

APPROPRIATIONS - FINANCE & CLAIMS

SUBCOMMITTEE: HUMAN SERVICES

AGENCY I

FEBRUARY 13, 1979 - CAPITOL ANNEX

The meeting was called to order at 7:10 a.m. by Chairman Steve Waldron with the following members present:

Chairman Steve Waldron
Senator Gary Aklestad - Excused
Representative Bill Hand
Representative Robert Marks
Senator Pat Regan
Senator Pete Story

Others present were: See attached list.

Roland Pratt handed out a sheet on the Optometric Association.

NURSING HOMES

Curt Nichols spoke on this budget. The LFA felt this program needed adjustment. He recommended a budget based on fiscal year 1977 with a consumer price increase. He also suggested that reimbursement for Boulder be line-itemed.

Ron Weiss, Executive Budget Officer, told the subcommittee that some adjustment has been done and he preferred the department to make a response.

Keith Colbo, Director of SRS, explained to the subcommittee that the department is still working with the staff to get an accurate cost comparison. Gary Blewett thought the report should be done in about two and one-half weeks. It is a facility by facility report.

The department has been working on a proposed reimbursement plan. They are trying to have reasonable rates with competent care. Mr. Blewett went through the proposed plan. Stage one is based on rates of prior costs rather than concurrent costs. This stage is to last one year. Stage two continues prospective rate approaches through April of 1979 with a raise to allow for cost adjustments. Stage two sets upper limits and sets a rate of growth. Stage three would be an ongoing process of research and review to determine if the plan needs adjustment. There would be quality care incentives and they would like to refine the rate setting method with a formula and Rate Review Board. By the third stage they hope to have an adequate data

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base to make their decisions. The department is still taking comments and testimony on their new plan and they would not attempt to justify it at this time. In the past, nursing homes have been paid on a historical claim for health services. They were operating on a cost plus economy. The department gave a handout comparing the new & old program. The new plan does not encourage new facilities. A copy of the new system is attached.

Representative Marks felt there was a problem with old facilities closing and then reopening as a new facility at a higher cost base. This was a problem the department would have to look at.

Curt Nichols, LFA, recommended the funds for Boulder Intermediate Care Center be line-itemed with the amount based on an estimate of use plus the number of days based on last year. Senator Regan questioned Mr. Colbo on the line-iteming. She felt it might be difficult to handle. Keith Colbo did not feel it would affect the institution; it would only affect SRS. He felt SRS was paying for services provided and did not see any advantage of line-iteming. Representative Marks asked the department what services they provide in Boulder. Gary Blewett told the subcommittee that two hundred patients at Boulder receive Medicaid. Mr. Ikard added that about one hundred patients are not eligible because their parents have more income than the others.

Curt Nichols, LFA, addressed hospital rates. The hospital increases will be the highest in Medicaid payments. The increase is done on a cost based reimbursement. Blue Cross does the audit for both Medicaid and Medicare. The LFA recommends that the department find some way to control hospital costs. Keith Colbo told the members that they have no proposals at this time to control hospital costs.

The Medicare Buy-In is a program for those who qualify wherein Medicaid pays for Medicare insurance. Actual expenditures in 1978 were \$747,500. The Executive Budget is a bit higher for this program. They used different estimates. Mr. Colbo felt there was a difference in philosophy and method. Mr. Blewett and Curt Nichols will get together to work it out.

The hearing was opened for public testimony.

Ron Plummer, Hillside Nursing Home, told the subcommittee there has been a large increase in the number of people eligible which has increased the costs. He felt the

regulations were very arbitrary and he opposed the new rules. He felt they had to do everything possible to take care of the elderly.

Glen Drake, Montana Nursing Home Association, felt if the new regulations were adopted, it would force many nursing homes out of business. He felt 20% will not receive their costs. He believed that new homes will not be able to be built and that old homes will deteriorate because they will not be able to up-grade and still make a profit. Gary Blewett pointed out to the subcommittee that government operated facilities are most times higher than a private facility. For capitol improvements the nursing homes must go through a certificate of need review. This does not cover lower priced improvements. Senator Story said there is a bill to permit voluntary certification of need reviews. Fred Plummer, Community Nursing Home, also spoke in opposition to the new regulations proposed. He felt the Legislature should be ready to bail out nursing homes that can't make it with the new regulations.

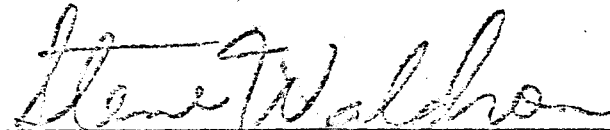
Dr. Jack McMahon, Montana Medical Association, felt the basic concern should be the quality of care. He sees tremendous difficulties with the new reimbursement plan. He also pointed out that nursing homes must meet federal regulations. He felt there should be designed a long term care plan.

Bill McLain, Lewistown Valley Vista Manor, felt the new regulations would cause restraints to the provider as well as the employees and the clients. He said eventually employees will seek a union to protect themselves.

Dr. McMahon suggested that they go immediately to a rate review board. Mr. Blewett did not feel they were ready for that step at this time.

The meeting was adjourned at 10:30 a.m.

Respectfully submitted:



Steve Waldron, Chairman

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