

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Call to Order: By Chairman Dorothy Bradley, on February 3, 1989, at 8 a.m.

#### ROLL CALL

Members Present: All members were present.

Members Excused: None

Members Absent: None

Staff Present: Peter Blouke, LFA

Announcements/Discussion: Chairman Bradley said she would like to complete the action on SRS today and be able to handle the Department of Health Saturday.

#### HEARING ON SRS

Presentation and Opening Statement: Dr. Blouke gave handouts to the subcommittee and referred to handout 1 as he explained the options listed.

Questions From Subcommittee Members: Chairman Bradley asked if there were questions from the subcommittee. She said they would have to take action, first on the caseload and secondly the funding level.

Rep. Cody asked what the percentage of poverty index was and Dr. Blouke answered that the payment level has been frozen since 1987. He said his calculation of the poverty level includes the Wharton Econometric inflation factor since you have to project what it will be in 1991. If the payment level remained frozen, through '91 the payment level would be 40.9 in '90 and 38.8 in '91. He said it is 43% now.

Chairman Bradley directed the subcommittee's attention to option D, the idea there of putting into place some major reforms to help people out of the "welfare

spiral." She said she felt in the first year there would be some increase while putting the program in, but the second year the system should start working and may be able to hold the line.

Sen. Keating asked where the executive budget fits on caseload and was told it is option C. Lois Steinbeck said option C is the executive proposal but the numbers already include the reduction for jobs. Sen. Keating asked what factor was used due to employment and Ms. Steinbeck answered in FY 91 they reduced it FY 88 cases and in FY 90 by 58 cases due to employment. She said this is assuming the job program is allowed to start in July this year, but action taken on a Senate bill yesterday would not allow them to do that, and figures would have to be adjusted if the bill passed. She said the action would extend the WIN program for the longest time possible, and the state cannot simultaneously run WIN and run Jobs.

#### DISPOSITION OF CASELOADS

Motion: A motion was made by Rep. Cobb that for 1990 the caseload be set at 9100.

Discussion: Rep. Cobb said the reason for his motion was he felt there should be some direction given to the Governor's office, and with the job training, and collection of child care these figures could be down.

In answer to a question from Chairman Bradley as to the rationale of picking the figure, Rep. Cobb said the caseload was down and the employment for fire fighting was over. She felt it was on a downward trend. Chairman Bradley asked the department if it is correct to forecast the '89 actual will be around 9,200? Mr. Ben Johns said they had checked this week and came up with 9,432 as a revised estimate. Dr. Blouke asked if the December caseload is 9,286 and everything beyond that is a projection? Mr. Johns said January is also actual and it is 9,430, and December has usually been the heaviest month. (Tape 1, Side A #241).

In answer to a question from Rep. Cody that if the subcommittee were to agree with the number of caseloads in the motion and the department prediction were true, then what would happen. Chairman Bradley said they would have a short fall and would have to come in for a supplemental if it were large. Sen. Van Valkenburg said if it were quite large it could bring about a special session. Sen. Keating said they were looking toward coordination between GA and AFDC and the Jobs program. It is predicated to some extent on the availability of jobs. (Tape 1, Side A #310)

Recommendation and Vote: The motion by Rep. Cobb for 9,100 for '90 was voted, passed with Rep. Cody and Bradley voting no. The motion passed with Sen. Van Valkenburg, Rep. Bradley and Rep. Cody voting no.

Motion: Motion by Rep. Cobb that '91 be set at 8,100.

Substitute Motion: Substitute motion made by Sen. Keating to set '91 at 9,200.

Recommendation and Vote: Motion failed with Sen. Hofman, Rep. Cobb, Rep. Bradley and Rep. Cody voting no.

Amendments, Discussion, and Votes: Discussion on original motion by Rep. Cobb.

Sen. Van Valkenburg said in the first year before the Jobs Program gets going and before the Stephen's administration starts demonstrating its management expertise, and before the economy changes for the better, we are going to knock the AFDC caseload down and in the second year when all these things take effect AFDC will be flat. Sen. Keating said in listening to the figures, there was only a 1 1/2% deflation factor and yet a 3% growth factor. It would indicated there would be some growth.

Rep. Cobb changed his motion to make it 8,700.

Recommendation and Vote: The motion failed with only two members voting yes.

Motion: Motion by Rep. Cobb to make the caseload 8,800.

Recommendation and Vote: The motion failed with two voting yes.

Motion: Rep. Cobb made the motion to make the caseload 9,000.

Recommendation and Vote: The motion passed. Rep. Bradley, Sen. Keating voting no.

HEARING ON AFDC PAYMENT LEVEL

Tape 1, Side B, No.000

Presentation and Opening Statement: Dr. Blouke referred the subcommittee to the bottom of page 1, handout 1. He said the AFDC payment level historically has been set by the Legislature, however it has been frozen at the 1987 level, and for 1989 the payment level is

approximately 43% of the federal poverty index. He said if it remained frozen through the 1991 biennium the payment level would be equal to 40.9% of the federal poverty index in FY '90 and approximately 38.8% in FY 91.

Dr. Blouke referred to page 2 and said the options are all based on a 3 1/2% caseload growth. He said the recent action of the subcommittee will reduce the numbers here. He said the General Assistance Payment is in statute, and because the AFDC and GA Programs essentially serve similar populations the payment levels have to be equal. The Legislature did not change the statutes that drove the GA payment level. Therefore the MDC had to be paid at that same level which was higher than initially appropriated for.

Questions From Subcommittee Members: In answer to a question from Chairman Bradley, Dr. Blouke said the statutes show the payment level by family size for GA. To base changed there would have to be a subcommittee bill in to change it. The statute for a family size of one pays \$212, for two it would be \$283, etc. He referred to page B88, table 9. This shows the payments per family size, and said he used the 4 1/2% increase per year to project the federal poverty index. Those were the inflation figures our office used here. He said they use Wharton Econometric to project the poverty index. In answer to a question from Sen. Keating, Dr. Blouke said the projected poverty index is based on inflation.

Rep. Cody asked if the subcommittee should support the continued freeze how does that co-relate with the GA. Dr. Blouke said it would be tantamount to saying the GA payment was also froze. (Tape 1, Side B #159)

Sen. Van Valkenburg asked if there was any reason they couldn't put a percentage of the poverty level as opposed to putting dollar amounts in the statute. Mr. Tickle said you could do that, but the amount of the appropriation would be driven by an unknown at this point. Chairman Bradley suggested deciding the percentage and then putting in the dollars to handle it. In answer to a question from Sen. Keating, she said they would not know but have been contracting with Wharton Econometric and they have been very close.

#### DISPOSITION OF AFDC PAYMENT LEVEL

Motion: Motion by Sen. Hofman to accept Option E.

Substitute Motion: Substitute motion by Rep. Cobb to set for those no working at 40% and those who have worked at least part time to two months, it would be 43%, and for those who have worked at least two months full time, it would be 45%.

Amendments, Discussion, and Votes: Rep. Cobb said he wanted this to be an incentive to work. Chairman Bradley said she would like to have a written legal opinion on that motion. Mr. Tickell said he would get this for her. Sen. Keating asked how you will track this formula without a lot more FTE. Mr. Tickell said it would become extremely complex and would also have major effects on the eligibility system. In answer to a question from Sen. Keating on work incentives built in, Mr. Tickell answered yes, there are work incentives continually built into the system. He said we have a \$75 work disregard, a day care deduction, and a \$30 disregard, plus 1/3 of the remaining earned income disregarded.

Sen. Keating said from a practical standpoint he did not want to build an army of regulators. He said he felt there were enough incentives in the work program for those who want to get off AFDC, and the other part that concerned him was whether there would be enough jobs out there. (Tape 1, Side B, #319)

Sen. Van Valkenburg asked what level the executive budget was built on and Lois Steinbeck answered it is frozen and is what is in the law. Dr. Blouke said it is about 42.8% of the poverty level, 40.9% in '90 and 38.8% in '91. Chairman Bradley for what percentage of the caseload were children and Mr. Tickle answered the average number of children would be about 1.8 or 1.9 per case, so essentially 2/3 of the population covered.

Sen. Keating asked Ms. Steinbeck what option the executive favored, and she said the closest would be Option A. Dr. Blouke said on the top of page 3, based on a 3 1/2% increase in growth, he had calculated the incremental cost per percent of the poverty index to be about \$530,000 general fund for the biennium.

Recommendation and Vote: The vote on the substitution motion by Rep. Cobb for 41%, 43% and 45% was voted and failed.

Substitute Motion: Substitute motion by Sen. Van Valkenburg to set the poverty level at 45% for both years of the biennium. (Tape 1, Side B #562)

Discussion: He said he felt the subcommittee needs to set a

minimum level of assistance we will provide to people.

Rep. Grinde referred to the caseloads when Sen. Van Valkenburg asked what that would save. He said the answer was not given, and asked if he had received the information. Sen. Van Valkenburg said the information from Ms. Steinbeck was about \$800,000 on the AFDC payments and about an equal amount in respect to Medicaid. (Tape 1, Side B #587). Ms. Steinbeck said that was a rough estimate.

Chairman Bradley suggested a break so the numbers could be run and they would have the information to vote on. Sen. Keating said he would like to have the motion converted to dollars.

TAPE 2, SIDE A, (000)

Dr. Blouke handed out a sheet. See Handout #2 and explained the columns under Poverty Index and Payment Level to the subcommittee. Sen. Van Valkenburg asked why he had chosen the inflation rates of 4.4, 4.75 and 5.1 and Dr. Blouke said those were the inflation rates he had from Judy Waldron from Wharton Econometric, and believed those would be the appropriate ones to use. Page 2 shows the calculations to arrive at the final dollar figures, and he walked the subcommittee through the calculations.

Chairman Bradley (Tape 2, Side A #106) asked if Ms. Steinbeck could give the comparable numbers for the caseload and staying at the \$212 level. Ms. Steinbeck said the original executive budget in FY 90 for the AFDC the total funds were \$39,605,634.

Sen. Van Valkenburg said the effect of his motion, which is the one pending before the subcommittee, would have a total spending impact for 90 of \$39.7 million and \$41.4 million in 91. The general fund impact would be \$2 million greater than Sen. Hofman's motion which is the 41% level and would result in \$36 million in total spending for 1990 and \$37.7 in 91 and as Sen. Keating pointed out, would be essentially the same as in the executive budget now, given what we have done with the caseloads.

Chairman Bradley said they should factor in another question: 2/3 of the cases are children. She asked if they had information on the length of stay of families (Tape 2, Side A #166) Lee Tickle said 85% of the cases are on and off within 7 to 8 months. It is not typical long term dependency or even generational. He said for the most part it is transitional. He said the poverty level comes out in February or March of a calendar year and is three months late in establishing what the

poverty index is going to be for that calendar year. He said what they would do was to take the calendar year poverty index and use it to establish a payment level beginning July 1 of the appropriate state fiscal year.

Recommendation and Vote: The motion on Sen. Van Valkenburg's motion to have 45% for both years failed with Rep. Grinde, Rep. Cobb, Sen. Hofman and Sen. Keating voting no.

Discussion on Original Motion: Sen. Hofman's motion to accept Option E.

Sen. Keating asked what a family of one might consist of and was told some might be pregnant women, and some are children who are in foster care and some are where the mother has removed herself from the grant. Sen. Keating asked them to explain a family of 2 and Mr. Tickle said it would be a mother with a child from birth to age 19. He said in the family of three it would be a mother with two children or in the case of the unemployed parent it would be the mother and father and one child.

Rep. Cody (Tape 2, Side A #236) asked what percent of AFDC would be unemployed caseload, and was told 10%.

Chairman Bradley said she would clarify her vote and would like the record to state that she thought this level is approaching punitive, and we are being punitive to these children who have no control over the situation they are in. Second, being a participant on the Welfare Study led her to believe that the Welfare System was working fairly well, and that people on it are on for a fairly short duration. There is no abuse. It is people in transition and in very serious need, and she did not feel this was a decent way for the state to treat them.

Recommendation and Vote: Sen. Hofman's motion to accept Option E. Chairman Bradley reminded the subcommittee this would also set the GA level. Motion failed with Rep. Cody, Rep. Bradley and Sen. Van Valkenburg voting no and Sen. Hofman being absent.

Discussion: Dr. Blouke said on page 3 the FY 88 GA caseload which was 1,857, the 1989 caseload which was 1,906 and he listed four options which he explained to the subcommittee.

Motion: Motion made by Rep. Cobb that the GA caseload for FY 90 be 1,800.

Recommendation and Vote: The motion failed with Rep. Cody,

Rep. Bradley and Sen. Van Valkenburg voting no.

Discussion: The validity of the past two motions was questioned since Sen. Hofman was not present making it a tie vote. As a result Chairman Bradley asked for a second motion. Ms. Steinbeck answered a question saying while the AFDC caseload was leveling off, the GA caseload is still showing a growth and the most current estimate would be 1,982 in 90 and 2,062 in 91.

Motion: Sen. Keating proposed a motion for 1990 and 1991.

Discussion: Sen. Van Valkenburg (Tape 2, Side A #420) asked assuming this passed, what was his intention for 1991. Senator Keating answered 1,950. He said he thought there would be some growth in AFDC. He said the reason for the assumption was that he would hope the Jobs Program would cause some reduction in the beginning.

Chairman Bradley said she would revert to Rep. Cobb's first motion for 1800 which died on a tie vote.

Recommendation and Vote: A new vote on Rep. Cobb's motion to set the caseload at 1,800. The motion failed.

Motion: Motion by Sen. Keating to set the caseload at 1,900.

Recommendation and Vote: The motion passed.

Motion: Motion by Sen. Keating to set the caseload at 1,950 for 91.

Substitute Motion: Substitute motion made by Rep. Cobb to set the caseload at 1800.

Recommendation and Vote: Motion failed.

Recommendation and Vote: Vote was taken on Sen. Keating's original motion to set the caseload at 1950. Motion passed with Sen. Van Valkenburg, Rep. Bradley and Rep. Cody voting no.

At the request of Chairman Bradley, Dr. Blouke went back over the payment schedule. Sen. Keating said he would like to know the caseloads for AFDC and GA in the assumed counties compared to the non-assumed counties. Mr. Tickle said he had been told the number of AFDC in the state assumed counties is about 54%. We do not know how many GA cases are in the non-assumed counties. The state doesn't run the program, so we don't keep any records of that, he said. Dr. Blouke said as part of the Welfare Reform Committee he had done an analysis of the GA caseload for the period January through March of last year and we surveyed all 56 counties and all GA

recipients who were on GA at that time. He said he would provide a copy. He said about 90% of the total GA caseload is in assumed counties.

Chairman Bradley said the subcommittee action up to this time was to predict 800 less than the executive prediction for the first year and 1,000 less the second year and on GA 80 less the first year and 112 less the second.

Chairman Bradley said on the bottom of page 3, we need a motion on Welfare Reform. She said this is a modified to implement the Welfare Reform Package. It is for 9 FTE.

Motion: Motion by Sen. Keating to accept the modified with Option B.

Discussion: Sen. Keating said this modified would not exceed the Governor's budget, and Option B would allow some flexibility. Ms. Steinbeck said Option B appears to give some flexibility.

Discussion was held on the Job Program, WIN, etc and how they were linked together, and the desire to track each to see how it affected the caseloads on AFDC.

Chairman Bradley said she would like the subcommittee to think about the possibility of a Legislative Oversight Committee whose specific task would be to follow the dollars and predictions.

Recommendation and Vote: The motion passed with Rep. Cobb voting no.

Discussion: Discussion was held on an oversight committee, the Welfare Reform Committee doing the tracking, and the LFA Finance Committee doing the tracking (Tape 2, Side B #166) There was a suggestion by Sen. Van Valkenburg that language be put in the bill so that the Executive would report on the tracking of the program. Chairman Bradley requested language from the LFA to this effect.

Rep. Cobb said he would like to make a motion to put \$100,000 general fund and \$500,000 in federal funds to allow SRS to use for grants and vouchers and money for child care and transportation for job service for going to leave the state, like for vo-tech or other training. You would be saying if you want to go there, we will help you to have the opportunity.

Motion: Motion by Rep. Cobb to provide SRS with \$100,000 in general fund and up to \$500,000 in federal funds for

grants or vouchers for rent, child care and transportation for job search or vo-tech or relocation outside the state.

Discussion: Rep. Cobb pointed out that this program would be on a cost beneficial basis since we would not be paying AFDC payments any more. Rep. Cody pointed out there are many vo-tech schools in Montana. A question was asked if other states were doing this and Mr. Tickle said there was some speculation that people came to Montana. He said if so, the numbers were quite small.

Recommendation and Vote: Motion passed with Rep. Cody, Rep. Bradley and Sen. Hofman voting no.

Dr. Blouke asked if this were \$100,000 per year or for the biennium and Rep. Cobb said for the biennium.

Chairman Bradley said they would leave medical assistance until tomorrow.

#### HEARING ON OMNIBUS BUDGET RECONCILIATION ACT

Presentation and Opening Statement: Dr. Blouke explained the sheet on OBRA.

Chairman Bradley suggested taking five votes on this.  
(Reference sheet included as Exhibit 3.)

Questions From Subcommittee Members: Dr. Blouke answered a question from Rep. Cody regarding the percent of the total costs that are attributable to Medicaid. He said as presented 62% of the total costs are associated with Medicaid.

#### #1. NURSE'S AIDE TRAINING

Sen. Keating said the major difference was in the nurse wage increases where MHCA was asking for \$1,258,738 and \$2,643,184 and the executive as well as the currently recommended budget was at zero. Ms. Steinbeck said in the nursing home budget of OBRA if there was money left over from training they could use it for nurse's aid wage increases if they so chose.

Motion: Motion by Rep. Cobb to accept the current recommendation by the executive.

Discussion: Sen. Van Valkenburg was concerned about a

possible law suit if there was no increase in nurse's aid salaries. Rose Hughes said the OBRA costs presented a great problem than general inflation. Ms. Steinbeck said she did not trust the figures of \$300,000 to the nurse's aid wages as proposed under the study and about \$596,000 to do a 4% rate increase. She said she would like to check the figures before making any statements about them. Sen. Keating asked if the wage increase is prompted by the mandate of more work under OBRA and Ms. Steinbeck answered yes.

Recommendation and Vote: Motion passed with Sen. Van Valkenburg and Rep. Bradley voting no.

#### #2. NURSE STAFFING

Motion: Motion by Rep. Cobb to accept the current recommendation

Recommendation and Vote: Motion passed unanimously.

#### #3. QUALITY ASSURANCE COMMITTEE

Motion: Motion by Rep. Cody to accept the MHCA recommendation for \$392,000.

Recommendation and Vote: Motion passed with Rep. Grinde, Rep. Cobb and Sen. Hofman voting no.

#### #4. ASSESSMENTS, REVIEWS & PLANS OF CARE

Motion: Motion by Sen. Keating to accept the Executive recommendation.

Recommendation and Vote: Motion passed.

#### #5 AND #6 SOCIAL SERVICES/ELIMINATION OF SNF/ICF DIFFERENCE AND PHYSICIAN INVOLVEMENT

Motion: Motion made by Sen. Keating to accept the executive.

Recommendation and Vote: Motion passed.

#### #7. MISCELLANEOUS

Motion: Motion made by Sen. Keating to accept the executive

Recommendation and Vote: Motion passed.

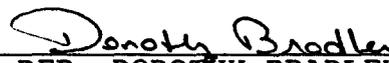
Chairman Bradley asked if it was understood that these funds will be allowed to be transferred between the three federal funds, but not to be transferred to any other. The subcommittee agreed.

HEARING ON CATASTROPHIC COVERAGE

Presentation and Opening Statement: Dr. Blouke reviewed with the subcommittee beginning on page 5, Option A, and page 6, Option B and the total at the bottom of page 6. Medicare Buy-in was discussed. He said the current expenditures were \$2.3 million in 88 and \$2.9 million, and with the exception of those, the rest are additional costs over and above any current level. There was some debate of the cost of Spousal Impoverishment and Ms. Hughes gave some testimony. See Exhibit 4. Lee Tickle said he had been unaware of the calculations going on and there was an \$8 million difference. Ms. Hughes pointed out there was an underestimation on another section, and it was decided Ms. Hughes, the department and the executive would get together and try to reach an agreement to present to the subcommittee.

ADJOURNMENT

Adjournment At: 12:28 p.m.

  
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REP. DOROTHY BRADLEY, Chairman

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EXHIBIT 1  
DATE 2/3  
HB man Sev Sub Com

**ASSISTANCE PAYMENTS**

1. Establish AFDC caseload levels: The following is the most recent estimate of the fiscal 1989 AFDC caseload size.

<u>FY 1988</u>	<u>FY 1989</u>
9,627	9,432

**Option A.** Adopt a caseload growth factor of 3 percent for each year of the biennium:

<u>FY 1990</u>	<u>FY 1991</u>
9,715	10,007

**Option B.** Adopt a caseload growth factor of 3.5 percent for each year of the biennium:

<u>FY 1990</u>	<u>FY 1991</u>
9,762	10,104

**Option C.** Adopt a caseload growth factor of 4 percent for each year of the biennium:

<u>FY 1990</u>	<u>FY 1991</u>
9,809	10,114

**Option D.** Adopt a caseload growth factor of 3.5 percent for fiscal 1990 and 0 percent growth for fiscal 1991.

<u>FY 1990</u>	<u>FY 1991</u>
9,762	9,762

**Option E.** Adopt a caseload growth factor based on Options A-C, and adjust according to Executive projection of effectiveness of JOBS program - reduce caseload by 58 cases for FY 1990 and reduces caseload by 61 cases in FY 1991.

2. Establish AFDC payment levels. This will also set the payment level for the General Assistance caseload. The current payment level is frozen at the payment level established during the 1987 biennium. For fiscal 1989 the payment level is approximately 43 percent of the federal poverty index. If it remained frozen through the 1991 biennium the payment level would equal 40.9 percent of the federal poverty index in fiscal 1990 and 38.8 percent of the poverty index in fiscal 1991.

The following calculations are based on a 3.5 percent caseload growth.

**Option A.** The payment level could be frozen at the current payment rate:

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$10,449,199	\$10,819,224
County Funds	724,778	702,026
Federal Fund	<u>27,584,179</u>	<u>28,594,523</u>
Total Funds	\$38,758,155	\$40,115,773

**Option B.** The payment could be set at 41 percent of the poverty index:

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$10,462,597	\$11,427,647
County Funds	725,707	741,505
Federal Fund	<u>27,619,549</u>	<u>30,202,547</u>
Total Funds	\$38,807,854	\$42,371,699

**Option C.** The payment could be set at 42 percent of the poverty index:

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$10,717,783	\$11,706,370
County Funds	743,407	759,590
Federal Fund	<u>28,293,197</u>	<u>30,939,194</u>
Total Funds	\$38,807,854	\$42,371,699

**Option D.** The payment could be set at 45 percent of the poverty index:

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$11,483,339	\$12,542,540
County Funds	796,508	813,847
Federal Fund	<u>30,314,140</u>	<u>33,149,137</u>
Total Funds	\$42,593,986	\$46,505,523

**Option E.** The payment could be set at 41 percent of the poverty index with a 3.5 percent caseload growth for FY 1990 and 0 percent caseload growth for FY 1991:

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$10,462,597	\$11,040,907
County Funds	725,707	716,410
Federal Fund	<u>27,619,549</u>	<u>29,180,417</u>
Total Funds	\$38,807,854	\$40,937,734

The incremental cost for an increase of 1 percent in the payment level relative to the federal poverty index is approximately \$530,000 of general fund for the biennium if the caseload is set at a 3.5 percent increase per year.

3. Establish General assistance caseload. The General Assistance payment level will have been established once the AFDC payment level is set. The following is the most recent estimate of the fiscal 1989 General Assistance caseload size.

<u>FY 1988</u>	<u>FY 1989</u>
1,857	1,906

Option A. Adopt a caseload growth factor of 3 percent for each year of the biennium:

<u>FY 1990</u>	<u>FY 1991</u>
1,963	2,021

Option B. Adopt a caseload growth factor of 3.5 percent for each year of the biennium:

<u>FY 1990</u>	<u>FY 1991</u>
1,973	2,042

Option C. Adopt a caseload growth factor of 4 percent for each year of the biennium:

<u>FY 1990</u>	<u>FY 1991</u>
1,982	2,062

Option D. Adopt a caseload growth factor of 3.5 percent for fiscal 1990 and 0 percent for fiscal 1991:

<u>FY 1990</u>	<u>FY 1991</u>
1,973	1,973

4. Welfare Reform. The executive proposal includes the addition of 9.00 FTE to implement the welfare reform package: three FTE are allocated to the Assistance payments program and six FTE are allocated to the county welfare offices to handle the increased caseload associated with changes in the AFDC program. Additionally, funds are included in the benefits portion of the budget to allow contracting with the Department of Labor for implementation of the JOBS program and to pay additional child care and medicaid costs.

Executive Recommendation of costs associated with Welfare Reform:

	<u>FY 1990</u>	<u>FY 1991</u>
FTE	9.00	9.00
Personal services	\$199,106	\$199,124
Operating	17,100	8,100
Benefits	<u>1,892,531</u>	<u>5,030,994</u>
Total Expenses	\$2,108,737	\$5,238,218
General Fund	\$ 283,166	\$ 873,763
County Funds	32,597	31,040
Federal Funds	<u>1,792,974</u>	<u>4,333,415</u>
Total Funds	\$2,108,737	\$5,238,218

**Option A.** The Committee could accept the executive proposal as presented during testimony.

*X*  
*Heating*  
*→*  
**Option B.** The Committee could adopt the executive proposal as presented with the intent that the Department be allowed flexibility in allocating funds as necessary to meet final regulations. The Committee could require that all funds and expenditures related to implementation of Welfare Reform be accounted for separately but that the department could transfer funds among appropriations made for Welfare Reform, Catastrophic coverage, and OBRA. No funds appropriated for welfare Reform, Catastrophic Coverage or OBRA could be used for any other purpose within the department.

**Option C.** The Committee could modify the executive proposal.

**MEDICAL ASSISTANCE**

1. Under the Primary Care program, the Committee needs to adopt the level of increase allowed for non fee based providers (inpatient and outpatient care) to compensate for the effects of inflation, and changes in utilization patterns and rate increase for fee based providers.

**Option A.** The committee could adopt the increases included in the health care component of Wartons Econometrics for inpatient and outpatient hospital care and no increase for fee based providers. This would provide an increase of 6.5 percent in fiscal 1990 and 6.6 percent in 1991 for hospital based providers. The department could be instructed to allocate the increase for hospital based providers as deemed appropriate between inflation increases and general increase relating to utilization. (See attached sheet Primary Care Option A).

**Option B.** The committee could allow a maximum increase of 3.9 percent in the DRG and an equal percent increase for outpatient care with no increase for utilization and no increases for fee based providers. (See attached sheet Primary Care Option B).

**Option C.** The Committee could include the Warton econometric health care component for hospital based providers and an average 2 percent rate increase for fee based providers. The department would be allowed to allocate the 2 percent increase as deemed appropriate among the various provider groups. (See attached sheet Primary Care Option C).

**Option D.** The Committee could include the Warton econometric health care component for hospital based providers and all fee based providers and allow the department to establish rate increases as deemed appropriate among the various provider groups.

**2. Omnibus Budget Reconciliation Act (OBRA) - See attached sheet.**

The Committee could adopt the executive proposal as presented with the intent that the Department be allowed flexibility in allocating funds as necessary to meet final regulations. The Committee could require that all funds and expenditures related to implementation of Omnibus Budget reconciliation Act be accounted for separately but that the department could transfer funds among appropriations made for Welfare Reform, Catastrophic coverage, and OBRA. No funds appropriated for welfare Reform, Catastrophic Coverage or OBRA could be used for any other purpose within the department.

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$868,503	\$763,367
Federal Funds	<u>\$2,491,526</u>	<u>\$2,230,917</u>
Total funds	\$3,360,029	\$2,994,284

**3. Catastrophic Coverage Act - The changes in this federal law will have significant impacts on the medicaid and Medicare Buy-in programs. Final regulations for the Act have not been published and there is considerable uncertainty regarding the exact fiscal impact the Act will ultimately have.**

**Option A.** Because the Medicare Buy-in program is an ongoing program, the Committee could separate the Medicare Buy-in costs from other Catastrophic Care costs and restrict the appropriation to Medicare buy-in costs.

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$1,573,104	\$2,636,243
Federal Funds	<u>\$3,890,905</u>	<u>\$6,539,635</u>
Total Funds	\$5,464,009	\$9,175,878

**Option B.** The Committee could include the Medicare Buy-in as part of the Catastrophic Care Act cost and accept the revised Executive proposal as presented. The Committee could restrict these funds to expenditures associated with the Catastrophic Coverage Act.

**Executive estimate of cost for Catastrophic Coverage Act:**

	<u>FY 1990</u>	<u>FY 1991</u>
Pregnant Women	\$591,906	\$753,746
Medicare Buy-in	\$5,464,009	\$9,175,878
Co-Ins & Deduct	\$1,715,971	\$3,396,727
FTE	\$61,362	\$102,270
Spousal Impov	\$6,550,589	\$9,041,031
NH Coverage	<u>(\$3,360,029)</u>	<u>(\$4,172,118)</u>
<b>TOTAL</b>	<b>\$10,520,695</b>	<b>\$18,297,524</b>

**FUNDS**

	<u>FY 1990</u>	<u>FY 1991</u>
General Fund	\$3,913,666	\$6,043,158
Federal Funds	<u>\$6,607,029</u>	<u>\$12,315,728</u>
<b>Total Funds</b>	<b>\$10,520,695</b>	<b>\$18,297,524</b>



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family size	Caseload % Total	Regular Caseload FY 90		FY 91	
		Payment Level	Weighted Average	Payment Level	Weighted Average
1	5.44%	\$221	\$12.01	\$232	\$12.63
2	42.06%	\$296	\$124.69	\$313	\$131.54
3	29.22%	\$372	\$108.72	\$393	\$114.70
4	15.17%	\$448	\$67.92	\$472	\$71.65
5	5.43%	\$523	\$28.42	\$552	\$29.98
6	2.68%	\$599	\$16.05	\$632	\$16.94
Maximum			\$357.81		\$377.44
Monthly Average			\$337.16		\$355.66

Computation of AFDC Payment At 43% of Poverty Index In Fiscal 1990 and 43% of Poverty Index in Fiscal 1991

family size	Caseload % Total	Unemployed Caseload FY 90		FY 91	
		Payment Level	Weighted Average	Payment Level	Weighted Average
1	0.00%	\$221	\$0.00	\$232	\$0.00
2	0.00%	\$296	\$0.00	\$313	\$0.00
3	24.45%	\$372	\$90.97	\$393	\$95.98
4	35.11%	\$448	\$157.19	\$472	\$165.84
5	25.00%	\$523	\$130.84	\$552	\$138.03
6	15.44%	\$599	\$92.48	\$632	\$97.57
Maximum			\$471.48		\$497.41
Monthly Average			\$439.99		\$464.19

Current Level Regular AFDC Benefits 1991 Biennium  
FY 90 Caseload 8,190; FY 91 Caseload 8,100

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$23,583,177	\$24,641,737	\$48,224,914
County Funds	\$619,651	\$604,981	\$1,224,632
General Funds	\$8,933,574	\$9,323,620	\$18,257,194
<b>Total Funds</b>	<b>\$33,136,401</b>	<b>\$34,570,338</b>	<b>\$67,706,739</b>

Current Level Unemployed Parent AFDC Benefits 19 Biennium  
FY 90 Caseload 910; FY 91 Caseload 900

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$3,419,475	\$3,573,417	\$6,992,892
County Funds	\$89,847	\$87,731	\$177,578
General Funds	\$1,295,336	\$1,352,063	\$2,647,399
<b>Total Funds</b>	<b>\$4,804,658</b>	<b>\$5,013,212</b>	<b>\$9,817,869</b>

Total Fiscal 1991 Biennium Costs

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$27,002,652	\$28,215,154	\$55,217,806
County Funds	\$709,498	\$692,712	\$1,402,210
General Funds	\$10,228,909	\$10,675,683	\$20,904,593
<b>Total Funds</b>	<b>\$37,941,059</b>	<b>\$39,583,550</b>	<b>\$77,524,609</b>

family size	Regular Caseload				FY 91	
	Caseload % Total	Payment Level	Weighted Average	Payment Level	Weighted Average	
1	5.44%	\$231	\$12.57	\$243	\$13.21	
2	42.06%	\$310	\$130.49	\$327	\$137.66	
3	29.22%	\$389	\$113.78	\$411	\$120.04	
4	15.17%	\$469	\$71.08	\$494	\$74.99	
5	5.43%	\$548	\$29.74	\$578	\$31.37	
6	2.68%	\$627	\$16.80	\$661	\$17.72	
Maximum			\$374.45		\$395.00	
Monthly Average			\$352.85		\$372.20	

Computation of AFDC Payment At 45% of Poverty Index  
In Fiscal 1990 and 45% of Poverty Index in Fiscal 1991

family size	Unemployed Caseload				FY 91	
	Caseload % Total	Payment Level	Weighted Average	Payment Level	Weighted Average	
1	0.00%	\$231	\$0.00	\$243	\$0.00	
2	0.00%	\$310	\$0.00	\$327	\$0.00	
3	24.45%	\$389	\$95.20	\$411	\$100.44	
4	35.11%	\$469	\$164.50	\$494	\$173.55	
5	25.00%	\$548	\$136.92	\$578	\$144.45	
6	15.44%	\$627	\$96.78	\$661	\$102.11	
Maximum			\$493.41		\$520.55	
Monthly Average			\$460.45		\$485.78	

Current Level Regular AFDC Benefits 1991 Biennium  
FY 90 Caseload 8,190; FY 91 Caseload 8,100

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$24,680,069	\$25,787,864	\$50,467,933
County Funds	\$648,472	\$633,120	\$1,281,591
General Funds	\$9,349,089	\$9,757,277	\$19,106,366
Total Funds	\$34,677,629	\$36,178,261	\$70,855,890

Current Level Unemployed Parent AFDC Benefits 19 Biennium  
FY 90 Caseload 910; FY 91 Caseload 900

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$3,578,520	\$3,739,623	\$7,318,143
County Funds	\$94,026	\$91,812	\$185,838
General Funds	\$1,355,584	\$1,414,950	\$2,770,534
Total Funds	\$5,028,130	\$5,246,384	\$10,274,514

Total Fiscal 1991 Biennium Costs

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$28,258,589	\$29,527,487	\$57,786,076
County Funds	\$742,498	\$724,931	\$1,467,429
General Funds	\$10,704,673	\$11,172,227	\$21,876,899
Total Funds	\$39,705,759	\$41,424,645	\$81,130,404

**Regular Caseload**

family size	Caseload % Total	FY 90		FY 91	
		Payment Level	Weighted Average	Payment Level	Weighted Average
1	5.44%	\$211	\$11.45	\$221	\$12.04
2	42.06%	\$283	\$118.89	\$298	\$125.43
3	29.22%	\$355	\$103.67	\$374	\$109.37
4	15.17%	\$427	\$64.76	\$450	\$68.32
5	5.43%	\$499	\$27.10	\$526	\$28.59
6	2.68%	\$571	\$15.31	\$603	\$16.15
Maximum			\$341.17		\$359.88
Monthly Average			\$321.48		\$339.12

**Computation of AFDC Payment At 41% of Poverty Index  
In Fiscal 1990 and 41% of Poverty Index in Fiscal 1991**

**Unemployed Caseload**

family size	Caseload % Total	FY 90		FY 91	
		Payment Level	Weighted Average	Payment Level	Weighted Average
1	0.00%	\$211	\$0.00	\$221	\$0.00
2	0.00%	\$283	\$0.00	\$298	\$0.00
3	24.45%	\$355	\$86.74	\$374	\$91.51
4	35.11%	\$427	\$149.88	\$450	\$158.12
5	25.00%	\$499	\$124.75	\$526	\$131.61
6	15.44%	\$571	\$88.18	\$603	\$93.03
Maximum			\$449.55		\$474.28
Monthly Average			\$419.52		\$442.60

**Current Level Regular AFDC Benefits 1991 Biennium  
FY 90 Caseload 8,190; FY 91 Caseload 8,100**

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$22,486,285	\$23,495,610	\$45,981,894
County Funds	\$590,830	\$576,842	\$1,167,672
General Funds	\$8,518,059	\$8,889,963	\$17,408,022
<b>Total Funds</b>	<b>\$31,595,173</b>	<b>\$32,962,416</b>	<b>\$64,557,589</b>

**Current Level Unemployed Parent AFDC Benefits 19 Biennium  
FY 90 Caseload 910; FY 91 Caseload 900**

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$3,260,430	\$3,407,212	\$6,667,641
County Funds	\$85,668	\$83,651	\$169,319
General Funds	\$1,235,088	\$1,289,177	\$2,524,264
<b>Total Funds</b>	<b>\$4,581,185</b>	<b>\$4,780,039</b>	<b>\$9,361,224</b>

**Total Fiscal 1991 Biennium Costs**

	Fiscal 1990	Fiscal 1991	Biennium
Federal Funds	\$25,746,714	\$26,902,822	\$52,649,536
County Funds	\$676,498	\$660,493	\$1,336,991
General Funds	\$9,753,146	\$10,179,140	\$19,932,286
<b>Total Funds</b>	<b>\$36,176,358</b>	<b>\$37,742,455</b>	<b>\$73,918,813</b>

COMPARISON OF OBRA COSTS  
 GOVERNOR'S BUDGET VS. MHCA STUDY

①  
 496  
 2/2/89

yes

Plan  
 Panel

Panel

REQUIREMENTS	Per MHCA		Per Executive Budget		Currently Recommended	
	FY 1990	FY 1991	FY 1990	FY 1991	FY 1990	FY 1991
<b>1. Nurse Aide Training:</b>						
a. Train the trainer	\$ 208,500	\$ -0-	\$ -0-	\$ -0-	\$ 208,500	\$ -0-
b. Train existing aides	1,799,721	-0-	-0-	-0-	1,509,874	-0-
c. Retrain existing aides who fail test	404,754	-0-	-0-	-0-	339,415	-0-
d. Train new aides	1,542,365	1,619,484	-0-	-0-	1,152,525	1,152,525
e. Retrain new aides who fail test	138,293	158,408	-0-	-0-	71,229	71,229
f. Ongoing education	885,659	929,943	-0-	-0-	885,659	929,943
g. Supplies & training	143,251	-0-	-0-	-0-	143,251	-0-
h. Nurse Wage Increases	1,258,738	2,643,349	-0-	-0-	-0-	-0-
<b>TOTAL TRAINING COSTS</b>	<b>\$6,381,281</b>	<b>\$5,351,184</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$4,310,453</b>	<b>\$2,153,697</b>
<b>2. Nurse Staffing:</b>						
a. RNs 8 hrs/day/ 7 days a week	\$ -0-	\$ 82,952	\$ -0-	\$ -0-	\$ -0-	\$ 82,952
b. 24 hour licensed staff	-0-	145,942	-0-	-0-	-0-	145,942
<b>TOTAL NURSE STAFFING</b>	<b>\$ -0-</b>	<b>\$ 228,894</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 228,894</b>
<b>3. Quality Assurance Committee:</b>	<b>\$ -0-</b>	<b>\$ 392,345</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 47,083</b>
<b>4. Assessments, Reviews, &amp; Plans of Care:</b>	<b>\$ -0-</b>	<b>\$ 947,658</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 775,000</b>
<b>5. Social Services/Elim. of SNF/ICF Dif.</b>						
a. Social Workers	\$ -0-	\$ 258,408	\$ -0-	\$ -0-	\$ -0-	\$ 258,408
b. Qualified Dietitians	-0-	16,649	-0-	-0-	-0-	16,649
c. Pharmacy Consultants	-0-	40,622	-0-	-0-	-0-	40,622
d. Medical Records Consultants	-0-	24,273	-0-	-0-	-0-	24,273
<b>TOTAL</b>	<b>\$ -0-</b>	<b>\$ 339,952</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 339,952</b>
<b>6. Physician Involvement</b>	<b>\$ -0-</b>	<b>\$ 30,548</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 30,548</b>
<b>7. Miscellaneous:</b>						
a. Patient Trust Funds	\$ -0-	\$ 22,986	\$ -0-	\$ -0-	\$ -0-	\$ 22,986
b. Privacy Curtains	-0-	452,092	-0-	-0-	-0-	90,418
<b>TOTAL MISCELLANEOUS</b>	<b>\$ -0-</b>	<b>\$ 475,078</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 113,404</b>
<b>GRAND TOTAL</b>					<b>\$4,310,453</b>	<b>\$3,688,578</b>
<b>Inflation increase factor (2% ea. yr.)</b>					<b>86,209</b>	<b>134,460</b>
<b>Total with inflation included</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
	<b>\$6,381,281</b>	<b>\$7,765,659</b>	<b>\$2,723,976</b>	<b>\$640,320</b>	<b>\$4,396,662</b>	<b>\$3,823,038</b>
<b>Percentage of Medicaid at 62%</b>	<b>\$3,956,394</b>	<b>\$4,814,709</b>	<b>\$1,688,865</b>	<b>\$396,998</b>	<b>\$2,725,930</b>	<b>\$2,370,284</b>
<b>Federal Funds</b>	<b>\$2,815,766</b>	<b>\$3,426,628</b>	<b>\$1,938,654</b>	<b>\$455,716</b>	<b>\$1,940,045</b>	<b>\$1,686,931</b>
<b>General Funds</b>	<b>1,140,628</b>	<b>1,388,080</b>	<b>785,322</b>	<b>184,604</b>	<b>785,886</b>	<b>683,353</b>
<b>TOTAL</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
	<b>\$3,956,394</b>	<b>\$4,814,709</b>	<b>\$2,723,976</b>	<b>\$640,320</b>	<b>\$2,725,930</b>	<b>\$2,370,284</b>

## PRIMARY CARE - OPTION A

	Fiscal 1988		Fiscal 1989		Fiscal 1990		Fiscal 1991	
TOTAL MEDICAID Service	PROJECTED	%Increase	COST	%Increase	COST	%Increase	COST	
Inpatient Hospital	\$31,238,385	10.227%	\$34,433,291	10.227%	\$37,954,956	10.331%	\$41,876,082	
Number of Services	NA	NA	NA	NA	NA	NA	NA	
Cost per Service	NA	NA	NA	NA	NA	NA	NA	
Outpatient Hospital	\$5,663,209	10.227%	\$6,242,414	10.227%	\$6,880,857	10.331%	\$7,591,718	
Number of Services	388,740	0.035	402,346	0.035	416,428	0.035	431,003	
Cost per Service	\$14.57	0.065	\$15.52	0.065	\$16.52	0.066	\$17.61	
Physician	\$12,436,429	5.052%	\$13,064,780	3.500%	\$13,522,047	3.500%	\$13,995,319	
Number of Services	555,906	0.035	575,363	0.035	595,500	0.035	616,343	
Cost per Service	\$22.37	0.015	\$22.71	0.000	\$22.71	0.000	\$22.71	
Other Practitioners	\$2,386,773	3.500%	\$2,470,310	3.500%	\$2,556,771	3.500%	\$2,646,258	
Number of Services	197,471	0.035	204,382	0.035	211,536	0.035	218,940	
Cost per Service	\$12.09	0.000	\$12.09	0.000	\$12.09	0.000	\$12.09	
Drugs	\$9,275,396	3.500%	\$9,600,035	3.500%	\$9,936,036	3.500%	\$10,283,797	
Number of Services	748,541	0.035	774,740	0.035	801,856	0.035	829,921	
Cost per Service	\$12.39	0.000	\$12.39	0.000	\$12.39	0.000	\$12.39	
Dental	\$2,996,449	3.501%	\$3,101,353	3.500%	\$3,209,901	3.500%	\$3,322,247	
Number of Services	122,534	0.035	126,823	0.035	131,261	0.035	135,856	
Cost per Service	\$24.45	0.000	\$24.45	0.000	\$24.45	0.000	\$24.45	
Other	\$9,233,306	3.500%	\$9,556,472	3.500%	\$9,890,948	3.500%	\$10,237,131	
Number of Services	2,605,201	0.035	2,696,383	0.035	2,790,756	0.035	2,888,433	
Cost per Service	\$3.54	0.000	\$3.54	0.000	\$3.54	0.000	\$3.54	
TOTAL MEDICAID	\$73,229,947	7.154%	\$78,468,654	6.987%	\$83,951,515	7.148%	\$89,952,552	
ADJUSTMENTS:								
ADD: RIVENDELL - BILLINGS 48 BEDS FY 89-91 @ \$300.00/			\$2,628,000		\$2,628,000		\$2,628,000	
RIVENDELL - BUTTE 48 BEDS FY 89-91 @ \$300.00/DAY			\$1,839,600		\$1,839,600		\$1,839,600	
SHODAIR - HELENA 20 BEDS FY 89-91 @ \$420.00/DAY			\$2,299,500		\$2,299,500		\$2,299,500	
STATE MEDICAL TO MEDICAID TRANSFERS			\$450,000		\$450,000		\$450,000	
LESS: REFUNDS			(\$700,000)		(\$700,000)		(\$700,000)	
FY 88 ADJUSTMENTS			\$3,278,686					
ADJUSTED TOTAL MEDICAID	\$76,508,633		\$84,985,754		\$90,468,615		\$96,469,652	

PRIMARY CARE - OPTION B

	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991	
TOTAL MEDICAID Service	PROJECTED	%Increase	COST	%Increase	COST
Inpatient Hospital	\$31,230,385	10.227%	\$34,433,291	7.536%	\$37,028,356
Number of Services	NA	NA	NA	NA	NA
Cost per Service	NA	NA	NA	NA	NA
Outpatient Hospital	\$5,663,209	10.227%	\$6,242,414	7.536%	\$6,712,873
Number of Services	388,740	0.035	402,346	0.035	416,428
Cost per Service	\$14.57	0.065	\$15.52	0.039	\$16.12
Physician	\$12,436,429	5.052%	\$13,064,780	3.500%	\$13,522,047
Number of Services	555,906	0.035	575,363	0.035	595,500
Cost per Service	\$22.37	0.015	\$22.71	0.000	\$22.71
Other Practitioners	\$2,386,773	3.500%	\$2,470,310	3.500%	\$2,556,771
Number of Services	197,471	0.035	204,382	0.035	211,536
Cost per Service	\$12.09	0.000	\$12.09	0.000	\$12.09
Drugs	\$9,275,396	3.500%	\$9,600,035	3.500%	\$9,936,036
Number of Services	748,541	0.035	774,740	0.035	801,856
Cost per Service	\$12.39	0.000	\$12.39	0.000	\$12.39
Dental	\$2,996,449	3.501%	\$3,101,353	3.500%	\$3,209,901
Number of Services	122,534	0.035	126,823	0.035	131,261
Cost per Service	\$24.45	0.000	\$24.45	0.000	\$24.45
Other	\$9,233,306	3.500%	\$9,556,472	3.500%	\$9,890,948
Number of Services	2,605,201	0.035	2,696,383	0.035	2,790,756
Cost per Service	\$3.54	0.000	\$3.54	0.000	\$3.54
TOTAL MEDICAID	\$73,229,947	7.154%	\$78,468,654	5.592%	\$82,856,932
ADJUSTMENTS:					
ADD: RIVENDELL - BILLINGS 48 BEDS FY 89-91 @ \$300.00/			\$2,628,000		\$2,628,000
RIVENDELL - BUTTE 48 BEDS FY 89-91 @ \$300.00/DAY			\$1,839,600		\$1,839,600
SHODAIR - HELENA 20 BEDS FY 89-91 @ \$420.00/DAY			\$2,299,500		\$2,299,500
STATE MEDICAL TO MEDICAID TRANSFERS			\$450,000		\$450,000
LESS: REFUNDS			(\$700,000)		(\$700,000)
FY 88 ADJUSTMENTS	\$3,278,686				
ADJUSTED TOTAL MEDICAID	\$76,508,633		\$84,985,754		\$89,374,032
					\$94,039,639

PRIMARY CARE - OPTION C

	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991	
TOTAL MEDICAID Service	PROJECTED	%Increase	COST	%Increase	COST
Inpatient Hospital	\$31,238,385	10.227%	\$34,433,291	10.227%	\$37,954,956
Number of Services	NA	NA	NA	NA	10.331%
Cost per Service	NA	NA	NA	NA	\$41,876,082
Outpatient Hospital	\$5,663,209	10.227%	\$6,242,414	10.227%	\$6,880,857
Number of Services	388,740	0.035	402,346	0.035	416,428
Cost per Service	\$14.57	0.065	\$15.52	0.065	\$16.52
Physician	\$12,436,429	5.052%	\$13,064,780	5.570%	\$13,792,488
Number of Services	555,906	0.035	575,363	0.035	595,500
Cost per Service	\$22.57	0.015	\$22.71	0.020	\$23.16
Other Praticitioners	\$2,386,773	3.500%	\$2,470,310	5.570%	\$2,607,906
Number of Services	197,471	0.035	204,382	0.035	211,536
Cost per Service	\$12.09	0.000	\$12.09	0.020	\$12.33
Drugs	\$9,275,396	3.500%	\$9,600,035	5.570%	\$10,134,757
Number of Services	748,541	0.035	774,740	0.035	801,856
Cost per Service	\$12.39	0.000	\$12.39	0.020	\$12.64
Dental	\$2,996,449	3.501%	\$3,101,353	5.570%	\$3,274,099
Number of Services	122,534	0.035	126,823	0.035	131,261
Cost per Service	\$24.45	0.000	\$24.45	0.020	\$24.94
Other	\$9,233,306	3.500%	\$9,556,472	5.570%	\$10,088,767
Number of Services	2,605,201	0.035	2,696,383	0.035	2,790,756
Cost per Service	\$3.54	0.000	\$3.54	0.020	\$3.62
TOTAL MEDICAID	\$73,229,947	7.154%	\$78,468,654	7.984%	\$84,733,829
ADJUSTMENTS:					
ADD: RIVENDELL - BILLINGS 48 BEDS FY 89-91 @ \$300.00/					\$2,628,000
RIVENDELL - BUTTE 48 BEDS FY 89-91 @ \$300.00/DAY					\$1,839,600
SHODAIR - HELENA 20 BEDS FY 89-91 @ \$420.00/DAY					\$2,299,500
STATE MEDICAL TO MEDICAID TRANSFERS					\$450,000
LESS: REFUNDS					(\$700,000)
FY 88 ADJUSTMENTS	\$3,278,686				(\$700,000)
ADJUSTED TOTAL MEDICAID	\$76,508,633		\$84,985,754		\$91,250,929
					\$98,105,236

PRIMARY CARE - OPTION D

	Fiscal 1988		Fiscal 1989		Fiscal 1990		Fiscal 1991	
TOTAL MEDICAID Service	PROJECTED	%Increase	COST	%Increase	COST	%Increase	COST	
Inpatient Hospital	\$31,238,385	10.227%	\$34,433,291	10.227%	\$37,954,956	10.227%	\$41,836,799	
Number of Services	NA	NA	NA	NA	NA	NA	NA	
Cost per Service	NA	NA	NA	NA	NA	NA	NA	
Outpatient Hospital	\$5,683,209	10.227%	\$6,242,414	10.227%	\$6,880,857	10.227%	\$7,584,596	
Number of Services	388,740	0.035	402,346	0.035	416,428	0.035	431,003	
Cost per Service	\$14.57	0.065	\$15.52	0.065	\$16.52	0.065	\$17.60	
Physician	\$12,436,429	5.052%	\$13,064,780	5.052%	\$14,400,980	10.227%	\$15,873,840	
Number of Services	555,906	0.035	575,363	0.035	595,500	0.035	616,343	
Cost per Service	\$22.37	0.015	\$22.71	0.065	\$24.18	0.065	\$25.75	
Other Practitioners	\$2,386,773	3.500%	\$2,470,310	3.500%	\$2,722,961	10.227%	\$3,001,452	
Number of Services	197,471	0.035	204,382	0.035	211,536	0.035	218,940	
Cost per Service	\$12.09	0.000	\$12.09	0.065	\$12.87	0.065	\$13.71	
Drugs	\$9,275,396	3.500%	\$9,600,035	3.500%	\$10,581,878	10.227%	\$11,664,140	
Number of Services	748,541	0.035	774,740	0.035	801,856	0.035	829,921	
Cost per Service	\$12.39	0.000	\$12.39	0.065	\$13.20	0.065	\$14.05	
Dental	\$2,996,449	3.501%	\$3,101,353	3.501%	\$3,418,544	10.227%	\$3,768,176	
Number of Services	122,534	0.035	126,823	0.035	131,261	0.035	135,856	
Cost per Service	\$24.45	0.000	\$24.45	0.065	\$26.04	0.065	\$27.74	
Other	\$9,233,306	3.500%	\$9,556,472	3.500%	\$10,533,860	10.227%	\$11,611,210	
Number of Services	2,605,201	0.035	2,696,383	0.035	2,790,756	0.035	2,888,433	
Cost per Service	\$3.54	0.000	\$3.54	0.065	\$3.77	0.065	\$4.02	
TOTAL MEDICAID	\$73,229,947	7.154%	\$78,468,654	7.154%	\$86,494,036	10.227%	\$95,340,213	
ADJUSTMENTS:								
ADD: RIVENDELL - BILLINGS 48 BEDS FY 89-91 @ \$300.00/			\$2,628,000		\$2,628,000		\$2,628,000	
RIVENDELL - BUTTE 48 BEDS FY 89-91 @ \$300.00/DAY			\$1,839,600		\$1,839,600		\$1,839,600	
SHODAIR - HELENA 20 BEDS FY 89-91 @ \$420.00/DAY			\$2,299,500		\$2,299,500		\$2,299,500	
STATE MEDICAL TO MEDICAID TRANSFERS			\$450,000		\$450,000		\$450,000	
LESS: REFUNDS			(\$700,000)		(\$700,000)		(\$700,000)	
FY 88 ADJUSTMENTS								
ADJUSTED TOTAL MEDICAID	\$76,508,633		\$84,985,754		\$93,011,136		\$101,857,313	

*Rose H. H. H.  
Exhibit*

EXHIBIT f  
DATE 2/3/89  
Herman New Sub Com

SPOUSAL IMPOVERISHMENT:

Assumption # 1 - New Recipients:

1. There are 2400 private pay, Medicare, VA patients
2. 22% of those patients have a spouse at home (SRS assumption)
3. This leaves 528 non-Medicaid patients w/spouse at home
4. 10% will become eligible as a result of the new legislation. This is based on SRS assumption. SRS applied the 10% figure to all private pay patients; however, this is erroneous since the changes affect only those with spouses at home. Therefore, the 10% figure would be better applied to the affected population of 528 patients.

Also, in talking with administrators of facilities, they do not envision a big impact relating to the increased asset/resource allowance. This is because most patients who want to be on Medicaid simply transfer their assets to become eligible. The administrators believe that most of their private paying patients have significant sums of money and will remain private pay for quite some time. Very few are borderline.

5. Thus, the new Medicaid patients who are likely to become eligible number approximately 53.
6. Of the 53 patients:
  - 2 patients (3%) will be eligible for Medicare under the old rules and will average 75 days of Medicare coverage before becoming Medicaid eligible.
  - 8 patients (16%) will be eligible under the expanded Medicare coverage rules and will average 75 days of Medicare coverage before becoming eligible.
  - 6 patients (10.%%) will become eligible for 150 days because they are insulin dependent.
- 37 patients will utilize Medicaid only.

Cost Calculations: New Recipients:

FY 90:	10 patients x 200 days x \$49.64 (40.24 + 9.40)	=	\$99,280
	6 patients x 125 days x \$49.64	=	37,230
	37 patients x 275 days x \$49.64	=	<u>505,087</u>
			\$641,597
FY 91:	10 patients x 290 days x \$52.29 (42.89 + 9.40)	=	\$ 151,641
	6 patients x 215 days x \$52.29	=	67,454
	37 patients x 365 days x \$52.29	=	<u>706,176</u>
			\$925,271

Totals for New Recipients:

FY 90	\$641,597
FY 91	<u>925,271</u>
	\$1,566,868

Assumption # 2 - Current Medicaid Patients:

1. 3800 Medicaid recipients currently
2. 22% have a spouse at home
3. Spouse at home will be eligible to keep \$786 instead of the current \$368.
4. Many spouses at home will already exceed \$786 in income and not be affected by this bill. For calculation purposes, assume the average spouse at home has \$500 worth of income.
5. Medicaid would need to pick up the difference between \$786 and \$500, or \$286.  $\$286 \times 12 \text{ months} \div 365 \text{ days} = \$9.40$  increase per patient day.

Cost Calculations: Current Medicaid Patients:

FY 90: 3800 Medicaid patients x 22% x 275 days x \$9.40 per day increased cost = \$2,161,060

FY 91: 3800 Medicaid patients x 22% x 365 days x \$9.40 per day increased cost = \$2,868,316

Totals for Current Medicaid Patients:

FY 90	2,161,060
FY 91	<u>2,868,316</u>
	5,029,376

MEDICAID REIMBURSEMENT RATE FOR COMPARABLE PROFESSIONALS

Psychologists: \$41.46/hour individual therapy  
12.43/client group therapy

Audiologists: \$48.40/Auditory exam (air, bone & speech)  
\$7.26 - \$24.20 for each additional test

Physical Therapy: \$33.28 for an evaluation  
\$19.97/30 minute treatment

Occupational Therapy: \$13.31 - \$33.28 per treatment (no time  
specifications)

Licensed Clinical  
Social Worker: \$33.16/hour individual  
\$9.94/hour group

Currently, the Medicaid reimbursement rate for Speech  
Pathologists is \$26.01 per hour.