

VISITOR'S REGISTER

HOUSE HUMAN SERVICES

SUB COMMITTEE

BILL

DATE March 5, 1983

SPONSOR _____

[illegible]

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

WHEN TESTIFYING' PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE
ON HUMAN SERVICES

March 5, 1983

The meeting was called to order by Chairman John Shontz at 8:15 a.m. All subcommittee members were present.

Also present were: John LaFaver, Ben Johns, Norma Vestre from the Department of SRS; Ron Weiss from the OBPP, Peggy Williams and Larry Finch from the LFA and many others.

Begin Tape 50 Side 1

EXECUTIVE SESSION ON SRS BUDGET (EXHIBIT 1, March 1, 1983)

Social Services Program

The meeting began by discussing the social services program. Chairman Shontz explained that in the preceding meeting the committee adopted the executive FTE level in assistance payments, and there is a need for a motion to take the LFA for personal services, because of the way it was computed.

SEN. AKLESTAD made a MOTION to accept the LFA in personal services in assistance payments. MOTION CARRIED.

The major question in social services personal budget is FTE. Peggy Williams explained the difference is that the executive transferred 2.7 FTE out and added a .5 clerk typist and the LFA deleted 18.9 FTE which were vacant almost all of FY82. She explained the majority of this would be general fund. The positions vacant were home attendants, social workers, social work supervisor, program manager, social service aides, etc. Mr. LaFaver was asked if these were vacant now and he explained many of them are filled at the present time.

Sen. Regan asked the department to explain more in detail the positions that were filled. She desired information as to which of the 30 positions were filled and which were not and those that are not she wanted deleted. Larry Finch, LFA, would get this information for the committee.

In the social services, under administration, for operating expenses there were no issues. Chairman Shontz asked for a motion to adopt the executive recommendation for operating expenses but with the provision that any FTE's be removed from the personal services and those corresponding operating expenses would be deleted. SEN. REGAN so MOVED. MOTION CARRIED.

Social Services, program benefits was the next item of discussion.

Sen. Regan stated she did not want to drop the Family Teaching Center because it is an excellent program, but it was started as a pilot program. She thought it was supposed to run for

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three years and then they would inherit it. She asked Mr. LaFaver if there had been a discussion of assuming it. He responded there had been, there was concern that there was an element of this program related solely to activities here in Helena. The decision of the Legislature was to fund that portion of family teaching that related to the statewide effort, and to let the money from Helena basically run the Helena program.

Sen. Regan stated the funding as she had it was as follows: \$100,000 from SRS, \$11,000 from United Way, \$7,000 from Lewis & Clark, and \$3,000 for fees; so Helena is funding \$20,000 and SRS has \$100,000 and she feels while they are moving in the right direction, they should be encouraged to assume a larger responsibility for this. She felt this was a message she encouraged SRS to give them, because next time around she hopes the committee will be splitting these expenses about 50/50.

SEN. REGAN then MOVED to maintain them at current level.
MOTION CARRIED.

Chairman Shontz asked if she would like to reduce the budget 15% in FY85 or 20%. Sen Regan stated she would like to leave this open, as she had not had sufficient time to check it out. Her MOTION left the funding level at \$102,250 for FY84 and she wanted to leave FY85 open.

In Social Learning Treatment program Chairman Shontz asked the department to explain this program further. Norma Vestre explained it was a program which mainly coordinates all human services in the West Yellowstone area because of their isolated nature. Mr. LaFaver stated it was the type of coordination they should have elsewhere in the state also.

REP. WINSLOW felt that, while it was not a big item, \$5,000 could perhaps be picked up locally by charitable drives, etc. and he made a MOTION to delete the program. MOTION FAILED on a tie vote.

Sen. Regan made a statement that on the next area discussed, foster care, the practice of line iteming whatever figure is agreed upon for foster parents (as opposed to the group homes and institutions) be continued. She also asked the LFA that whatever figure is approved be line itemed. SEN. REGAN then MOVED option 3 on page 11, to inflate the FY83 payment level at 6% per year and assume no growth in the number of foster families. MOTION CARRIED.

SEN. REGAN then made the same MOTION for group homes and in-state treatment. MOTION CARRIED.

Regarding out-of-state treatment, Chairman Shontz explained that they assumed the treatment center in Billings would be open the first of January; which means the facility would be in place the last six months of the 1985 biennium, and that approximately half the placements that are out-of-state would then come in. He wanted to entertain a motion that out-of-state treatments be reduced by this amount but after discussion asked for a motion to adopt a 6% increase and no growth, but with the provision that there be reversions of dollars for treatment when children are being treated out-of-state are moved to the Billings facility.

Rep. Winslow asked Mr. LaFaver if there was any way the judges can understand funding is limited and that programs are not growing in other areas but they keep sending the kids out of state when there are programs in the state that are adequate.

Rep. Bardanouve stated prior to this time, judges felt the facilities were not adequate in the state, but he feels after this treatment center is open this will be as modern a facility as there is in the United States. He feels perhaps the judges will take a second look once this center is in operation.

REP. WINSLOW made a MOTION to go with option 3 on page i3 with the reversion. MOTION CARRIED.

On Care and Professional SEN. REGAN made a MOTION to go with option 3 with similar reversion language. MOTION CARRIED.

On Supplemental Security Income, SEN. REGAN made a MOTION to go with current level. MOTION CARRIED with Rep. Menahan voting "no".

Rep. Menahan asked what would happen if the cases went over and if we have this reversion, could we be fair and have it the other way and say that the Department can ask for more or a supplemental. He then made a MOTION that words to this effect be put in.

Sen. Regan added that she was concerned and she did want language in that would reflect that this program may be underfunded and therefore, so that it was clear, the benefits will not be reduced beyond the level set. REP. MENAHAN'S MOTION FAILED on a tie vote.

REP. WINSLOW then stated that he would like to make a MOTION that in this budget for foster care and the same for DD that language be put in where if they raise charitable dollars they are not going to be taken away from the reimbursements they receive. He feels they are taking away the incentive to raise their own funds. MOTION CARRIED.

The next area of discussion was day care. The difference in this is the inflation factor that was used. (The LFA used 6% and the executive used 10%.) SEN. STORY made a MOTION to adopt the LFA recommendation. MOTION CARRIED. This includes the "up to .50 cents a day" increase.

In the Subsidized Adoption Program, Peggy Williams explained that the program places children who are difficult to place and have special needs and that the adoptive parents receive a subsidy for these. The difference in funding is that the executive included \$135,000 which was the '83 appropriation and the LFA inflated the '82 expenditures. There was a mixup in the Department last year because they thought the \$135,000 was a biennial appropriation, whereas they were really appropriated \$135,000 in each year of the 1983 biennium. If the department had realized this, they may have used the money as there are people waiting to be adopted.

Rep. Bardanoue added this is one of the most cost effective programs there is. Every adoption that can be put into effect saves a tremendous amount to the state.

SEN. STORY made a MOTION to go with option a to maintain funding levels anticipated by the 1981 session. This is giving them what the legislature appropriated in 1981, or \$135,000 each fiscal year. MOTION CARRIED.

Aging Services was the next program on the agenda. Chairman Shontz asked to entertain a motion to take this program back to the 6% inflation level. Peggy Williams explained that part of the difference was due to HB217, passed last session, which provided in-home services. It was \$125,000 a year in the 1983 biennium, and the LFA continued it at \$125,000 a year, which is all general fund. The executive inflated it.

Regarding state grants, the LFA included the minimum amount needed to match the anticipated federal grant amount; the executive inflated the fiscal 1983 appropriation. (The 6% referred to above pertained to information and referral services.)

Sen. Regan inquired if there was a match for the state grant. She wondered if the committee went with the higher amount if it would attract federal dollars; Ms. Williams told her not necessarily. Mr. LaFaver added that the probability was there

that additional federal dollars could become available. He stated if we go with the LFA numbers we will turn federal dollars back. He also pointed out that current level has been the policy that has been adopted by past legislatures, and that has been to overmatch. There has never been an attempt just to match federal dollars. He feels the LFA proposal is to cut.

SEN. REGAN made a MOTION to adopt the section of the aging services program that dealt with federal grants. MOTION CARRIED.

REP. MENAHAN made a MOTION to adopt the executive on information and referral services. SEN. AKLESTAD made a SUBMOTION to use the LFA figures on information and referral. MOTION CARRIED with Rep. Menahan voting "no".

Sen. Regan asked John LaFaver to respond concerning the aging programs. He replied he would not gamble with aging programs but the executive budget will make sure that they have the ability to retain the federal money that is made available. She also asked the LFA to respond. Peggy replied they have retained the grant at the current level. She said another option would be to inflate the actual amount of state grant matching money that was spent in 1982. This would produce \$181,000 instead of \$202,000 (executive) or \$170,000 (LFA). \$181,000 would be the amount needed to match what SRS is now projecting the federal grant will be in '84 and '85.

SEN. REGAN then made a MOTION to make it \$185,000 for FY84 and \$185,000 for FY85. MOTION CARRIED.

On House Bill 217 In-home services, SEN. AKLESTAD MOVED the LFA budget. MOTION CARRIED.

End of Tape 50, Side 1, Begin Side 2

Peggy Williams then asked for a motion to accept the executive or the LFA for all other areas in this program. The executive was decided upon. MOTION PASSED.

Larry Finch had the figures for the FTE's in administration of the Social Services Program. He stated as of February 16 there were still 15 positions vacant of those that were deleted for a total of 10.29 FTE.

SEN. REGAN then made a MOTION to delete these positions that are vacant all of 1982 and continue vacant and the corresponding expenses be reduced. MOTION CARRIED with Rep. Menahan voting "no".

Eligibility Determination Program

Chairman Shontz pointed out there is an FTE difference. He felt the caseload that was set for AFDC should enter into this discussion and enter into the number of FTE that are needed, particularly eligibility technicians. He felt we should provide the department with a staff to handle the caseload. Peggy Williams stated the LFA deleted 21.8 positions because they were vacant at fiscal year end and were not filled at all during 1982. The executive added 1.2 FTE, transferring these in from other programs. The LFA notes show 324.41 FTE in FY82 and AFDC caseload of 6119.

Mr. LaFaver pointed out that AFDC was only a small part of the E.T.'s job. There are food stamps, medicaid, and county general assistance cases, all on the increase. He felt this was a very false representation and was outrageous. Chairman Shontz asked if he wanted all the E.T.'s. Mr. LaFaver stated they needed more than what they have requested.

REP. WINSLOW made a MOTION to let the department have their FTE's (the 21.8) but that there be language that they can not be shifted to other programs or funded with general fund. MOTION FAILED.

SEN. REGAN made a MOTION to remove 7 of the vacant positions. She felt that SRS needed some elbow room because E.T.'s are used for other areas besides AFDC.

Sen. Story asked Mr. LaFaver if the eligibility requirements were simplified. Mr. LaFaver stated it was just the opposite, that the eligibility requirements that they have at the federal level now, to review cases monthly, means even if the caseload remains constant the workload has gone up many times.

Chairman Shontz asked Sen. Regan if a part of her MOTION was leaving SRS with 14 and taking 7 out and these are eligibility technicians, and they are non-transferable. MOTION CARRIED with Sen. Aklestad voting "no."

Chairman Shontz then asked for a motion to adopt the LFA for the operating expenses, but taking out what would be budgeted for the FTE that were removed. REP. WINSLOW so MOVED. MOTION CARRIED.

Administration Program

Ms. Williams explained the differences are in FTE. The executive added a .5 data entry operator and then transferred 2.88 FTE to other programs.

SEN. STORY MOVED the executive budget for personal services. MOTION CARRIED.

The difference in operating expenses is under contracted services. There is a difference of about \$19,000 one year and \$20,000 the second year. The executive increased the base by \$21,000 to reflect increased fees for administrative rules. The LFA increased the base only \$6,000.

REP. MENAHAN MOVED to accept the executive budget in contracted services. SEN. AKLESTAD then made a SUBMOTION to accept the LFA. MOTION CARRIED.

Peggy Williams explained the other differences are due to the LFA increasing the base and the executive did not.

SEN. STORY made a MOTION to adopt the executive budget on all other operating expenses through "other". MOTION CARRIED.

In equipment there is a word processor and an automobile. The chair entertained a motion to adopt the executive budget less one word processor and one automobile. SEN. STORY so MOVED. REP. MENAHAN made a SUBMOTION to give them the LFA budget. MOTION FAILED.

The committee then referred to the original motion. MOTION CARRIED with Rep. Menahan voting "no".

The Chairman asked for a MOTION to adopt the LFA recommendation for personal services budget and the operating expenses will be dealt with. SEN. REGAN so MOVED. MOTION CARRIED.

Medical Assistance Program

The \$85,000 for a rate development contract was taken out twice, by mistake, by the LFA. Chairman Shontz explained the PSRO reviews, on a regular basis, the appropriateness of care level delivered to residents in nursing homes. The Montana Foundation contract pays for that service. He added he felt this was a very good program. The amount is \$200,000. This is 65% federal funded and 34% will be state funded through the medicaid program. It eventually saves the state millions.

REP. MENAHAN MOVED the \$200,000 per year. Chairman Shontz suggested the motion take the LFA recommendation and add the \$200,000 per year in for PSRO review and make the one-time adjustment that has to be made for the \$85,000. MOTION CARRIED.

Mr. LaFaver mentioned they would like to suggest that the Medicaid claims processing program now contracted to DIKEWOOD be transferred to an in-house system. Mr. Johns explained there was a special federal match that can be obtained that has 90% federal funds and a 10% general fund match. They would

need additional spending authority for the federal funds to convert this conversion. So they would be asking for about \$900,000 in federal spending authority. He explained it will be cheaper once this is in effect, but will cost about a million to convert. Mr. LaFaver stated if everything goes according to plan it would be plugged in to begin in late FY85. Rep. Winslow felt this was a very good move, that the people were not getting the service in the state and the money they could put into getting this system would be fine. He is concerned that the committee make sure this happens and next time it is all done and taken care of. The discussion was tabled till later.

On the special match rates for administration, Ms. Williams explained that when they originally did the budget there was a bill before Congress that would have eliminated special match requirements. This bill died last year. At that time the executive and the LFA funded the administration part of medicaid on a 50/50 basis. Since the bill died this special match is still alive and therefore part of the administration funding is 75/25 and if this system goes through part of it will be 90/10. They calculated out that overall the special match rate would be .6446 federal funds. The question before the committee is whether or not they assume the special match rate will continue.

SEN. STORY made a MOTION to accept this assumption. MOTION CARRIED.

SEN. STORY made a MOTION to raise current level \$100,000 for one year only, plus the spending authority. MOTION CARRIED.

Chairman Shontz asked for a MOTION to adopt the executive budget except for personal services for medical assistance administration, with the changes that have been made. REP. MENAHAN so MOVED. MOTION CARRIED.

The next area discussed was the medical assistance benefits. In the area of nursing homes, two issues are the number of days and the cost per day. Chairman Shontz asked for a MOTION to accept the number of care days based on the 1982 care days as of February. REP. MENAHAN made this MOTION.

After discussion Mr. LaFaver stated they did not want to assume any change from the executive budget. They are willing to live with the original estimates that have been made. SEN. REGAN and REP. MENAHAN voted "no". MOTION CARRIED.

End of Tape 50 Side 2, Begin Tape 51, Side 1

Regarding cost per day, the committee can choose from a 6% or a 9% rate of inflation. Sen. Regan asked why, if we have used 6% all along, why 9% here. Ms. Williams stated the Department requested 9% and the LFA included 6%. Mr. LaFaver stated that what is being discussed is not increasing the cost to a nursing home 9% or 6%. What is being discussed is a factor that goes into a formula. The 9% yields a cost increase of 6% in terms of dollars they receive. A 6% factor put into this formula yields about a 4% increase in what they receive. He feels the 9% factor is consistent with using an overall 6% on actual costs in other areas. He explained further there are a number of cost items that do not get put into the 9%. In addition, they are aiming over a 3 to 5 year period to have all nursing homes on a cost basis that is pretty much predicated on the size of the home. No matter what rate is put in, every home won't get that rate. There are two items: (1) for every home the 9% does not apply to every cost item in their operation, and (2) depending on the home, if you start out from a higher cost base you don't get as high an inflation factor as someone else.

Rep. Winslow asked if the committee were to accept the 6% inflation what this would do to their efforts to try and get nursing home rates leveled off. Mr. LaFaver stated he believed it would set them back and the higher the inflation the faster you catch them up, if there were no inflation they would never catch up.

Peggy Williams added when she talked with the Economic Assistance Division they stated they could still phase in this schedule within three years with the 6% inflation. Mr. LaFaver added that they will not be at the point in 3 years with a 6% inflation that they would be with a 9% inflation.

Rep. Winslow stated he would like to make a MOTION to go with a 9% inflation the first year and 6% the second year.
MOTION CARRIED.

Peggy Williams asked for a clarification on the care days and was told the base would be the February care days of 1,263,327 in FY84 and 1,259,875 in FY85.

The next area was in Institutions. One of the issues in this area is how much money the institutions will receive in medic-aid reimbursements. Chairman Shontz also stated the youth treatment center needed to be addressed so that if they do not open on time the money will revert. Also, if the Department feels they can get the reimbursement he feels they should have the opportunity to do so.

SEN. REGAN then made a MOTION to adopt the executive budget with the reversion provision for the Youth Treatment funding. MOTION CARRIED.

Previously the committee set a caseload of 6800 for AFDC and Chairman Shontz asked for the numbers of the total cost for this caseload. Ms. Williams stated that the total cost would be \$4,023,600 for FY84 and \$4,264,800 for FY85.

SEN. REGAN made a MOTION to adopt these numbers. MOTION CARRIED with Sen. Aklestad and Rep. Menahan voting "no".

Sen. Regan then asked if there will be a need for language in here so that if there is an overrun it would cause the Department to set some priorities. Chairman Shontz then asked if she would like the same language that was added with the AFDC caseload. Sen. Regan added that this was the basic decision the committee has to decide, whether they are going to tie the medicaid and caseload so that if the committee has not adequately funded them then the SRS can come in. They just spend at the necessary level to maintain what the committee has set as standard with the understanding that the committee will then fund the shortfall in the six months that remain when they come back 2 years from now.

Rep. Winslow then asked if this gives the department the right to not come in for a supplemental and she replied no. Chairman Shontz added also that if the caseload is not there then there will be a reversion and Sen. Regan stated yes this was a part of the motion also. MOTION CARRIED with Sen. Aklestad voting "no".

Chairman Shontz stated for clarification that this motion provided medicaid funding to accompany the AFDC caseload difference that was settled prior to this meeting on Friday. It provided the same type of program language that was agreed upon yesterday in terms of supplemental language.

On benefit funding for medicaid, Chairman Shontz asked for a MOTION to adopt option "b" the reduction of the federal portion of funding by 3% in FFY85 equaling .6224. REP. WINSLOW so MOVED. This keeps the funding consistent with what was done in medicaid in the administration budget.

Peggy Williams then explained that the Omnibus Reconciliation Act, passed in 1981, established the medicaid rate of reimbursement and stated the federal government was going to reduce its share by 3% in FY82, 4% in FY83 and 4 1/2% in FY84. The question is what will be done in 1985. Option "a"

is to continue the reduction of 4 1/2% in 1985, the second option is to assume that there will be a 3% reduction in FY85 and the third option was to have no reduction in FY85 because of the Omnibus Reconciliation Act expiring. Ms. Williams also added that it would be possible to go with option "c" and put in contingency language that if there is a federal reduction they could set aside some money.

SEN. REGAN then made this SUBMOTION. (Page i7, Option c) She stated they would put a contingency aside so that they could draw on this if they did not receive a rate reduction. Sen. Regan then asked how much was involved in this contingency if the rate changed. Ms. Williams stated it would be 3 or 4 1/2% of the federal share of medicaid benefits. She also stated the LFA suggested language allowing for the contingency funds and saying that item "x" (with proportional share thereof) may be expended only if the federal medicaid matching rate is below .6329 in FY85. These funds may be used only to supplement the federal funds due to the lower medicaid rate and may not be used to expand the program. So it would be a separate appropriation line item. Sen. Regan then asked how much money would be needed to do this. Ms. Williams replied it would be about \$1.5 million.

After a short break, Chairman Shontz stated for clarification that the revised executive figures were the ones that were taken for institutions on page i3 for medicaid reimbursements.

SEN. REGAN stated what she was considering was taking option "c" (Page i7) and allow a contingency fund of \$1.5 million at 3%. MOTION CARRIED with Chairman Shontz and Sen. Aklestad voting "no".

Chairman Shontz expressed his concern the committee is tying up money that could be used elsewhere, rather than allowing the Department the opportunity for a supplemental.

Buy-In was the next area of discussion. Chairman Shontz stated that he felt everyone knew this was a good, reasonable program. He asked the committee to adopt a MOTION to adopt option "a" (Page i8) using the 6% inflation factor. REP. WINSLOW so MOVED. MOTION CARRIED.

Sen. Regan asked if this is the area where the renal funds were transferred. Chairman Shontz then stated this was the appropriation.

SEN. REGAN then MOVED the executive for the renal disease program. SEN. STORY then made a SUBMOTION for the LFA budget of \$125,000 each year. MOTION CARRIED with REP. WINSLOW and SEN. REGAN voting "no".

SEN. AKLESTAD then made a MOTION to approve the subcommittee

health department budget for the health department surveys.
MOTION CARRIED.

REP. WINSLOW then made a MOTION to accept the executive request in Indian health. MOTION CARRIED.

On the Other Medicaid Program, Peggy Williams explained that last fall the department gave the LFA their number of cases in each category they wanted funded. The LFA accepted these numbers and looked at the cost per case for the first six months of FY83 and multiplied the cost per case times the number of cases that the executive asked to be funded to arrive at the total cost. The executive used a different method of calculating the cost per case. They used data from FY80 and FY81 because the categories of service changed in the fall of 1981. So the Department used data before the change and they used data after the change. In this area also the committee is dealing with inflation figures other than 6%. The LFA used inflation of 8% as inflation is a bit higher than 6% when dealing with medical services.

Mr. LaFaver pointed out they have talked at length with the analysts and he felt they understood what the differences are and he felt they had picked up in units of service from one series and cost per service from another. The Department consolidated services so one service in this category costs more. The LFA took the low cost figure and also the low number of services so he feels it is a miscalculation.

Peggy Williams stated they had asked the department last year why the number of services was so different in 1982 then what they projected and they stood by their numbers as what they wanted and this is what the LFA then used.

Mr. LaFaver then stated he thought they had an agreement on the numbers but obviously someone had changed their minds.

Chairman Shontz stated in this area many states have cut out these types of services. Mr. LaFaver added that this is the area where we will have to cut given the numbers we are looking at.

End of Tape 51, Side 1; Begin Tape 51, Side 2

SEN. STORY then made a MOTION to split the difference and cap it.

Rep. Winslow expressed his concern about cutting this area back because of the services it provides such as braces, etc.

for those who can not afford them and they are very real medical needs. Sen. Story added that there are also many people who are giving up things such as these in these times of poor economy. It was then decided to deal with the three areas: in-patient hospital, other services and drugs separately.

SEN. STORY then withdrew his original MOTION.

SEN. AKLESTAD then made a MOTION to adopt the executive budget on drugs. MOTION CARRIED.

SEN. REGAN then MOVED to accept the executive on in-patient hospital care. MOTION CARRIED.

SEN. REGAN then MOVED the executive budget for other services. MOTION CARRIED with Sen. Aklestad and Rep. Shontz voting "no".

The chair then asked for a MOTION to accept the executive on medical assistance with the changes the committee has made. SEN. REGAN so MOVED. MOTION CARRIED.

Sen. Regan then told the committee she had given much thought to reconsidering the actions taken concerning the inflation factors for cost per day for medicaid (see p i2) The committee had voted for 9% the first year and 6% the second and she would like the committee to change to 6% the first year and 9% the second year. She first asked for a MOTION to have the committee reconsider their action in taking a 9% inflation the first year and 6% the second year on the cost per day. MOTION CARRIED. She then MOVED to go with 6% in FY84 and 9% in FY85. MOTION CARRIED with Sen. Aklestad voting "no".

SEN. REGAN then MOVED that the committee readopt this total budget with this amendment. MOTION CARRIED.

Audit and Program Compliance Program

The major difference is that the Department is requesting 14 additional FTE. Sen. Regan stated that what she would like to do is to move the 2 LIEAP auditors into this program and consider this the staffing pattern and not grant the additional.

Chairman Shontz asked if this was done then we would have to refund the LIEAP auditors because they removed that funding earlier. She then stated that this would be her MOTION to take the two LIEAP auditors and place them in here and fund this and not fund any additional. Chairman Shontz then asked if her MOTION would include making the necessary adjustments for travel and personal services and she said it would.

Ms. Williams added that of the 3 FTE that were deleted by the LFA, which were vacant most of the year, SRS stated at the hearing that two of these were designed to audit LIEAP programs and they had not been used in 1982 because there were no LIEAP audits that year. Chairman Shontz then wanted it clarified that of the 14 FTE if the committee says 12 FTE and specifies that those two audit positions are not deleted then we would not have to be transferring anything.

Mr. LaFaver added that some of the people they were asking for were for third party liability recoveries that would more than pay for their salaries. If they don't have the ability to recover third party liability then the department will lose more than is spent here.

MOTION CARRIED. Chairman Shontz noted that what the committee has done is to remove 12 FTE from the executive level request so they are at 38 FTE now and if we want to add more back in we will move the number. Ms. Williams added also that of the 12 that were removed, 10 were never in existence.

In the Program Integrity Bureau the department has requested 5 new FTE to reduce error rates. REP. MENAHAN MOVED to adopt the executive recommendation.

Sen. Regan then asked the Department about the error rate in food stamps. Mr. LaFaver explained the error rates are like playing with shadows but they feel the overall trend is down and is going to remain down. In medicaid they are facing a possible sanction in this area. They were just notified in AFDC last week that Montana has the lowest error rate they have ever had.

SEN. REGAN then made a SUBMOTION to give the department 2 program integrity personnel and insist that these be for the medicaid program, with the attendant costs. MOTION CARRIED with Sen. Aklestad voting "no."

A discussion on possible penalty for medicaid error rates ensued. Mr. LaFaver stated he hoped if the state is levied with a penalty he hopes they are notified soon or else they will be in deep trouble for this fiscal year.

On the funding issue Ms. Williams explained the department requests that 64% of the funding for this program come from general fund. Historically the percentage has been 35% to 42%. The Department feels the 64% would give them more flexibility to choose the type of audits they perform. The LFA left it at 43% because most of the audits they perform are for federal programs and therefore the current level kept those programs funding the audit division. Sen. Regan asked the Department why they revised it to 64%.

Mr. LaFaver replied in looking at the Department as a whole there is no difference in overall general fund, if added general fund is put in here, then you put less general fund in social services area, aging services etc. It is a funding mix. They would like a richer general fund allocation because then the department can choose where they are going to audit based on the problems they see in the field, not based on "x" dollars that come out of a certain program.

Chairman Shontz then asked what would happen if the committee allowed the Department the 64% but required them to revert out of the program a like amount of general fund so they are not administratively doing a bottom line increase. In the past the program paid for the audit.

Mr. LaFaver stated you have to set your funding mix and that is what they live with, and if they are forced to revert then it is a program cut.

Chairman Shontz stated if you leave the program there that has been set and the assumption when it was set was there was audit dollars in it, and then if the department decided to change the formula so the program does not have to pay those audits, and takes them out of general fund they are in fact increasing the appropriation, and they are not keeping it level. If you say that the program has to revert an amount of general fund equal to taking out of general fund for audit program then you are in fact keeping it equal.

Ben Johns explained that what they did when they funded this was to take the Title XX money and put it over in DD and took the general fund and moved it over and the bottom line of their budget request did not increase one dollar of general fund money, it just switched back and forth between the programs. He said what the committee was talking about with reversion they have already done in their request. The federal money that is in there is that federal money that is open ended where they can generate federal funds and they are not proposing to give this up just allocating the social services block grant, aging services, rehab. money etc. differently between the programs. The bottom line of their request was no impact on the general fund.

SEN. REGAN then made a MOTION to go with the 43% as originally proposed. MOTION CARRIED.

On the Department of Revenue contract the executive stated they forgot to put the \$60,000 in the budget. The committee needs to allow SRS to move the dollars over there. After discussion Chairman Shontz explained all this committee needs to do is transfer whatever the other subcommittee appropriates.

SEN. REGAN then MOVED that we allow the Department to transfer the money appropriated to the Department of Revenue to investigate matters of welfare fraud. MOTION CARRIED.

Chairman Shontz asked for a MOTION to accept the executive request considering the changes that have been made in this program budget. SEN. REGAN so MOVED. MOTION CARRIED.

Vocational Rehabilitation Program

The major question in administration of this program is whether SSI, and SSDI funds be used for administration. There has been a drop in SSI and SSDI funds and the question is whether general fund should replace these. Ms. Williams explained there is also a difference in the way the executive and the LFA funded the program. The LFA put some of the SSI and SSDI moneys into administration and the executive did not. There is also a difference in FTE with the executive being lower and the overall operating expenses are lower in the executive.

Rep. Menahan asked what amount was included for the extended employment program and Ms. Williams told him it is \$230,000 per year.

The question is, does the committee want to use general fund money.

Sen. Regan wanted to address the FTE deletions on page b2. She asked Mr. LaFaver if any of the offices had been closed in Warm Springs, Lewistown or Deer Lodge. He replied they had not been closed yet but they are looking at this as a possibility.

Chairman Shontz asked for a MOTION to adopt the executive level for FTE and the personal services that would come out of the LFA numbers system. SEN. REGAN so MOVED for both years of the biennium the executive budget. MOTION CARRIED.

SEN. REGAN also MOVED the executive budget for the funding for both years for the administration. MOTION CARRIED. The net effect of this will be to reduce the general fund pressure according to Chairman Shontz.

In operating expenses for this budget area, SEN. AKLESTAD MOVED the executive budget. MOTION CARRIED.

In benefits for vocational rehabilitation, the issue is the fund mix. Ms. Williams explained the big difference was using the workers compensation funds, the IARA, industrial accident funds. The difference between the executive and the LFA is that the LFA used carryover funds from previous years and they assumed it was done in the past and that it could still be done. Therefore, they came up with a larger

amount or \$626,000 as opposed to the executive's \$359,000. Over the biennium this saves about \$600,000 in this program.

SEN. REGAN then made a MOTION to use the IARA funds instead of general fund. MOTION CARRIED.

After discussion, Chairman Shontz explained the other change that affects the funding level for benefits we already did in administration so the committee has dealt with the differences. Chairman Shontz asked to entertain a motion to accept the executive level for benefits with these differences.

Chairman Shontz explained further there was a question of the IARA, and whether or not to use general fund for administrative purposes or use SSI, SSDI funds and we agreed to not use general funds.

Ms. Williams explained the committee has to be consistent and take the total of the administration plus the benefits to find out the total impact on the general fund. The LFA has a lower amount for benefits than the executive does. The other difference is the way the funds are applied, the LFA did put SSDI and SSI money into administration but they did not put in as much Section 110 money. Chairman Shontz added the committee has to decide if they want to use general fund money, or \$121,681 and \$189,140 to replace SSDI and SSI funds. Ms. Williams replied it would be replacing general fund not SSDI and SSI. The question then is whether they want to use general fund to fund additional benefits, or do they want to use general fund to pick up lost federal funds. Some of the funds that are lost are CETA funds.

End of Tape 51 Side 2; Begin 52, Side 1

Ms. Williams explained further that the LFA has not replaced federal funds with general fund, they have held extended employment benefits constant at \$230,000 and increased other funds at 6%. Rep. Mehahan asked if regarding the \$230,000 for extended employment the committee was going to take into account the 40 people on the waiting list.

Rep. Menahan wanted to see the committee put \$100,000 into the program to help deplete the waiting list. He then made a MOTION to add in \$100,000 to help the extended employment program deplete the waiting list. MOTION FAILED.

The committee then took a break for lunch and reconvened at 1:15 p.m.

Chairman Shontz again explained that the question before the committee is whether or not the committee wishes to make up lost federal funds for benefits with general fund appropriation.

SEN. REGAN stated she felt we did not do it last time and should not do so again this time. She felt we should go with the current level for 1984 and 1985 and so MOVED. MOTION CARRIED.

Chairman Shontz then asked for a MOTION on the benefits program for vocational rehabilitation program to accept the executive as adjusted by the committee. SEN. REGAN so MOVED. MOTION CARRIED.

Disability Determination Program

Peggy Williams stated this program added 8 FTE by budget amendment in FY83. The LFA did not include these FTE. They are totally federally funded. The LFA has no problem including the FTE but they are concerned they not be transferred elsewhere. Also, there is one small part of disability determination that does receive general fund money. The medical assistance program pays this program to do disability determinations, and if the 8 FTE increase the cost of these determinations significantly this would be a concern to the LFA. The LFA does have some proposed language that would eliminate this problem.

SEN. REGAN MOVED to accept the executive budget for the whole program with language that will restrict the transfer of FTE's or spending authority so that it will not be used for expansion of other programs. Chairman Shontz asked if she would consider including in her MOTION language that would say that the cost per case shall not increase more than 6% per year above the FY83 estimated cost of \$195. This would prevent the "creep". She agreed. MOTION CARRIED.

On the contracted medical assistance program, Ms. Williams stated the committee has to give them spending authority. There is a difference between what the medical assistance program requested. (reference p e6)

The Chairman then asked to accept a MOTION to accept \$32,500 in FY84 and \$34,450 in FY85 for disability determinations. This budget is requesting more money than contracted services in the medical assistance program. The committee had already appropriated the medical assistance budget. SEN. REGAN so MOVED. MOTION CARRIED.

Visual Services Program

SEN. REGAN MOVED to take the executive budget in administration of the visual services program with the personal services differential. Chairman Shontz explained that because of the way this was computed the LFA ends up a bit higher than the executive. MOTION CARRIED.

In operating expenses, SEN. AKLESTAD MOVED to accept the current level other than equipment that was just added. Sen. Regan added that she would like to give them the travel and go with the LFA on contracted services and rent but add in the \$2000 for travel. MOTION CARRIED.

In visual services, program benefits, the difference is primarily an inflation factor. The problem, according to Ms. Williams, relates to the same problem as before in vocation rehabilitation, whether they should replace some federal dollars with state dollars. There is a difference of \$97,000 in one year and \$100,000 the second year. In Voc. Rehab. the committee took the LFA method of not replacing federal funds.

SEN. AKLESTAD MOVED to accept the LFA recommendation for both years. MOTION CARRIED.

Sen. Regan then asked questions about the general fund appropriations amounts for visual services benefits. She is concerned that if you come off 1983 at \$99,000 that you have cut the base; it appears to her that the base has been cut from \$99,000 to \$85,000 and then up to \$92,000 for 1985, and both years are less than what was appropriated in 1983 and that is not her intent.

Peggy Williams explained the LFA looked at the 1982 actual expenditures and took into consideration that they received some funding in 1982 that was not anticipated.

SEN. REGAN then MOVED to reconsider the committee's action because she does not want the general fund to reflect a cut, she intends to maintain the base at \$99,926 in both years of the biennium. On a vote to reconsider the committee's actions, the MOTION CARRIED. SEN. REGAN then MOVED to put \$99,926 each year of the biennium of general funds for funding the benefits of visual services. MOTION CARRIED.

Veterans Affairs Program

Chairman Shontz explained that this budget will probably be transferred to military affairs. The issue is the reduction of 2 FTE.

SEN. REGAN MOVED to maintain them at the level at which they are currently being funded. Chairman Shontz explained the executive has requested 20.50 and the LFA is recommending 18.50 FTE. Sen. Regan stated the LFA was her intention. MOTION CARRIED.

SEN. REGAN stated because of the possible transfer she MOVED that we go with the executive budget on rent, etc. for operating expenses. MOTION CARRIED.

DDPAC Program

The DD Division was discussed first. Chairman Shontz entertained a motion to adopt the LFA in personal services for DD. SEN. AKLESTAD so MOVED.

REP. WINSLOW then stated he wanted to make a MOTION to cut 14 people from the regional areas, called training and contract managers. His intent with this is that the dollars that would be saved would be put back into direct client services. In surveying throughout the state with different providers he feels that what we have are group homes that are called non-profits that we are trying to turn into state agencies. There are 14 people out there that were initially hired to start and develop group homes and now that they are there, they are spending a great deal of time at board meetings, etc. He is not trying to lose the control the state could have on the contracts and money uses and how they are handling their programs, and he does not believe this will do this because there will still be a regional supervisor and still be clerical staff in all of these 5 regions throughout the state. His intent would be that the money saved would be put directly back into client services.

Mr. LaFaver stated that if this was a serious proposal there should have been a hearing on it, and that he was appalled by the motion. He felt it runs in opposite directions. It would eliminate the staff to administer the programs and then expand the program? He stated that if the committee was just going to throw money out there and hope these little corporations spend it well without any sort of sense of a state program that is what this motion will accomplish. He felt there was no way that this program, of about \$30 million, can be administered without staff.

Rep. Winslow stated again that what he was trying to say is that by having a supervisor there to follow through with the contracts, and state people still involved we will have a program and have the proper facilities but this would be an opportunity to have more dollars going into direct client services. One of the comments he received was that the people that are dealing with the providers have never spent a night in a group home with the children. He feels once these corporations prove that they are adequate let them operate and not try to administer them from the state.

Sen. Regan inquired as to the staffing patterns in the districts. Mr. Jack Ellery responded. In Billings, for example, there are three individuals that cover this area and in Region 4, another vast area, they have 4 individuals to do this type of work.

Sen. Story stated he was confused because when it was first

explained he understood that these 14 slots were not administrators, they were a special section assigned to train new people building homes. Rep. Winslow stated that initially when these jobs were put on, his understanding was that these people were to get these homes set up and going and now that the homes are going, he does not see the need. Many of the homes are administered by people with master degrees who can train their own staff appropriately.

At this point, REP. WINSLOW stated he would be willing to WITHDRAW his MOTION and change this to take out 9 positions which would leave a contract manager for each region, plus a supervisor, plus the clerical staff and still free up almost \$270,000 a year that could be tied directly to client services.

Sen. Regan expressed concern that we could lose more money than save through terrible administration. Rep. Winslow then added that he feels it is important to have the right kind of administration but he just can not see any reason why we have staff members that have to go to board meetings, etc. and sit in with the people who are trained administrators. He does not feel we would be hampering the program. In each region there would be a contract manager, a supervisor and clerical staff.

SEN. REGAN then made a SUBMOTION to take out 4 leaving them with 10. MOTION FAILED. REP. WINSLOW's original MOTION also FAILED.

The committee then moved to Room 331 for the convenience of the Senators to reconvene for the remainder of the meeting.

End of Tape 52 Side 1 Begin Tape 53, Side 1

Rep. Winslow explained more about what he was trying to do. He sees a real problem and one of the real problems is the waiting list that is out there and there is a very good potential program in the foster care program. He sees the 14 people in the regional areas as essential people when the program began but he sees no need for still managing from this level now that the programs have started. If the program he proposes were to fly the state would save about \$270,000 in 1984 and \$270,000 in 1985. His intention would be to take \$37,000 of that savings in 1984 and add it to the grant from the DDPAC that the executive had already laid out (\$162,500) so they would have enough to get the foster care program going in 1984. They would again use the same thing the executive called for in DDPAC in 1985 and add most of the money they would save to this to maintain the program. The actual dollar savings would be \$200,000 but the money they would make available would

help get a program going that he feels is very important and may be the only way of picking up some of the waiting list.

REP. WINSLOW MOVED that the committee reconsider their actions. Sen. Aklestad stated there was no action to reconsider.

Sen. Regan then suggested that we hold the motion in abeyance while we take up the DD program and see what we do in terms of funding and include in the modifieds and if indeed we went with this it might not be necessary to do this. If not, this would be an option. The major point she felt was whether we are or are not going to pick up the modifieds. Chairman Shontz added he felt we could judge the motion on its own merit rather than making a trade. Sen. Regan stated we are making a trade if we go with this because it is sort of part of a package that all goes together. Chairman Shontz stated we should take Sen. Regan's thought and study the DD budget and go back to Rep. Winslow's motion.

The committee then began discussion on the DD benefits portion of the budget. The differences in this budget are new services, intensive homes and vocational placements, which were put in place during the last fiscal year. Because the LFA worked with a current level budget they did not include these and the executive did because they are a continuation of services that are in place. Ms. Williams stated this was correct, that they did reserve money when they put the budget in place for the intensive group homes.

REP. WINSLOW made a MOTION to adopt the executive budget for current services and for new services divisions of the benefits budget. MOTION CARRIED.

The next area of discussion was the expanded services section of the benefits budget. Chairman Shontz explained there are three areas: the Boulder River School and Hospital client move, provider salaries and foster homes.

Chairman Shontz asked Rep. Waldron to address the Boulder River client move. Rep. Waldron stated his subcommittee has closed down a cottage, deleted staff, put in travel for moving the clients to EastMont and all under the assumption there will be intensive groups homes started up and they should be started under medicaid waiver. Chairman Shontz asked him what the savings generated from the Boulder River School's closing of a cottage. Ms. Williams replied it was \$125,000 for one year times 2.

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SEN. STORY then MOVED option a on page h3 which would allow the deinstitutionalization of the 16 Boulder residents. Rep. Waldron mentioned this would be under the medicaid waiver and Peggy Williams stated that she had talked with the department and they are not sure it will be under the medicaid waiver which means the entire cost would have to be paid for out of general fund. The MOTION FAILED.

Rep. Winslow felt what we are doing is cutting down Boulder's numbers but the operating costs are still there and it is not justified to him that it is going to be cheaper out there than it is in Boulder. He feels we have a big insitution with just a few people and it is extremely expensive for each patient. Chairman Shontz stated we could scratch Boulder River from the expanded services budget.

The next area of discussion was the provider salaries. SEN. STORY MOVED to include the provider salaries increase. MOTION CARRIED.

The next item of discussion was the foster care budget in expanded services. Rep. Winslow stated he could not support it at the present time with the additional costs unless he feels there is some other way to pick up those costs. He feels it is an important area and his proposal would not hurt anything, it would pick up some of the numbers on the waiting list. Chairman Shontz explained what he would like to do is to split Rep. Winslow's motion.

SEN. REGAN MOVED that we go ahead and fund the foster homes with the \$600,000 in the biennium. MOTION FAILED.

In the DD Administration SEN. AKLESTAD MOVED to adopt the LFA for personal services. REP. WINSLOW then made a SUB-MOTION to reconsider our action to take 9 of the 14 contract managers out of the regional offices, still leaving 2 people for contract monitoring, one of these being a supervisor that does not get out of the office at the present time. We do not expect to have state staff looking over their shoulders running their board meetings, etc. and he does not think this will affect these programs. MOTION CARRIED with Sen. Regan voting "no".

REP. WINSLOW then made a MOTION to take out of the FTE's nine positions, training contract managers, leaving one in each office as well as the personnel that is there now. MOTION CARRIED with Sen. Regan and Sen. Story voting "no".

Chairman Shontz then asked for a MOTION to accept the executive budget for operating expenses for this program less the appropriate amount removed for the FTE that were just removed. SEN. STORY so MOVED. MOTION CARRIED.

REP. WINSLOW then made a MOTION to reconsider our actions in benefits for the purpose of getting into the foster care area. MOTION CARRIED.

Sen. Regan had a question on the intensive homes. Ms. Williams explained there are presently four intensive group homes; two are funded by the medicaid waiver and two are not. The people that would have moved out of Boulder, even had they gone into a group home not funded by medicaid waiver, would still have been less costly than providing them with services in Boulder.

REP. WINSLOW's MOTION is to fund the foster care homes \$37,500 in the first year FY84 and \$237,500 in FY85 from general fund. The other funding needed would come from the DDPAC grant. The executive calls for \$162,500 each year for foster care. Chairman Shontz then asked if at the end of this biennium the federal portion, assuming the program was continued at current level, would fall off and it would all have to be general funded. Rep. Winslow stated again it was an important area that would serve 25 more kids and that it is an appropriate program.

So in essence, they would be using federal money this time and if it were left in the base next time it would be general funded. Rep. Winslow again stated we were not doing anything for the waiting list that is out there, there are families that are struggling at the present time, and he feels it is a worthwhile program where we can get some assistance and get going with the realization that there is going to be a base built and a program will be established, but it is a needed area.

The MOTION CARRIED with Sen. Aklestad and Rep. Shontz voting "no".

Sen. Regan then stated she felt we should go back and re-address the issue of Boulder. Ms. Williams referred the committee to page h2, h3 and h4. It states that intensive group homes are four times as expensive as regular group homes. When you have the medicaid waiver it brings down the cost considerably. The medicaid waiver applies to the homes and also applies to the day services that these people would receive. The first chart shows the total cost for different options. In a community for an intensive group home the total cost in '84 is between \$29,000 and \$34,000.

This would be entirely general funded without the medicaid waiver, but with the medicaid waiver general fund would be significantly less. The cost at EastMont which you get by taking the total population at EastMont and dividing it into the total cost of EastMont is about \$37,000 a year. Subtracting out the federal medicaid reimbursement, the general fund cost is only \$16,000 a year. The cost at Boulder is \$54,000 a year total; taking out the medicaid reimbursement the general fund cost is \$32,000 a year. She explained the institutions subcommittee did pass the idea of moving some people to EastMont. EastMont will expand, changing it from a 5 day program to a 7 day program. This will open up new slots at EastMont, close a cottage at Boulder, and delete staff there. The total cost savings at Boulder would be \$629,175, and the additional cost for changing EastMont from a 5 day program to a 7 day program would be \$94,000. The cost for keeping these 16 people in the community, not counting the startup, and annualizing the amount, the total savings would be about \$126,000 in FY84.

There would also be a decrease in the medicaid reimbursement. If fewer people are in Boulder it means they would receive fewer federal funds. Medicaid reimbursement at Boulder is a revenue source for the general fund. Boulder would lose about \$500,000 but EastMont would gain \$300,000. If the waiver is not approved for these 16 people moving into the community, there would be no medicaid reimbursement in the community to offset some of the costs and you would end up with a general fund cost. But overall, if you look at total costs there would be a savings.

REPL WINSLOW made a MOTION to reconsider. MOTION CARRIED.

REP. WINSLOW MOVED to take option a on page h3, the de-institutionalization of the 16 Boulder residents.

Sen. Aklestad stated he did not want to get into a situation of several miniBoulders located all around the state and this is what we are starting. Rep. Menahan stated he thought there should be some concern for the individual whether in fact he wants to move or not also. Sen. Aklestad does not see how it could possibly be cheaper to give the proper treatment out in the communities that they are now getting with trained staff at Boulder. Rep. Winslow stated we are slowly strangling Boulder and the prices keep going up per client but you can not close down Boulder because there are some severely difficult cases there that need to be handled and there are no group homes available for these anywhere else. He can see where these 16 can be moved out but he feels there is a problem there that is not being addressed.

The MOTION CARRIED with Sen. Aklestad voting "no".

DDPAC

Sen. Regan asked first of all how Mr. LaFaver came to be administrator of this committee. She feels it is a conflict of interest.

SEN. AKLESTAD made a MOTION to adopt the executive recommendation for DDPAC. SEN. STORY then made a SUBMOTION to move the 2 FTE's. MOTION FAILED.

End of Tape 53, Side 1; Begin Side 2 of Tape 53

The original MOTION was then voted upon and the MOTION CARRIED.

This action completes the SRS budget except for the modified requests. The modified requests are for dollars for nursing home prescreening. The department is requesting to add to or initiate and add to a program to fund staff to prescreen individuals before they go into nursing homes.

Chairman Shontz told the committee to keep in mind that we earlier funded \$200,000 for PSRO to do the same thing on a quarterly basis. Sen. Regan asked Mr. LaFaver to respond. He stated what we are talking about here is the medicaid waiver. These are the costs that are necessary to make the waiver work. He explained there is one in each region and if they don't have the staff in place they can not have the waiver. This is a part of the commitment they have with the federal government.

SEN. REGAN MOVED that they be allowed. The MOTION CARRIED with Sen. Aklestad voting "no".

There are a couple of items that the LFA has brought to the Chairman's attention that need to be addressed regarding the caseload, etc.

SEN. REGAN MOVED that we reconsider our actions in these areas. MOTION CARRIED.

Rep. Winslow wanted clarification that it was his understanding that language on not having charitable gifts subtracted from reimbursements would also be in DD as well as foster care and was told this was so.

In the category of "other medicaid" in medicaid, Peggy Williams told the committee the numbers that were voted on for other medicaid were based on 5875 cases, the AFDC cases and then they added 1200. It should have been based on 5600 cases and then add 1200 for the increased AFDC caseload. The handout she passed out to the committee clarified this information. (see Exhibit a)

After explanation, SEN. STORY MOVED to accept the LFA calculation. MOTION CARRIED.

SEN. STORY then MOVED to reconsider the percentage by which the committee had inflated the average cost per case in '85. The thrust of the motion is to set the average payment per case for AFDC. For FY84 it was set at \$311.15 and for FY85 \$331.84. If the motion to reconsider is passed they would set the payment at \$311.15 for both years of the biennium. Sen. Story stated he was going to take it up 3% instead of 6%. MOTION PASSED.

SEN. STORY then MOVED that for the second year of the biennium they inflate the payment by 3% to \$320.48 for FY85.

Sen. Regan asked Sen. Story that given the economic forecast that inflation will slow down but is not expected to hit and level at 3%, if he didn't feel this would be reducing purchasing power. He felt this was possible.

The MOTION CARRIED with Sen. Regan and Rep. Menahan voting "no".


There being no other areas of discussion, Chairman Shontz expressed his appreciation to those present.

The meeting adjourned at 4 p.m.

Tape 53 Side 2 to 300



John Shontz Chairman



Carol Duval, Secretary

Other Medicaid

A. 5,600 cases

	Original Request ZREC	LFA.	Difference
FY 1984 -	35,088,000	33,719,634	*1,368,366
FY 1985 -	38,387,000	36,464,930	1,924,044

Exm Based on new categories - old prices

LFA Based on new categories - new prices

B Revised Requests based on ~~new~~ LFA prices (new) and July revised annualized

FY 84 = *34,077,544
FY 85 = 36,803,748

C 1200 added cases

FY 84 = 1,200 x 3353 = \$ 4,023,600
FY 85 = 1,200 x 3554 = \$ 4,264,800

D Total $\frac{5600}{5600} + \frac{1200}{1200} = \frac{6800}{6800}$
FY 84 34,077,544 + 4,023,600 = *38,101,144
FY 85 36,803,748 + 4,264,800 = *41,068,548

Other Medical Costs Included in these costs are hospital in-patient and out-patient services, physician, dental, and other practitioner services, drugs and other services. The total cost for each of these services is a function of the number of recipients, the unit cost, and utilization (the number of services per recipient).

Normally, trend lines established through regression analysis could be used to provide indications of future recipients. However, when faced with the changes of the magnitude experienced during the special session, regression analysis by itself becomes an unreliable predictor. Consequently, the department has taken the trend established prior to the Reconciliation Act and adjusted it downward to take account of the reduction in AFDC case load, and projections of recipients were kept flat through the 1985 biennium.

Table 23
Other Medicaid Services - Number of Services Provided

<u>Service</u>	<u>Fiscal 1982</u>	-----Projected-----	
		<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
In-patient Hospital	109,776	105,012	106,257
Out-patient Hospital	78,699	61,233	61,779
Physician	288,048	321,965	320,394
Other Practitioners	82,949	74,530	73,521
Drugs	437,459	401,327	386,231
Dental	97,326	79,531	80,150
Other Services	228,983	52,294	52,294

Fiscal 1982 services are taken from the December Dikewood tapes and may not reflect the total number of services provided due to a billing and paying lag. A direct comparison between fiscal 1982 and the 1985 biennium figures for physician and other services is not feasible due to service classification changes occurring in the 1983 biennium.

Average cost per service for the 1985 biennium were derived from actual fiscal 1983 average costs as reported in December and inflated at 8 percent annually. This results in the following average costs for the 1985 biennium.

a) The Utilization regression for the period 7/79 thru 6/81 is generally flat, except for the Other Services Category. When the utilization is allowed to follow the trend in other services and is projected into FY84 and FY85, it results in a negative utilization.

b) The trend in utilization for all services except Other Services was used and projected into FY84 and FY85. For other services, the last year of the historical regression period was used and was held flat thru the next biennium.

The combination of recipient, utilization and unit cost estimates results in the following:

MEDICAID - OTHER

ESTIMATE
(000,000's)

millions of \$s?

	FY80	FY81	FY82	FY83	FY84	FY85
Inpatient	11.792	14.704	15.115	15.316	16.937	18.592
Outpatient	1.432	1.888	1.760	1.590	1.733	1.881
Physicians	5.999	6.802	6.841	6.835	7.817	8.558
Oth. PCAC	1.048	1.166	1.207	1.240	1.388	1.506
Drug	2.853	3.401	3.287	3.118	3.275	3.412
Dental	1.768	2.339	2.151	1.904	2.156	2.390
Other	1.268	1.662	1.681	1.514	1.782	2.050
Total	26.160	31.962	32.040	31.517	35.088	38.389

(Date of Service Actual)
(as accrued)

	FY80	FY81	FY82
Inpatient	11.339	14.469	16.033
Outpatient	1.357	1.841	2.251
Physicians	5.769	6.801	4.779*
Oth. PRAC	.952	1.198	1.094
Drug	2.664	3.349	3.548
Dental	1.558	2.334	2.063
Other	2.022	2.550	3.268*
Total	25.661	32.542	33.036

Department Original
Request

*differ from estimate because of new claims processing system different classification. Total of Other and Physicians should be similar.