

APPROPRIATIONS - FINANCE & CLAIMS

SUB-COMMITTEE: HUMAN SERVICES

FEBRUARY 12, 1979 - SRS AUDITORIUM

The meeting was called to order at 7:15 a.m. by Chairman Steve Waldron with the following members present:

Chairman Steve Waldron
Representative Bill Hand
Representative Robert Marks
Senator Pat Regan
Senator Pete Story

Senator Gary Aklestad - Excused

Others present were: See attached list.

MEDICAL ASSISTANCE PROGRAM

This program is responsible for the state management of Medicaid and Medicaid payments to the providers. The LFA has recommended 7-1/4% and 6-3/4% increases in rate payments. Hospitals are recommended at over 10% per year increase in rates. The agency cannot yet control hospital costs. They recommend an additional six FTEs to improve management and quality control. They would review claims and provider or recipient fraud.

Ron Weiss, Executive Budget Office, stated that this program needs an extensive review. They are recommending the six FTEs to measure quality of state management. This would include \$100,000 per year, \$50,000 of which is general fund for physicians and nursing support for prescreening of nursing homes and deinstitutionalization.

Keith Colbo, Director of SRS, requested more time for his office to work on the estimate for funding. At this time they are proposing to eliminate Adult Dental Care and Visual Testing and Eye Glasses. Mr. Colbo explained that it is very difficult to decide who should receive the services. They try to make a determination by asking themselves such questions as: What kind of health damage will occur? Will the state end up paying more later if a service is deleted? Will it affect other programs by adding additional burdens? Will the counties end up paying?

Mr. Colbo told the subcommittee that medical costs have gone up 12.1% compared to a 6.8% cost of living increase. The program is suggesting other methods of reduction in the budget if necessary including: no fee increases to physicians, no cosmetic or non-needed surgery, implementation of a new reimbursement plan for nursing homes and by providing methods for alternative care. He pointed out to the subcommittee that

cutting back also poses legal concerns.

About 17,000 people receive services in an average month. They pay out approximately one million dollars per week. Gary Blewett, Analyst for the Medical Assistance Bureau, explained to the subcommittee that \$1,110,00 in FY 80 and \$1,160,000 in FY 81 would be saved by cutting the Dental Services and the Visual Testing and EyeGlasses they would save \$500,00 in FY 80 and \$600,000 in FY 81. This is total funding. There is a 64% federal match so the savings is not all general fund savings.

Keith Colbo told the subcommittee that Montana had a liberal approach to the Medicaid Program and it is utilized by a wide range of people. They do provide a high level of service. Bill Ikard, Medical Assistance Program, told the subcommittee that twenty states don't have any medically needy programs, twenty are at about the same level as our state and the rest are more restrictive.

Gary Blewett also mentioned that the program makes bulk payments for Medicare insurance, aids with home nursing payments and supplements nursing services in small hospitals.

Keith Colbo handed out a sheet with a list of priorities for cuts if the program runs out of funds.

Patients are required to pay 50¢ for each prescription. They are not required to pay for anything else. Senator Regan questioned whether a small fee would curb unnecessary doctor calls. The department felt it would cost more to administer than would be benefited. Mr. Colbo felt it would be more effective to identify those persons who use more than one doctor or go to more than one pharmacist. They also work on identifying doctors who take advantage of the program.

Medicaid is used by persons at the poverty level or below. The program for medically needy is for those that have an income between 100-133% of the welfare standard which is 80% of the poverty level. They use a sliding scale. They try to aid these people so they will not end up on a cash assistance programs.

Bill Ikard, SRS Medical Assistance, explained that the Legislature provided for a spend-down to 1/3 above the poverty level before medically needy get aid.

Dr. Donald Erikson, Montana Dental Association, spoke in opposition to the deletion of dental care for adults. He said their budget only takes 2-3% of the total SRS budget and the service was needed. He felt an infection in the mouth was just as bad as an infection anywhere in the body. Dr.

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Erikson felt the cuts should be made across the board. He felt all programs should be cut equally. Chairman Steve Waldron questioned Dr. Erickson on the Dental Health Program for Preventative Measures. Dr. Erickson replied that a preventive program would be a great boon to the State of Montana. Approximately 30% of the dental care is for children which is federally mandated. 4% is for foster children. If the Adult Dental Program is cut, it will save approximately 4 million dollars per year.

Mr. Ikard explained that the optometrists are trying to obtain an increase. They are operating at the 1972 level. They claim they are losing money on the glass frames they provide. SRS people only make up 5% of their total business. Harold McLaughlin, County Welfare Program for Cascade, felt the proposed cuts for eye care and dental work would place the burden on the counties. Their tax levy is already at a maximum 13.5 mills for this type of care. They would eventually have to come to the state for grants which would be total general fund money. He felt there is limited abuse in the program and thought perhaps clients could pay for part of the services.

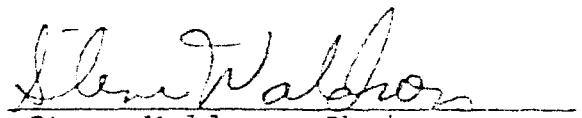
Frank Davis, Executive Director of the State Pharmaceutical Association, spoke in support of the SRS Budget. He did feel that some abusing went on by clients and the Association has agreed to study the matter.

Ron Semingson, Miles City Nursing Home, supported the SRS Budget. Jim Bompert from Park Side Manner, said that approximately 80% of his nursing home is Medicaid clients. Someone has to provide services. He felt that by eliminating such programs as physical therapy they were condemning people to poor life styles. This will also cause the clients to remain longer in hospitals to receive therapy, again costing the state more dollars.

Don Pratt, Montana Optimetric Association, spoke on the cut for Visual Testing and Eye Glasses. If the program is to continue they will need additional funding. The private client's costs are rising because they are losing money on this program.

The meeting was adjourned at 10:00 a.m.

Respectfully submitted:


Steve Waldron, Chairman
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