

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 14, 1981

The 22nd meeting of the Senate Finance and Claims Committee met on the above date in room 108 of the State Capitol Building. The meeting was called to order by Senator Hims1, Chairman at 9:14 a.m. for the purpose of hearing House Bills 644, 811 and 812. Roll call was taken with all present except Senators Thomas and Jacobson.

CONSIDERATION OF HOUSE BILL 811: Representative Waldron explained the bill since Representative Lund, the sponsor was not present. He said this bill was put in at the request of the House Committee and had received the unanimous recommendation of the House Appropriations Committee. This bill was on the Renal Program within the Vocational Rehabilitation Program. In the subcommittee Representative Donaldson said everyone should look at the Renal Program. We looked very closely at the Vocational Rehab program, and limited the Renal Program with this bill. The Renal program was set up because there were no resources available for people in Renal Dialysis. However, as things have evolved, we have found very few people who do not have some resources available. They generally have health insurance, private funds, welfare, or something. At one time on the last appropriation the fund ran out and they had to shut down the program for 3 months. The bill provides that only the people with absolutely no other resources may receive funds through the Renal program. There is \$50,000 appropriated in H.B. 500 that will cover 2 such people in a year, and if there is more than that the SRS can spread out the payments so that they can come back in for supplemental budget money.

Dr. Heisterman spoke as an opponent of the bill and said he is involved in a Renal Dialysis program in Montana. He said he felt an important clause in the bill was left out. He pointed to line 8 of page 2 and said the words "treatment shall be provided to those who are financially unable to obtain such treatment without causing severe economic imbalance in the family economic unit" and that the words without causing severe economic imbalance were the key words of the bill. He said in eligibility there is a 2 month period after starting the program before people have eligibility for help and that the cost of the program can be devastating to family finances. He said sometimes the two month period plus the fact that only 75% of the current and reasonable fees are paid by medicare and medicaid make the total impact on a family too harsh, and most certainly cause financial "imbalance".

Don Pratt also spoke as an opponent of the bill, saying he had a personal experience to outline what Dr. Hiesterman had said. My wife was on this program for 2½ months. The impact emotionally was bad, but for a family on a budget that was about 6 to 7 hundred dollars that was just not covered. He said dialysis was 3 times a week and the cost

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was \$200 minimum per dialysis. Our insurance was very good, but covered 75 to 80% and was between 6 and \$700 figure left. The program would allow only the people who had no resources at all. The function was a supplemental program to allow people to be able to make it through the time until they can get other resources. I would recommend the committee take Dr. Hiesterman's recommendations on the bill.

There were no further proponents or opponents and Senator Hims1 called for questions from the committee.

Senator Stimatz: Why did they take the words out of the bill when they were in the existing law? Representative Waldron: The problem was with that type of wording. There was a lot of people brought into the program, consequently if you re-insert that language we will probably have put in more money and the bill is really effective now.

Senator Johnson: If a three month time period and no appropriation for it how much money was used? How much money was expended for the program? Ben Johns, Department SRS: Somewhere in the neighborhood of \$150,000.

Senator Johnson: What did it buy? Hospital? Special services, equipment or what? Johns: all of it.

Senator Johnson: If we go back to the words that were in it before what guides would you use? Johns: That is not very detailed and it was the problem--we wanted it more specific.

Senator Johnson: With the wording "adequate" does it take more than the other would? Johns: It says if any other money they would not be eligible for it.

Senator Keating: Is this disease on the increase in the state? Dr. Hiesterman: Only a very slow increase in the number of people who would require this treatment. As the population of the state increases so would the illness. There are about 60 to 100 people. The statistics have been following this.

Senator Keating: About 60 to 100 cases in the state?
Hiesterman: yes.

Senator Hims1: You say 60 to 100 cases. How many are on the program? Hiesterman: 60 to 100 are on the program.

Senator Haffey: In the new section where it says "adequate". If a person is not clearly eligible for any public program and if no medical coverage available for them, then this section says you must look to see if other adequate financial assistance--then what? Johns: The guidelines will have to have been

determined and written into the administrative codes.

Senator Haffey: Is that just a different way of saying what the Doctor said -- are you addressing the same thing when you put back the words about causing severe economic imbalance in the family unit? Johns: As I understand this program they would not be eligible. At some time medicare or medicaid will pick them up.

Senator Stimatz: I thought you weren't eligible for medicare until 65? Johns: This is different, it is a disability.

Senator Aklestad: On page 1, line 16 and 17, I would like to ask Representative Waldron why this change in words.

Waldron: That sentence clarifies better than "unable to pay" plus the new section provides stricter guidelines than the old bill. It will be easier to establish rules to this than in the old one.

Senator Regan: You made mention that if they spend thier budget they could come in for a supplemental. As I read this, it is strictly forbidden. Waldron: As I remember when we discussed this bill, if it appeared more than 2 came into the program, SRS could spread out the program until the legislature met. It that sentence says they can't, I think it was intended that if an emergency they could come in.

Senator Regan: We went with this in the subcommittee not knowing how else to address it. Each year of the biennium we appropriated \$150,000. Experience showed that most of the people were covered through other programs. It was not their intent to deny anyone the service, but we were concerned that people were coming here rather than using other resources. I would ask the committee to look at the lines 23 and 24. I would in no way like to see a patient turned away.

Senator Aklestad: That was brought up with LaFavor. The hospital will make sure that they get the treatment. We don't want to put them into that situation though too many times. It was brought out there would be no one turned away.

Senator Himsl: Is there anyone now being denied this service for economic reasons? Dr. Hiesterman: Not that I know of.

Senator Haffey: Were you on the subcommittee? How did you make the judgment as to whether the state or the hospital would carry what people could not be denied? How would you reach the conclusion that the private hospitals would not want to be put into this position too long? Aklestad: I don't think anyone was put into that place.

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Senator Haffey: It was not a quantified thing? Say when people received the treatment you didn't decide hospitals 60%, state 40% or some such thing. It was not that kind of a thing?

Senator Story: This program is recent. It was given to keep people from dying because they could not receive renal treatment. There are thousands of illnesses that are extremely expensive. To save a life on the basis that it was so expensive that it would utterly destroy the family or that the patient would die because they denied the treatment because of the difficulty it placed the family in was the idea. This program was envisioned, not another medicare program. It would cost quite a lot of money if we do not keep the criteria screwed down.

Senator Himsl: The eligibility is determined by the SRS?

Johns: By the rehabilitation program, yes.

Senator Himsl: The eligibility is determined by the Vocational Rehabilitation people? No one else? Johns: yes.

Senator Himsl: They are also the one that disperses the money? Johns: right.

Senator Himsl: You can assure us that no one is really in need of the services that are being denied? Johns: No one is being denied because of not being able to pay for it. This is really a safety valve to take care of the emergencies. It does not pay the costs that were picked up under the other programs.

Senator Himsl: It will pay what is necessary, but not the auxiliary expenses? Johns: yes.

Senator Johnson: I would like to ask Dr. Hiesterman a question. The state pays 40%, the hospital 60%. Does the hospital budget pick up this cost and not spread it on to someone else?

Hiesterman: I am not an expert in hospital administration. That is partly true. The hospital rates are prorated through the hospital review board, etc., so that they will get approval for new rates the next year.

Senator Johnson: Then we would say that if the hospital picks it up the consumer picks it up? Answer: yes.

In closing, Representative Waldron said it was not the intent of the bill that hospitals should pick up the cost of renal dialysis. The intent is for those who do not have the resources available, the state will pay for the dialysis. The state will set up the rules and the eligibility will be determined under the Administrative Procedures Act. There will be ample opportunity for hearings. I would like to point out that medicaid pays 70% of current reasonable costs. The implication was that the renal program could pick up the other 30%. Under the medicaid program you cannot have other payment.

Senator Hims1 declared the hearing on House Bill 811 closed.

CONSIDERATION OF HOUSE BILL 812: Representative Waldron explained this bill since Representative Lund was in another hearing. He said that in 1977 the Legislature instituted a pilot program for day care. The intention was a sliding scale to get mothers off welfare and providing an income. In 1979 we expanded the program into a state wide program. It had seemed to be working. An interim study decided there seemed to be an opportunity that might work if changes were made. Fiscal analysts found out that the federal regulations would not allow these changes. The program appears to be an extremely expensive program for the state. In the other states that have it, the costs have escalated enormously. It was found that mothers received more money by staying on welfare than by going on the sliding scale. It is more expensive than the benefits derived from it. Because of some problems with federal regulations we cannot use it to help mothers get off welfare. Seventy percent of the people on AFDC are on it for nine months or less, which shows they are not on by choice. There is a real turn over here. I would strongly urge that the committee give a "do pass" to this bill.

There were no further proponents, no opponents, and the chairman asked if there were questions from the committee.

Senator Stimatz: In repealing this, does it have the effect of just taking out supplemental or first disposing of the program? Waldron: Sliding scale will not exist, but day care will. There was a suggestion in the subcommittee that this be put under title FA rather than 20 and this will save the state some money.

Senator Haffey: Could you help me to understand this by giving an example? Waldron: I spent a lot of time going over matrices. With sliding scale the total amount paid is less than if the mother stays on AFDC, but on the other hand the state general fund picks up more on the sliding scale. The total dollar amount is less on the sliding scale than if on AFDC. The only way to work the program is to spend alot of money.

Senator Regan: When we worked on this I was also in favor of the program, but it does not work. Only in theory does it work. If this program was to remain in place and be used throughout the state by everyone who could qualify you are looking at an \$8 million expenditure over the biennium. You can have sliding scale day care when the individual pays as much as 90% and the state 10% and they could still qualify. The people we really wanted to help was the people at the bottom where we would pick up 70 to 80%. They would lose health insurance, etc., on other benefits and when we put it all together it was better for those who really needed the help to stay on AFDC until they got over the hump. That was the way it worked, and that was the recommendation of the

committee to terminate the program before it really got out of hand.

Senator Johnson: What does AFDC mean? Answer: Aid to Dependent Children. That is help to single parents where no other program helps.

Senator Himsl: Did you say other states have this program and have abandoned it too? Waldron: Alaska was one that had it and the costs ran so high so fast that they ran out of money. In Montana the day care encouraged alot of those on AFDC to get in on it.

Senator Story: Once they were on sliding scale and talked to other parents they discovered that they would be even better off to quit working and they went on AFDC.

Senator Van Valkenburg: You implied it would work if some of the federal regulations were changed. That did not include people to be eligible for health insurance? Waldron: What we thought we could do was require eligibility for AFDC first before we made them eligible for sliding scale. Johns: Thirty dollars plus 1/3 of their income was disregarded, and you pick up alot more people. They disregard of this income makes a lot more people eligible.

Senator Johnson: What is the maximum amount paid by day care? Waldron: Five dollars after December, 1980. The subcommittee has recommended that this be increased to six dollars.

In closing, Representative Waldron said there may be some confusion. There are three things sliding scale was supposed to do. 1) Save money. 2) Get mothers off AFDC; and 3) Assist working mothers with day care. It failed in two places. It does not save money and it does not really encourage mothers to get off AFDC. It did assist in making day care payments for lower working mothers and therein lies the problem--there would be so many others come into the program and we felt the state could not afford it.

Senator Himsl declared the hearing closed.

Senator Himsl announced there was some confusion with the sponsor of House Bill 664 and we will carry it over.

Senator Smith said he would like to make one comment on HB 612 as a sponsor. We want to assist mothers, not encourage additional ones to get into the program. We are here to help those who really need the help.

DISPOSITION OF HOUSE BILL 812: MOTION by Senator Keating that House Bill 812 do pass.

Senator Haffey: The abuse was not necessarily to this program but to AFDC? Answer: No, there was really no abuse.

Senator Story: As was pointed out, it would simply not accomplish what we intended. We are looking for the program for the poor people to really help them, but it also locks them into it. We tried to come into a program that would help them up and into the working class. We found that we had taken a step down for them.

Question was called. The vote was taken and the motion passed unanimously with those present. Senators Thomas and Jacobson were absent. Senator Story will carry the bill.

DISPOSITION OF HOUSE BILL 811: Senator Story said this bill needs an amendment to make the effective date July 1.

Senator Regan said two things in the bill concerned her. I see no harm in leaving the language in lines 5 to 10 that was stricken, in the bill. On line 22 through 24--what happens if there is really an emergency and there is need for support from the program and it says you may not come in for a supplemental. I just don't feel comfortable with it.

Ben Johns: You change it and you can get into a problem where insurance and other things could still cause an imbalance and they would be eligible.

Senator Regan: What happens when you have something like medicare and insurance where they only pay 70%. Does the hospital and the doctor eat the rest? Johns: This program has been picking up some of it. This bill would change it so that it doesn't.

Senator Haffey: Getting back to the intent. It is that if the people are unable to pay for it, the state will. It is not the intent to make the hospital pay for those things.

Senator Aklestad: There just aren't that many cases.

Senator Haffey: There wouldn't be any if the amount available is only \$50,000 per year? Aklestad: We don't know if any.

Senator Haffey: We would make sure it did not move into this position?

Senator Story: My intention is to help the extremely worst people. The ones that might die otherwise. It is to save lives. This isn't true if you change it. If you make it so you are using it to take care of everybody there now then you are talking about a tremendous amount of funds.

Senator Keating: Do you recall what the appropriation was?

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Senator Regan: \$250,000. The fiscal note says \$237,000.

Senator Keating: But that is a savings. Regan: It was \$250,000. Senator Keating: Lines 22 through 24 need to be looked at carefully if the intent is to help those people and we run out of money and someone comes up with a severe need.

Senator Himsel: It seems to me that those lines should be deleted. We don't know what the criteria might be and it ought to protect the people. I don't see great strength in the lines 5 through 10 and it will be dealt with by the rules anyway.

Senator Johnson: If we get into a case where it is felt to cause economic fear for the families they will be on the medicare and medicaid anyway. Lots of things can cause an economic imbalance, many things can cause it. Removing it as it is now in lines 17 through 21 point out some concrete criteria for rules. You need standards. It is an important start.

Senator Story: This is just one of the diseases we can't cover. Many can leave economic hardship. Maybe the state should get into catastrophic insurance program for the people of Montana instead of picking up with a few things. This is true with everything the Human Services deals with. We are dealing with a thousand kinds of hardships. We have to keep it screwed down so that we are only helping the bottom line or there is not enough money in Montana to take care of it.

MOTION by Senator Story to amend to give the bill an effective date of July 1. Voted, passed, unanimous with Senators Thomas and Jacobson absent.

MOTION by Senator Johnson that the bill pass as amended.

Senator Regan: I still have some problems. We appropriated \$100,000 for the biennium. \$50,000 for each year. That is 1/3 of the previous years appropriation. I am still having a little trouble and would like to ask Ben if we pass this bill now the way it is you are comfortable and are sure that no renal patient will not be receiving services that need it?

Johns: I am comfortable.

Senator Regan: When you talk about the people; it is the great middle class that are the major taxpayers. They are the ones that will get wacked with this bill. What kind of expenses do they incur? Johns: I have been more concerned about the effective date. About 100 people at the cost of \$50,000. The program was not icking up much of this anyway. At the time the program was instituted, there was no medicare.

Now there is medicare and there are things that medicare does not cover like the first \$700. Renal Dialysis is not available in all places. It has picked up transportation, etc., Those kinds of costs will now come back to the people themselves. In case someone does not have any money at all, it would help them.

Senator Keating: If we have an appropriation of \$50,000 for this program and there are roughly sixty patients or sixty beneficiaries of this that is almost \$1,000 per patient. This has been serving sixty to one hundred people. Most of them have insurance and they would be getting no payment under the bill.

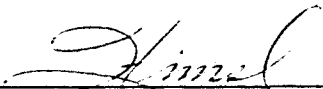
This bill would be a safety valve to help the ones who have no help.

Question was called, the MOTION was voted and passed unanimously with those present, Senators Thomas and Jacobson being absent.

Senator Aklestad to carry the bill.

MOTION by Senator Keating to concur in the statement of intent. Motion carried, unanimous of those committee members present.

The meeting was adjourned at 10:20 a. m.



Senator Himsl, Chairman

bcs

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

3/14/81

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart	✓		
Senator Story	✓		
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover	✓		
Senator Johnson	✓		
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas			
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey	✓		
Senator Jacobson			
Senator Himsl	✓		

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FAC

664, 811, 812

VISITOR'S REGISTER

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STANDING COMMITTEE REPORT

March 14

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MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 811
(Akkestad)

Respectfully report as follows: That House Bill No. 811,
third reading copy, be amended as follows:

1. Line 8.

Following: "MCA"

Insert: "; AND PROVIDE AN EFFECTIVE DATE"

2. Page 3, line 3.

Following: line 3

Insert: "Section 5. Effective date. This act is effective on July 1,
1981."

And, as so amended,
BE CONCURRED IN

~~DO PASS~~

And the Statement of Intent BE CONCURRED IN

Pa

STANDING COMMITTEE REPORT

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MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 812

(Story)

Respectfully report as follows: That House Bill No. 812

BE CONCURRED IN

~~DO PASS~~