rehab services. I found them invaluable in my getting back to work which was back to normal for me. I strongly endorse their budget and urge you to do the same.

I also understand there is a decline in workers compensation funding to assist with the federal match and I encourage you to replace the workers compensation match with State General Fund monies.

Sincerely,
Joyce E. Kalmer
116485 Roman Ct. Rd.
Frenchtown, MT 59834
626-5670

Montana Assn. For Rehabilitation

P.O. Box 978

Helena, Mt. 59901

Attention: Lobbying Committee:

Dear Sirs:

I do want to say, I appreciate the help of "Visual Rehabilitation Services", Missoula Montana. I am blind and do appreciate all the help, such as this writing tablet, checking my sight (a little in left - the right eye, cannot see the big E) the magnifying glasses, "Count-a-Dase" to help me give my own insulin! (cannot read the dosage on the

Lincoln needed, the biggest
help of all!) Also - very
helpful just being at their
office talking, uncovering
items I need to have.

A company who provide
so many items of help -
certainly deserves money -
help, for the worthwhile
help, for those in need.

The "Low Vision Services"
of Helena, also helped me,
with half magnified glasses
but I remember, those Agencies
should be praised - but some
times, people such as the
Talking Agency - have no way
of hearing what the "Rehab"

does, for the low income
job! The very reason for
my letter today.

Thanking you in advance
for hearing my letter.

Sincerely -

Mr. Edie W. Adams

459- Mullan Road East

Superior, MT, 59872

406+822-3242

January 19, 1989
Dale R. Gelvin
2249 So. 3rd. St. West
Missoula, Mt. 59801

Montana Association for Rehabilitation:

To whom it may concern;

I am writing you in regards to funding by this legislative session. I am a former client of the Visual Services Arm of S.R.S.

About ten years ago, my vision suddenly dropped from 20/30 corrected to about 20/80, causing me problems in many areas of my life, among which, work was the most trying. At the time I was working as a Steel worker, doing some welding, but mostly layout and Fabrication of Structural Steel for assembly. The company I was working for, Selway Mfg., Stevensville, Mt. kept me on, in spite of problems caused by my vision, by trying to shuffle things around so that I could have work I was able to do.

I was allowed to retain a Day-light only Drivers License, which made it impossible to get to work for evening shifts, as I was living about thirty miles away from work, and eventually was laid-off because of my inability to make night shifts. Along with this it was becoming increasingly evident, that poor vision in a Steel shop, with overhead cranes and other dangers, was a very dangerous combination.

I had been put in contact with Visual Services by my Eye Physician, with the suggestion that I get into another occupation, which meant schooling of some kind. I had wanted to finish my degree in Business, but had no means of doing so.

After evaluations of abilities, aptitudes, and financial

need, I was sent to the University of Montana, Missoula, to complete my degree. I had seventy hours of credits that transferred in from other schools from about twenty years ago, at which time I had been unable to finish due to financial hardship.

I am really grateful to the State of Montana, S.R.S., and especially Visual Services for the help and encouragement I received from them and for the fact that I now have a B.S. Degree in Business Administration, Financial Mgmt. Emphasis which will allow me to work at my full potential at a job that is suited for me.

Also, I know of other people who are in similar circumstances, and their feelings are the same as mine.

Please continue to fund the Rehabilitation Services. They allow people to better themselves. Without these services, I and many others like me would be unable to improve their situation, and would be a burden to others instead of being tax-paying individuals. Again, I ask that you continue funding Rehabilitation Services.

Thank You,

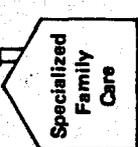
Dale Gelvin

Dale R. Gelvin

CLIENTS SERVED AND COST PER YEAR PER CLIENT

(Projected FY 90)

CHILDREN'S FAMILY SERVICES

 Avg. Cost of Family Homes	 Family Training	 Respite	 Specialized Family Care	 Supplemental Training	 Children's Group Home	 Summer Day Program
965 Families \$3,361	579 Families \$2,914	557 Families \$497	95 Families \$11,470	276 Clients \$688	57 Children \$20,461	52 Children \$749

SERVICES TO FAMILIES — Family training, respite and specialized family training services are provided to natural and foster parents with developmentally disabled children. There are 6 primary service programs providing outreach services to developmentally disabled children and their families. They are located in Glasgow, Miles City, Billings, Great Falls, Helena, and Missoula. Each of these programs provide outreach services in multi-county areas.

Family Training — provides assistance to parents in training their own child.

Respite Services — provides for temporary relief periods to parents from the continuous care of a disabled family member.

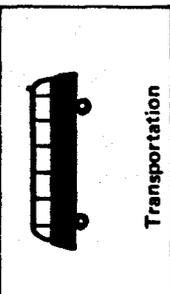
Specialized Family Care — provides extra support services for natural and specialized foster homes to better enable them to keep their children at home.

SUPPLEMENTAL TRAINING AND SUPPORT SERVICES (OPTI) — This program provides supplemental training and related services such as physical therapy and speech therapy to pre-school children using Chapter I funds provided through P.L. 89-313 and P.L. 94-35.

CHILDREN'S GROUP HOMES — These homes are intended to serve only children who cannot remain in natural or foster homes. Many of these children have serious physical and medical disabilities, most are learning primary self-help skills like feeding and dressing, and some have serious maladaptive behaviors. Without these homes, there would be few alternatives for these children except placement in nursing homes or institutions. There are 11 children's group homes.

SUMMER DAY PROGRAM — This service provides for a day training program for children during the summer. It primarily serves children living in children's group homes to maintain skills learned during the school year.

SUPPORT SERVICES

 Transportation	 Evaluation & Diagnosis	 Adaptive Equipment
1,173 Clients \$784	340 Clients \$976	304 Clients \$221

TRANSPORTATION — This service is needed to get clients to day training programs from their residences. There are 1,105 clients who receive this service.

EVALUATION AND DIAGNOSIS SERVICES — These services provide comprehensive evaluation services to determine handicapping conditions and recommend needed treatment and training services. There are 3 programs funded by the Division, located in Missoula, Miles City and Billings.

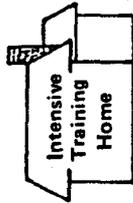
ADAPTIVE EQUIPMENT — The Division contracts for statewide adaptive equipment and consultation services for physically handicapped, developmentally disabled persons. The program staff design and provide specialized equipment, such as wheelchairs. The main office is in Helena with satellite offices in Kalispell and Billings.

EXHIBIT 6
DATE 1-25-89
HB _____

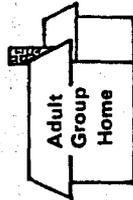
CLIENTS SERVED AND COST PER YEAR PER CLIENT

(Projected FY 90)

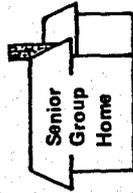
ADULT RESIDENTIAL SERVICES



88 Adults
\$18,883



436 Adults
\$7,130



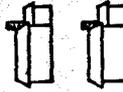
32 Adults
\$7,807



109 Adults
\$5,022



Transitional Living



Independent Living Training

192 Adults
\$2,980



INDEPENDENT LIVING

INTENSIVE TRAINING HOMES — These homes serve adults who have very low self-help skills or inappropriate problem behaviors and cannot be served in typical 8-person group homes. More intensive training is provided and a higher staff/client ratio exists. The goal of this service is to prepare the client to move to regular adult group homes. There are 13 intensive training homes.

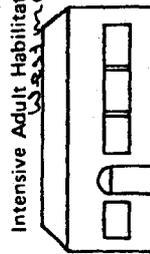
ADULT GROUP HOMES — The majority of adults live in a typical model 8-person group home, with two staff. Training is provided to help clients become more independent residentially; such as cooking, housekeeping, and leisure skills. The goal of this service is to enable clients to move to transitional or independent living. There are 56 adult group homes.

SENIOR GROUP HOMES — These homes provide a supervised living situation for elderly clients with emphasis on leisure/social skills and maintenance of self-help skills. There are 4 homes, located in Great Falls and Helena.

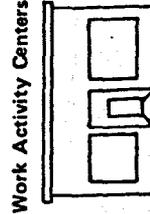
TRANSITIONAL LIVING SERVICES — This service provides an intermediate step between group home and independent living training and promotes movement out of the group homes. This service model provides staff to train and supervise the clients who are more responsible for doing their own cooking, shopping and cleaning. The clients in congregate apartments with a staff person living at the complex for supervision. There are 13 transitional living programs.

INDEPENDENT LIVING TRAINING — This service provides support services to enable clients to live in their own apartments. It provides staff to visit these clients as needed on evenings and weekends to provide training in independent living skills such as menu planning and money management. Staff do not live on-site. The goal of this service is to prepare clients to live independently in the community. There are 22 independent living training services.

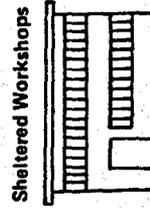
ADULT DAY SERVICES



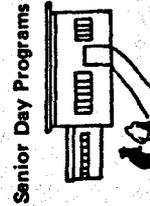
131 Adults
\$7,717



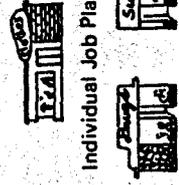
513 Adults
\$5,606



509 Adults
\$4,996



86 Adults
\$4,336



113 Adults
\$3,622

COMPETITIVE EMPLOYMENT

INTENSIVE ADULT HABILITATION — Provide day training services to adults who are not ready for vocationally oriented programs. Many of these clients do not have all primary self-help skills, some have physical handicaps and some have severe maladaptive behaviors. These programs must have higher staff/client ratios to serve clients with more intensive training needs. There are 5 developmental centers, located in Helena, Great Falls, Butte, Billings and Havre. The goal of this service is to prepare the clients to move to regular vocationally oriented day services.

WORK ACTIVITY CENTERS — These services are provided to adults and include the majority of day programs in the state. These programs provide a range of services from functional academics, job skill training and actual work for which clients receive reimbursement for their production. There are 25 work activity centers in Montana. The goal of this service is to prepare clients to move to sheltered workshops Voc. Rehab. programs or competitive employment.

SHELTERED WORKSHOPS — These services are provided to clients in 7 facilities which have joint Voc. Rehab. funding. The workshops are similar to work activity centers but have more specific work available and easier access to Voc. Rehab. and job placements. The goal of this service is to prepare clients to move to Voc. Rehab. or competitive employment.

SENIOR DAY PROGRAMS — These programs are not vocationally oriented, but rather provide training and activities more specific to the needs of the elderly such as socialization and leisure skills. There are 4 senior day programs located in Helena, Great Falls, Butte and Billings.

INDIVIDUAL JOB PLACEMENT — This service provides actual job placement for clients in the community. Training for the job and follow along services are provided. This service exists in Billings, Helena, Great Falls, KallisPELL, Bozeman, Missoula and Lewistown.

EXHIBIT 7
DATE 1-25-89
HB _____

Draft Language for Legislative Intent

The Department of Social and Rehabilitative Services is directed to work with Montana public and investor-owned utilities and the HRDCs to prepare a long range low-income weatherization plan based upon utility funding for presentation to the 52nd Legislature. Utility funded weatherization must be cost-effective for the utilities, i.e., the energy saved through the weatherization must be less costly than the value of the electricity or natural gas which would be needed without the weatherization savings.

ISSUES ON DEVELOPMENTAL DISABILITES

1. Current Level Funding Because of cutbacks in Federal Title XX and LIEAP funds general fund monies must be added to maintain the current level of services.
2. Direct Service Staff Salary Increase Salaries earned by direct service staff in community based non-profit group homes and other services are 46% lower than salaries for comparable jobs at the State Institutions. The situation is grave, and makes recruitment and retention of qualified staff tremendously difficult.
3. Early Intervention In order to continue to receive Federal funds we now use to serve families with very young children, the State must make a financial committment to this program. The money spent early in the lives of children with developmental disabilities is returned to the State later in significantly reduced service costs.
4. Provider Rate Increases The Executive Budget proposes a 2% provider rate increase. Over the past decade the inflation rate has exceeded provider rate increases by over 15%. Provider organizations are requesting a 6% increase each year of the biennium to help rectify this serious underfunding problem.
5. Intensive Services Intensive services are not available for new special education graduates. This Budget Modification would provide three (3) additional Intensive Group Homes and related Day Programs to serve individuals who are not presently served.
6. Supported Work Supported Work, a relatively new program, provides inexpensive services for many recent Special Education graduates. We are requesting additional monies to expand this service.

A SPECIAL REPORT TO THE 1989 MONTANA LEGISLATURE

January 1989

AN IMMINENT CRISIS:

**The Status of Salaries for Direct-Care Staff
in Montana Nonprofit Corporations Serving
People with Developmental Disabilities**

In 1972, the Montana Legislature invested a tremendous effort to deinstitutionalize Montana citizens with developmental disabilities. In support of this challenge, communities in every corner of the state established nonprofit corporations to provide services to people so as to assure their community integration, normalized lifestyle, and maximal independent functioning. Today, approximately 46 such corporations, through contracts with the Montana Department of Social and Rehabilitation Services, serve approximately 2400 individuals at a cost of \$19,396,255.00 annually. These costs compare with cost of Montana Developmental Center serving 190 at \$11,842,820.00 per year in Montana.

Although the superior cost-effectiveness of community-based services over institutional cost-effects are reflective of national comparisons, the differences are, in part dangerously artificial. The significantly reduced costs are made possible only through grossly inadequate salaries paid to corporation staff--salaries that have fallen further and further behind.

A formal study has recently been completed examining this very serious problem. The study was jointly conducted by the Montana Association of Independent Disabilities Services (M.A.I.D.S. -- the state-wide provider organization) and the Developmental Disabilities Division of S.R.S., and was funded by the Montana State Developmental Disabilities Planning and Advisory Council.

The study, completed over a ten-month period, was conducted in two phases and was administered by a nine-member steering committee comprised of representatives of both M.A.I.D.S. and D.D.D.. Phase I, implemented with rigorous technical assistance from the Montana Department of Administration (D.Ad.), consisted of a comprehensive cross-referencing of all job descriptions for direct-care staff from nonprofit corporations, and further cross-referenced with those of state institution staff. Further, on-site audits were conducted for 25% of all corporations to verify the accuracy of a representative sample of all job descriptions. These audits were also conducted by D.Ad. personnel. Phase I yielded a seven-position continuum of job classifications reflecting differences in responsibilities. This classification allowed for direct comparisons with state institution staff.

Phase II was a survey completed with all Montana D.D. Providers Nonprofit Corporations. The survey was constructed, distributed, collected, analyzed, and summarized by Arthur Young Human Resources Consulting Group, a professional research firm from Minneapolis, Minnesota. The survey required that each participant corporation reveal comprehensive information about general compensation (e.g., existence of pay scales, pay raises and incentive for inflation, merit training, and longevity, etc.), as well as salary data specific to each job classification in the continuum (i.e., hourly wage paid for each employee within the classification). These data were then directly compared, classification-by-classification, with comparable positions in state institutions.

The primary results of the study show an average 46% gap between what direct-care staff from Montana D.D. nonprofit corporations are paid (for the same duties) compared with their counterparts in state institutions. (See attached graph displaying these differences across all seven classifications.) This astounding difference underscores the urgency of the situation. The integrity of Montana's commitment -- and the very services themselves -- are in very real jeopardy. Unless the Montana Legislature can increase contract rates to enable and insure substantial salary increases to staff, Montana will be unable in the very near future to maintain its constitutional commitment to community-based services.

The attached table displays the increased costs necessary to bring direct-care staff from Montana D.D. Nonprofit Corporation, relative to state institution staff, to: (1) minimum, entry-level salaries; (2) midway between minimum and average salaries; (3) average salaries; and (4) maximum salaries.

MONTANA ASSOCIATION OF INDEPENDENT DISABILITIES SERVICES AND DEVELOPMENTAL DISABILITIES DIVISION
 DIRECT-CARE STAFF SALARIES AND BENEFITS STUDY

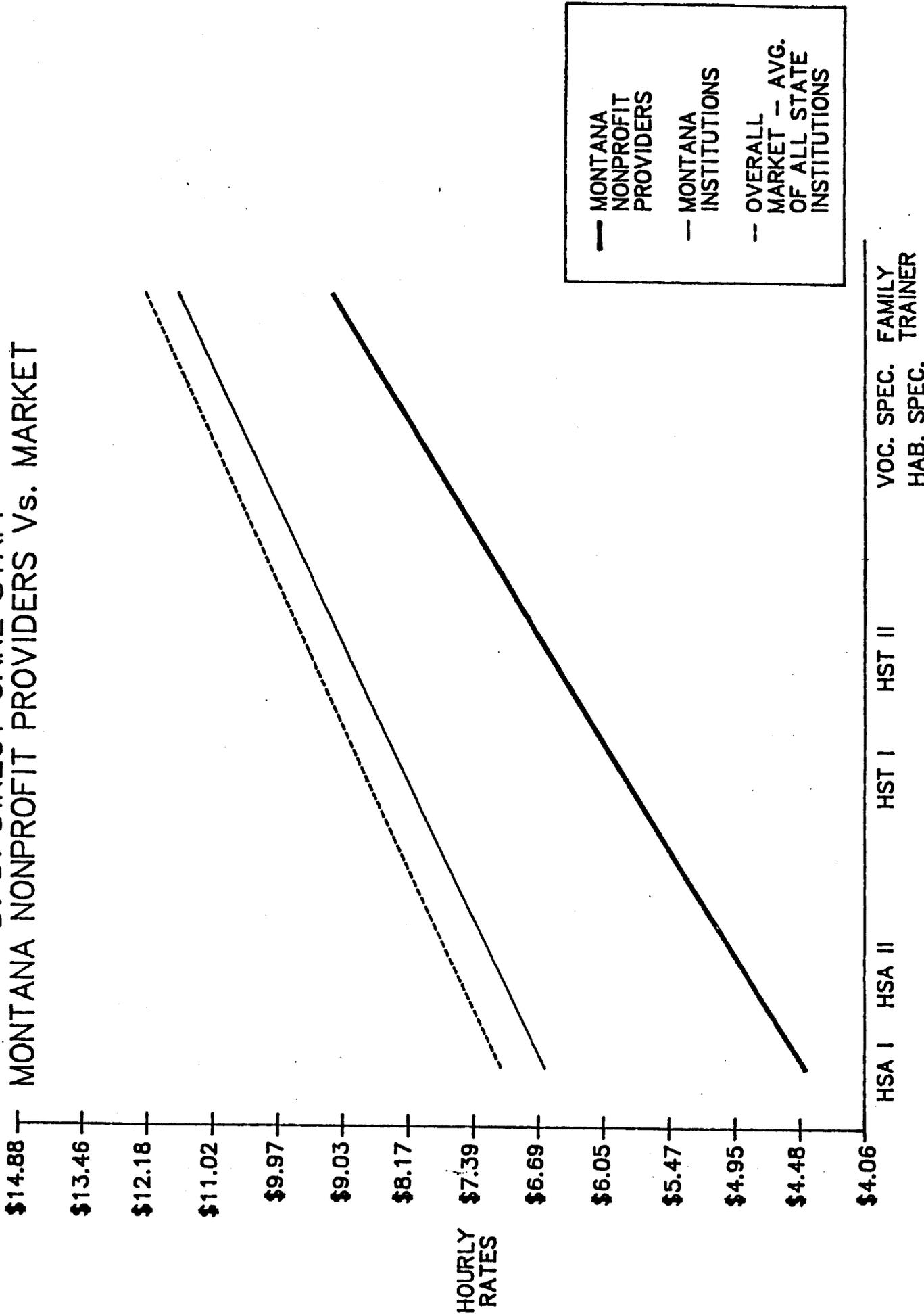
DECEMBER 1988

INCREASES NEEDED TO RAISE ANNUAL SALARIES RELATIVE TO MONTANA STATE-INSTITUTIONS SALARIES
 FOR COMPARABLE POSITIONS

Job Title	To State Minimum Entry Levels	Midway Between State Minimum & Average Salaries	To State Average Salaries	To State Maximum Salaries
Family Trainer	\$ 92,079	\$ 226,909	\$ 361,750	\$ 409,971
Vocational Specialist	152,929	223,512	293,506	369,971
Habilitation Specialist	278,742	482,700	684,958	905,912
Hab. Services Technician II	290,658	542,795	791,430	1,040,065
Hab. Services Technician I	456,681	759,887	1,063,093	1,426,192
Hab. Services Aide II	604,124	743,884	879,136	1,695,155
Hab. Services Aide I	319,478	372,372	423,150	801,870
TOTALS	2,194,692	3,352,059	4,497,024	6,649,135
Mandated Benefits (8.7%)	190,938	291,629	391,241	578,475
Other Benefits (4.8%)	105,345	105,345	105,345	105,345
TOTAL	2,490,975	3,749,033	4,993,610	7,332,955
% Salary Increase	22%	34%	46%	67%

NOTES: Mandated Benefits include FICA, Worker's Compensation, and Unemployment Insurance.
 Other benefits include items such as health insurance.

D. D. DIRECT CARE STAFF MONTANA NONPROFIT PROVIDERS Vs. MARKET



VISITORS' REGISTER

Human Svcs COMMITTEE
Audit & Compliance VR + VS + DD

BILL NO. _____

DATE 1-25-89

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Karen Landers	MEMPH		
Robert Le Mieux	Rehab-	✓	
Flora M. Powell	Mount Falls	✓	
Thia Elliott	Mount Falls	✓	
Jerry Merritt	" "	✓	
Alise Reid	" "	✓	
Laudre Reid	" "	✓	
Virginia Surtick	Sand Coulee	✓	
TIM HARRIS	HELENA	✓	
Jack Chambers	Missoula	✓	
Mike Bullock	Helena	✓	
MARK WESSEMAN	HELENA	✓	
Kathy Collins	Helena	✓	
Marie Nyberg	Helena/Msld	✓	
Loathy Ward	Helena	✓	
JOHN FEEZ	HAMILTON	✓	
Ann Lehman	Helena	✓	
Sylvia Danforth	Miles City	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.