

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

June 27, 1986
A.M.

The eighth meeting of the Senate Finance and Claims Committee met on the above date in room 108 of the State Capitol. Senator Regan, Chairman, called the meeting to order and following roll call, with a quorum present said we would hear House Bills 7, 21 and 36.

ROLL CALL: All members present except Senator's Smith and Keating who were excused.

CONSIDERATION OF HOUSE BILL 36: Representative Addy, House District 94, Billings and chief sponsor of House Bill 36 said this bill would discontinue state operation of the Montana Youth Center and authorize sale of the property. This is a big new idea. We are talking about privatization of institutional care that the state of Montana delivers to adolescents who are in need of psychiatric care. It has been a long history of establishing a Youth Treatment Center in Billings. Originally the Center was authorized in 1981 with more funds provided in 1983, it is a facility that we have always had a difficult time running as a state. Let me just say the primary problem we have had is finding qualified psychologists, especially who understand adolescence psychiatry who would staff the Youth Treatment Center. The problem has been addressed in the form of contracts with local psychiatric people in the Billings community for the last year to the tune of about \$200,000, for what has amounted to be 1 FTE psychiatrist. At the same time that we have been unable to find psychiatrists to staff the center, we have been unable to qualify to make the center eligible for medicaid payments so the drain on the general fund is about \$2.4 million a year if my memory serves me correctly. This proposal would authorize the Board of Land Commissioners, pursuant to a specific procedure to sell this facility. I am sure that many of you may have met some of the representatives from Rivendell of America and Rivendell of Montana who have been in town. Let me tell you how this whole idea revolved. These people were interested in establishing adolescent psychiatric services in Salt Lake, they have just recently been approved for a 40 bed facility in the Butte area, and as that certificate of need review has progressing, the Department of Institutions began to ask them about the problems the state was having running the facility in Billings. As it turned out the amount of money that the state has into the facility, \$3.118 million is very close to what an appraisal comes out on the facility which is \$3.275 million, and eventually the question was put to them--if we were to insist upon a minimum sale price--we're just talking minimum sale price now--with \$3.275 million, would that be a realistic proposal for a private health care provider to come in and take over responsibilities for the state. The answer came back from those people--yes, that is very realistic. At the same time they would be able to provide the 2 full time equivalent

adolescent psychiatrists that are needed for medicaid eligibility which brings me right down to where we are at today with this bill. First, we can provide better quality care than we are providing now, and I hope that will always be the number one objective of this bill-- we will provide better quality care than we are providing now. We will do it at a lesser cost than it is costing us right now. If you look at the fiscal note, we will return almost a million in general fund money to the general money to the general fund if we are able to privatize this institution this year. We will return it to the general fund this year, and third--we will return \$3.2 million that we have invested in the facility--at least \$3.2 million to the general fund as well. So, we are talking about better care for a lesser cost and returning \$4 million to the general fund. Now--there is one other overriding concern when we talk about sale, and that is to consummate the transfer in an expeditious manner. Let me tell you why that is important. Staff morale is not exactly good at the center right now, and in fact I have been told by some of the people on the staff saying it is very frustrating to work in a center where you are supposed to be delivering high quality psychiatric care to adolescents who need it very badly and you don't have the psychiatrist to do it, the staff is very frustrated. Once they know a sale is going to go through morale may tend to go down, even further. You are going to have a more difficult time than we're having now, staffing the facility and the stability of the environment that we provide for patients at the facility may also deteriorate. So, the bill authorizes the sale and then it exempts the sale from the certificate of need review that would normally be followed in the event of transfer of a health care facility. The reason that we exempt it, once again, is to provide an expeditious transfer. I hope you won't be alarmed at that exemption in this case. First of all, we have already determined that the beds are needed, and secondly we have substituted a review committee in this bill for the kind of review that would otherwise take place as to who will be running the facility, so the bill provides that the proposal to sell the institution will be advertised for a 60 day period of time, the review committee will have 60 days--no more than 60 days to select a buyer from those who submit proposals, and it will allow for an expeditious transfer. I'd just like to go through the membership of this committee because it was one of the more significant issues that was addressed in the House Appropriations Committee. The Director of the Department of Institutions will be the Chairman of the committee, the Director of SRS, the Director of Health and Environmental Sciences will also be on the committee and then 2 members from the Senate to be selected in the usual manner--1 from Yellowstone County and one from another county. 2 members from the House to be selected in the usual manner, 1 from Yellowstone County and one from outside of Yellowstone County. A representative of the Mental Health Care community from Yellowstone County appointed by the Governor, a representative appointed by the

Governor representing Mental Health Centers and these people will take these proposals and look at them--that's 9 members. The sale price that is set--I want to stress this just one more time--the sale price that is stated in the bill is the minimum only. It is possible that more money would be offered by one health care provider or another, but I once again hope that we will keep quality of treatment that can be provided by anybody that submits a proposal foremost. So once again, the bill is intended to provide better quality care than we are providing now at a lesser cost and return \$4 million to the general fund. I think we have gone past the point of no return. I think the decision to sell the facility is already upon us. The absolute worse possibility I can think of right now is for the state of Montana to decide to keep the facility and try to operate it without the proper professional services that are needed, staff morale will continue to deteriorate and the treatment environment will continue to suffer. Madam Chairman, that's House Bill 36, I will be available for questions. I know there are proponents and maybe an opponent.

PROPOSERS FOR HOUSE BILL 36: Steve Waldron, representing the Community Mental Health Centers: Our major concern when the issue of privatizing the Montana Youth Center--we have 2 concerns--one is that the facility would go to an organization or corporation that has a demonstrated ability to operate a psychiatric unit for adolescents. It takes a good deal of management expertise to operate this type of intensive psychiatric hospital and we are really concerned that whoever operates the hospital has a demonstrated ability to provide that sort of expertise. The second and even more major consideration is that the provider of the services have a demonstrated ability to offer quality psychiatric services to adolescents. Both of those issues are addressed in the bill, and that being the case we strongly endorse House Bill 36 and urge you to adopt it. I would however, like to point out that while you are dealing with a critical need here of acute care for severely disturbed kids that we have some intermediate problems between the families, some group homes and this intense care. There simply are not enough services--foster care residential services--out of home services--for children in the state and at some point in the near future the people involved, youth care providers, mental health professionals, etc. are going to request that you address this critical need--this critical lack in the need for a continuum of quality care for emotionally disturbed kids in the state. Thank you.

Carroll South, Director, Department of Institutions: As you can see, this legislation was introduced at our request. It is no secret that we've had many problems at the Montana Youth Treatment Center, and we've come to the conclusion that it is in the best interest of the state and the best interest of the patients at the Center to attempt to sell the facility to a firm that specializes in that type of treatment. The bill, as you have it before you, represents the conditions of the sale and other

elements that would be required, once the facility is sold. I think it is important to note that we have found a health care provider that is willing to meet all the conditions you have in the bill. In fact, that is the only reason that we are considering a bill during this short special session, is that we at least know that there is one health care provider in this nation that is willing to meet all the conditions that you have before you in the bill and provide the kind of treatment that we think is vital. Without going into a lot of detail, relative to the problems that we have had at the center, I think it is safe to say that the major impediment to any kind of certification by the federal government is our inability to recruit psychiatrists. I think as of today--or at least as of next week--we will probably be on our 7th psychiatrist since we've opened April 30, 1985, and that has not come cheap. In an effort to just employ one full time psychiatrist we will have spent this fiscal year nearly \$200,000, and we were budgeted for \$74,000. Of course that has compounded all of the other problems that we have had at the center because we have had to find funding from other areas to cover those excess costs for psychiatric coverage. I know time is short and this is a critical bill for this department and so I think other than be able to answer questions later on, I will just simply ask you and plead with you to pass this legislation to authorize the sale of the center. Thank you.

Joy McGrath, representing the Mental Health Association of Montana: I am here as an advocate for the bill, an advocate for mentally ill, and emotionally disturbed children and youth and adolescents and adults in our state of Montana. For a long time we have had concern for children and youth and the treatment of those persons in Montana, and I've had a lot of concern about the kind of treatment these kids are getting in the Youth Treatment Center in Billings. We feel that the sale of this facility to the type of provider that is identified in the bill, meeting those qualifications and meeting the conditions of the agreement that they are to make with the state in selling this facility, that this will provide quality treatment to our adolescents at that facility. We are looking at treatment as the issue here, not simply the sale of the facility to bring more money into the general fund which would certainly help right now, but we do need that viable linkage between residential care and the community, whether it is back to their homes or into community settings, and money eventually will have to go to that. Right now we are looking at the treatment of these kids as the issue, and this sale will achieve that goal. Our group, and our chapter in Billings will continue to be a watch dog on the kind of program that's there and continue to be involved with this organization. There is an amendment made on the floor of the House to study the feasibility of selling other facilities that the Department of Institutions manages, and while we think that is probably a very good idea, I think we would have to express a little bit of concern as to a Department that has a very small staff--administration

staff and is taking cuts as everyone else is--how they can afford to do that without sacrificing treatment in other aspects of the program. I would just like to have you keep that in mind. We are taking other cuts and adding more responsibilities it may be a good idea for some of these other facilities, but the cost of doing the study may be a problem for this department.

Carroll South: In my haste to finish my testimony, I neglected to introduce and ask if you would allow testimony of a representative of the firm that has met with all of these conditions. Is that permissible.

Senator Regan: Certainly, it is permissible, but do I have your assurance that they simply don't have a lock on this. This bill purportedly throws the bidding process open and that all proposals will receive equal treatment, and I have some hesitation--or some concern, while I am sure that it is a very well respected group that they not receive special treatment just because they are opening another facility in Butte, and that everyone is treated fairly in this sale, and I want your assurance that they will have it.

Carroll South: Madam Chairperson, you have my assurance on that. Let me say one more time that the only reason that we have this bill here is because Rivendell Corporation has offered to purchase the facility and meet all the conditions in the bill. So, whether anyone else in the nation will, or not, at least we know there is one provider that will.

Senator Regan: One other question while you are here. Are the conditions of the sale broad enough so they are not written exclusively to squeeze out other bids.

Carroll South: Based on what we know about the conditions now there would probably be between 8 and 12 firms nationwide.

June Johnson, Rivendell: I appreciate the opportunity to appear before you today and I'll be brief. I do represent the applicant, and I suppose you might call us Rivendell of Montana, Inc. as well as the parent company Rivendell of America Inc. for whom I am a member of senior management on the Board of Directors. I would like to state, as Mr. South mentioned, that Rivendell of Montana was approached for consultation purposes relative to the issue of privatization of the Montana Youth Treatment Center some months ago and their efforts to determine what sorts of issues might have to be addressed if indeed, privatization was an option for the state, and might be worth bringing forward to this Legislature as an alternative to some of the problems that existed there. As such, we were happy to offer some of the expertise that we have. Some of the questions had to do with reimbursement issues, accreditation issues, quality of care issues and special issues dealing with professional expertise and dealing with this particular type of patient population

which is a majority population of particularly disturbed youngsters most of them being court committed. We were happy to do that. We have indeed done that without any expectations for compensation in that regard, I would like to make that clear to this committee. We volunteered those efforts regardless of whether Rivendell of Montana is chosen as the final provider in this proceeding. Rivendell of Montana would like for you to know and realize that we agree that, at this point in time, for the problems to be resolved and for Montana Treatment Center to in fact become the positive therapeutic alternative that should be for children in this state. This is the correct and appropriate option at this time. We would encourage you indeed to move forward with this. Obviously Rivendell of Montana Inc. would certainly like to be the provider in this case, we also understand that there should be an open bidding system. We encourage that, we are prepared to deal with that, we compete with other health care providers throughout the nation every day in order to build our facilities. As most of you are aware, we have been working in this state for the past 3 years. We have attempted to build a free standing 48 bed facility for children and adolescents. We were finally successful just recently in obtaining a certificate of need to build such a facility in Butte. It would be a similar facility that we would expect-- a similar treatment program that we would expect to run at Billings if indeed we were successful in becoming the treatment provider here. Again, we realize, and we encourage that it be an open bidding system. Rivendell of Montana does not in any way, expect preferential treatment. We would expect you to look long and hard at the issues. We expect to be viewed as any other applicant and stand prepared to answer your questions in that regard, regarding quality care, accreditation, any other issue, and look forward to that. I would be prepared to answer any questions if the committee has them.

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

Senator Christiaens: I guess I have a question to ask Mr. South first. In the average number of patients at the hospital during the past 11 months, apparently it has been approximately 40 and 60 bed facilities. I am assuming that there are guarantees that 40 beds will remain for state use?

Carroll South: Yes. As a back up position, if this bill doesn't pass we'll either promulgate rules--well, I guess this late in the Legislative session we will promulgate rules to maintain the population of 40. Under the current configuration we can not handle 60 patients there, in fact 40 is really stretching it.

Senator Christiaens: Specifically on page 7 and line 8, that is a condition of the sale?

Carroll South: yes.

Senator Christiaens: A follow up, then. Will the care of the patients at this facility if Rivendell is the successful bidder, make it possible for those youths that are currently going out of state for treatment to be treated in the state?

Carroll South: I guess I can't answer that definitively. There will be a difference in the way a private corporation operates that facility. Now it takes a court order to get in there. A finding of serious mental illness--there is no voluntary admissions, so I think that has impeded bringing out of state kids back, I think because of that court process. Any private provider will also, I think provide voluntary admissions for the additional beds. So, I suspect that there will be more of a likelihood that they will bring kids back from out of state than there is now, if the state continues to operate it.

Senator Christiaens: The major reason that those patients are currently going out of the state is the type of care that is available out of state rather than the fact that they could possibly stay here if that quality was available here. Am I not correct?

Carroll South: I think someone from the Foster Care area would have to respond specifically to that. I think in many cases they're sent out of state for different reasons. This will still be a very intensive psychiatric treatment unit, and I don't believe that all of those kids that are now being sent out of state would be justified in admission to that facility under any circumstances, but perhaps some.

Senator Christiaens: My last question--How will the costs compare for treatment under privatization or have you talked about that versus under the state--if they are in charge of the state.

Carroll South: Our interest, of course, is in the 40 beds set aside for the patients that are ordered there by the courts. If you take the Center's budget for '87 and divide it by 40 you will have a cost per day of \$172, but the fact is that if we were going to achieve certification and hire a second psychiatrist, assuming we were that fortunate, the cost per day would probably be close to \$200. That is all general fund, because as long as we're not certified the entire \$200 is general fund. We're comparing that to a private facility at a billable rate of in excess of \$300, but a medicaid allowable rate of 240 to 250 only 1/3 of which is general fund because of the ratio between federal and general fund. So, we would argue that it's cheaper for the state to have a private facility that's medicaid certified than to continue to occupy a state institution that is not.

Senator Aklestad: Carroll, is there assurance--well, I know there isn't, but how about the federal funds that make up

approximately 2/3 -- even though we have less general funds in that--if those federal monies were to dry up, how feasible would it be for this--for any organization to keep operating, and would there be the possibility spots for our people?

Carroll South: That's always a risk because the federal government can change policies at any time, but let me just tell you if the federal government does change their policy on reimbursing for those kinds of facilities the state will be short about 8 or \$9 million anyway in the other institutions, so we'll have some serious problems department wide, if in fact that ever becomes federal government policy. As I understand now, medicaid reimbursement for psychiatric coverage for individuals 21 and under is a state optional policy, and of course Montana has opted to provide that.

Senator Hammond: For either you Carroll or Kelly Addy, when we sell real property, does the income from that property always go into the general fund? Is that the usual situation?

Mr. South: Let me just tell you that this building was built with the proceeds from the Long Range Building bond sale. We have a legal opinion that because the building itself is not an obligation on the bond that we could do anything we wished with the proceeds of the sale, and of course we obviously chose to deposit it in the general fund because of the budget short fall that we have.

Senator Bengtson: Carroll, what is the history of the court appointed people to the Youth Evaluation Center? Do you get 40 or do you have a request for more?

Carroll South: I think we have 45 there now, so we have not have tried to institute any kind of a cap as yet, I think if this bill fails we will simply have to. We'll have to try to cap it at 40.

Senator Bengtson: In addition to this, and this is not really related to the sale of the facility--is there a demand for more court appointed slots? Will there be competition for those court appointed slots? Between Billings and Butte for those court appointments.

Carroll South: I guess I can't really speak for what Rivendell will do in Butte, but I know in other states in which they operate, they do agree to take court commitments, so, I suspect if we took court commitments, or if they took court commitments in Butte and if we took court commitments in Billings with whoever purchases this facility, we would probably have an east-west situation which wouldn't be all that bad quite frankly, because individuals from the western part of the state could go to Butte. But I don't think there is going to be any shortage of court ordered admissions, if that is what you are referring to. There never has been in the past.

Our biggest problem is controlling court ordered admissions, not soliciting them.

Senator Bengtson: On page 8, line 24, I'm trying to understand the language--maybe Carroll you can answer it. The board of Land Commissioners may make an exception to these conditions at any subsequent sale or transfer. What are you getting at?

Representative Kelly Addy: That language was clarified by the House Appropriations committee. The idea here is that perhaps whoever comes in as a health care provider would want to build a new facility and start from scratch 5 or 10 or 15 years down the road--in that case we don't want to bind someone who comes in to buy that property to run an adolescent psychiatric hospital at this facility. So, if that were the case, the Board of Land Commissioners--not on this sale, but on a subsequent sale, could make exceptions to the conditions to the sale.

Senator Bengtson: On the sale of it. Is there any stipulation that Billings gets any money for the land that it is on or what sort of an agreement?

Representative Addy: That is a question that was raised both in the committee and on the floor in the House, Senator. I did not support people who were trying to return, I think \$100,000 to the city of Billings or to the block grant program in Billings. The deal with the state. I am sure you are aware--in fact I know that you are very aware that the facility was originally going to be built in Anaconda. The city of Billings said we have some free land down here, if you will locate this facility in Billings, and sure enough the facility ended up down there. The city of Billings got a \$2.25 million payroll for the facility. They got a \$3 million construction project located in Billings, those two things are still in Billings. The state isn't going back on its deal one little bit, and in addition if this is privatized the land will go on the property tax roles in Yellowstone County. So, with those three considerations in mind both the House Appropriations Committee and the committee of the whole in the House voted overwhelmingly not to return any money to Billings. I would just like to make the other point too. We are very happy to have this facility in Billings, and I would hate to make a precedent that you have to pay us something later if you open a facility here now.

Senator Bengtson: I understood that there was a special improvement district money involved with that.

Representative Addy: \$103,000 was required for a special improvement district because the city services to that property were not adequate to service a facility of this size. The state has paid that--one of the conditions of the sale is that that be reimbursed to the state in addition to the \$3.275 million which is the appraised full market value of the property. So actually we are talking about 3.378.

Senator Regan: Are there any other questions. We have two other bills and I don't really mean to shut anyone off, but I'd like to address those also within the hour. Are there any other questions. Seeing none, would you care to close.

Representative Addy: Very briefly. Thanks for your time this morning. I want to assure the committee that the bidding process is open under the terms of this bill. The House did a number of things. On page 6, line 1 you will see language to the effect that the review committee may not show any partiality or favoritism in making its decision. That's an admonition to the committee. Secondly--originally there was a 30 day time frame for anybody that wanted to submit a proposal. It was felt that that might eliminate some people who might otherwise be very serious contenders for this facility that was stretched out to 60 days. Thirdly, the condition of sale which begin on page 7 and line 3 are generic conditions for sale that make it very clear that anybody who comes into the state of Montana to run this facility will be a health care provider of last resort. They will provide specialized adolescence health care at this facility and they will continue to do that and only that at that facility unless they want to risk loss of their hospital license in Montana. (Fact sheets attached as exhibits, given by Addy)

Senator Regan: Thank you, and this committee wishes to thank the people who testified, and this closes the hearing on House Bill 36.

CONSIDERATION OF HOUSE BILL 21: Representative Bardanouve, chief sponsor of the bill gave an explanation of the bill and said the law is that if budget amendments come in between sessions they will be presented to the Fiscal Analyst and Finance for review and approval or rejection. However, when the Legislature is in session the budget amendment must be presented to the Legislature for approval.

Representative Bardanouve's complete explanation of the budget amendment bill is attached as exhibit 1, pages 1 through 6.

There were no proponents, no opponents, and Senator Regan asked if there were questions from the committee.

Senator Regan asked if there were other proponents to House Bill 21. There were none, no opponents, and she then asked if there were questions from the committee, but before we start the questions I would like to direct a question to our researcher. Curt, you've reviewed these budget amendments? Do they meet the criteria?

Curt Nichols, Legislative Fiscal Analyst: They don't have to meet the criteria when you are in session. We have reviewed them to see if there is any general fund impact and we can find none.

Senator Stimatz: On page 3, line 13, that group insurance item. That 8,302,000. Where do I find a report on that?

Representative Bardanouve: You would have to ask the Legislative Auditor and they would tell you which report. This is to comply with their recommendations.

Senator Stimatz: Did they have the money in the wrong fund or something like that?

Representative Bardanouve: I haven't had time to read that recommendation in their reports. But as to how it is being handled now, they raised some questions about whether it is proper what they are doing now, and this will do what the Legislative Auditors say should be done. It does not increase any money, it just --

Senator Stimatz: This money belongs to someone else?

Representative Bardanouve: No, it belongs to the University employees in their self insurance program.

Senator Stimatz: I just wanted to be sure that we got it straight.

Representative Bardanouve said he closed and thanked the committee for their attention.

Senator Regan: We need a copy of your explanation. (This is the exhibit 1 reference) After we have heard the third bill we will have to meet again today. It will be at the call of the chair, probably after one when we recess.

The meeting was recessed.

June 27 p.m. meeting

The Chairman, Senator Regan called the meeting back to attention and said while the committee is waiting for Representative Winslow we will take executive action on these other bills.

DISPOSITION OF HOUSE BILL 21: This was the budget amendment bill that Representative Bardanouve presented.

Senator Hammond moved House Bill 21 be concurred in.

Voted, passed. Senator Regan to carry the bill.

DISPOSITION OF HOUSE BILL 36: MOTION by Senator Keating that House Bill 36, the Youth Treatment bill, be concurred in. Voted, passed, Senator Keating to carry the bill.

CONSIDERATION OF HOUSE BILL 7: Representative Cal Winslow, House District 89. House Bill 7 that you have before you, I don't think there is any opposition. It is part of the 5% cuts that were put together in the Governor's proposal. This program was initiated last session due to an increase in beer to start taking care of the indigent youth in our state that weren't getting any kind of alcohol chemical treatment. Actually it takes out \$11,250, about 2 or 3 youngsters will not be able to get the aid that is available, but it really does correspond with the beer tax that is coming in now. The Legislature was to fund the program with beer tax, and even if we didn't have the 5% we would be accomplishing that goal, the program is now funded totally by the beer tax.

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

Senator Bengtson: What percentage that goes to the indigent youth from the beer tax?

Representative Winslow: It was the increase that we put on the beer last session. I'm sorry, I don't even have the exact figures.

Senator Bengtson: I can't even remember what tax is on beer.

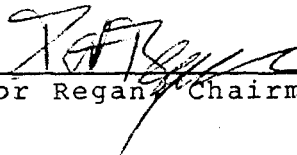
Representative Winslow: I'm sorry, I haven't gone through those files for a long time.

DISPOSITION OF HOUSE BILL 7: Motion by Senator Christiaens that House Bill 7 be concurred in.

Voted, passed, Senator Christiaens will carry the bill.

There was some discussion on possible bills to come into the committee, and Senator Regan said nothing had come to the committee yet. Everything we have we have taken executive action on. The secretary was asked to turn in all bills, including 31.

The meeting was adjourned.



Senator Regan, Chairman

ROLL CALL

AM

SENATE FINANCE AND CLAIMS COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date 6-27-86

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HAFFEY	✓		
SENATOR JACOBSON	✓		
SENATOR AKLESTAD	✓		
SENATOR HAMMOND	✓		
SENATOR LANE	✓		
SENATOR CHRISTIAENS	✓		
SENATOR GAGE	✓		
SENATOR HIMSL	✓		
SENATOR STIMATZ	✓		
SENATOR BOYLAN	✓		
SENATOR STORY	✓		
SENATOR SMITH		✓	
SENATOR MANNING (Dick)	✓		
SENATOR BENGTON	✓		
SENATOR KEATING		✓	

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DATE _____

6-27

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Pat Melby	Perinell	11B36	✓	
Joy McYrath	Mental Health Assn	36	✓	
Steve Waldron	Mental Health Centers	36	X	
Kari Williams				

(Please leave prepared statement with Secretary)

Fact Sheet, House Bill 36 (As Amended)

House Bill 36 as introduced:

1. Authorizes the Department of Institutions to discontinue the operation of the Montana Youth Treatment Center as a state institution.
2. Repeals all statutory references to the Center as a state institution.
3. Authorizes the Board of Land Commissioners to receive proposals from interested health care providers for a period of 60 days following the bill's passage and approval.
4. Requires that the Department heads of Institutions, SRS and Health along with two members of the House, two members of the Senate, one member of the Billings Mental Health community, and one member representing the state's mental health centers review all proposals received during the 60 day period and recommend a purchaser to the Board.
5. Authorizes the Board to sell the Center to a private health care provider that specializes in adolescent psychiatric treatment.
6. The sale price must be no less than the Center's appraised value of \$3,275,000, plus an additional \$103,000 to reimburse the State for a prepaid Special Improvement District obligation.
7. Requires that the sale proceeds be deposited in the state's General Fund.
8. Exempts the transfer of ownership from the Certificate of Need process.
9. Requires that the purchaser provide a minimum of 40 beds for youths ordered to the facility by the courts. Failure to comply with this provision may result in the loss of the facilities licensure.
10. Requires that the facility remain a mental health facility, and therefore subject to the Mental Health Act and review by the Board of Visitors.
11. Requires that all conditions imposed on the purchaser remain conditions on any future sale, unless the Board of Land Commissioners agrees to modify the conditions.
12. Requires that if the facility is sold by the purchaser, the State has first option to purchase the facility at its appraised value at the time of the sale.
13. Requires that the purchaser assume the obligations and responsibilities for those youth who are now committed by the courts to the Department of Institutions for placement at the Montana Youth Treatment Center.
14. Requires that the purchaser demonstrate its ability to consistently meet and maintain JCAH accreditation and Medicaid certification standards.
15. Requires that the purchaser provide services to Medicaid eligible and indigent patients.
16. Requires that the purchaser accept emergency psychiatric admissions.
17. Provides reasonable job protection for Center employees.

History and Current Status
Montana Youth Treatment Center

1. The 1981 and 1983 Legislatures appropriated funding to construct the Center.
2. Approximately \$3,118,000 has been expended on construction of the facility and on grounds improvements. In addition, a Special Improvement District obligation has been retired by the State.
3. The City of Billings donated the land on which the Center was constructed.
4. The Center opened on April 30, 1985 with the transfer of 24 patients from Montana State Hospital.
5. The Center has a maximum capacity of 60 patients and an optimal capacity of 40.
6. The Center contains ten 4-bedrooms, four 3-bedrooms, four 2-bedrooms, and six quiet rooms.
7. The Center's average daily population during the first 11 months of FY 1986 has been approximately 40 patients.
8. The Center's FY 1987 appropriation is \$2,511,707, almost all of which is General Fund.
9. Approximately 86.4 FTE's are currently on the Center's payroll.
10. The Center is Montana's only state operated hospital facility for the psychiatric treatment of emotionally disturbed adolescents.
11. The Center is provisionally licensed as a psychiatric hospital.
12. The Center is not certified for Medicaid reimbursement.
13. Voluntary admissions to the Center are prohibited by law.
14. All admissions are by court order based on a finding of serious mental illness.
15. Adolescents must be at least 12 years of age, but less than 18 years of age to be admitted to the Center.
16. If the Center is not sold, or if a sale is delayed, the Department will request the Legislature to statutorily cap the Center's population at 40 patients.

June 27, 1986

GOVERNORS OFFICE

1. Client Assistance Program - \$21,000 in federal money for fiscal year 1986. This amendment will continue the client assistance program in the Governor's Executive Program. This program assists handicapped individuals and informs them of their rights and benefits in connection with Vocational Rehabilitation Services.

JUSTICE

1. Agency Legal Services - \$30,964 in proprietary funding for fiscal 1986. This amendment increases the level of funding in the agency legal services program at the Dept. of Justice. This program provides legal services to state agencies and bills those agencies for the service. Due to the current demand placed on the program by other state agencies, this program needs the additional funding to continue the current level of legal services for the balance of this fiscal year (86).

2. Highway Patrol - \$49,000 in federal funding for fiscal year 1987. This federal grant will allow the Highway Patrol to purchase 49 traffic radar detectors. These upgraded devices will enhance the patrol's ability to enforce energy conservation and hazardous speed violations.

3. Criminal Investigations - marijuana eradication program. \$15,000 in federal funding for fiscal 1987. The purpose of this program is to locate and eradicate illicit domestic marijuana fields and prosecution of those cases brought before the courts.

HIGHWAY TRAFFIC SAFETY

1. Oil Overcharge funding - \$5,000 in federal funds will be available in fiscal 1987 to continue the Occupant Restraint and Anti-Drinking/Driving Public Information Campaign.

MONTANA DEPARTMENT OF HIGHWAYS

1. Dept. of Highways \$448,416 in fiscal 1986 federal authority. This amendment will increase the authority of the Maintenance program. This amendment provides FEMA funding for repair of roads damaged in the flooding this spring in the Missoula and Great Falls districts.

This amendment was also authorized to continue into fiscal 1987.

BOARD OF CRIME CONTROL

1. Statewide Jail Information - This request is not for specific spending authority but rather continuing authority for a budget amendment that was approved in fiscal 1986. This request to continue the authority into fiscal 1987 will allow the upgrade of jail information to continue. This project will assist corrections officials in having complete and uniform information on jail populations.

2. Youth Services Reorganization - This request is also for continuation of a project started this fiscal year. This project is for the development of a service delivery system that will improve services for the troubled youth of our state.

Board of Crime Control - \$5,645 in federal authority was added to the previously approved Youth Services Reorganization.

3. Juvenile Policy and Development - Again this request is for continuation of authority approved by budget amendment in fiscal 86. This funding is being used to address HJR 44 of the 49th legislature. The study will propose legislation to resolve issues of licensing, financing, administration and definitions of services provided to our juvenile population.

4. Juvenile Justice Information System - This request continues a previous amendment into fiscal 87. The funding will allow a systems analysis to be completed on the eventual development of a information system in the juvenile justice area.

MONTANA UNIVERSITY SYSTEM

1. Federal Indirect Cost - This fiscal 1987 amendment provides \$11,186 of federal authority in the Commissioner of Higher Education's office. The request will allow the office to comply with new procedures that the Dept. of Admin. has developed to handle indirect costs related to the Statewide Cost Allocation Plan. The effect of this amendment is to properly record the transfer of federal funds to the state general fund.

2. Group Insurance - This amendment request \$8,302,000 in proprietary authority for fiscal 1987. The amendment allows the establishment of an account in the Commissioner's Office for the purpose of operating the University System insurance program. This request is in response to issues raised by the Leg. Auditor, Accounting Division and the Board of Investments. It has been determined that interest earnings can be retained in this new account thereby overcoming the concerns of the University System.

3. Education for Economic Security - This \$65,000 federal grant for fiscal 1987 provides funding to upgrade the teaching skill of teachers in the mathematics and science disciplines. The program is authorized in the Education for Economic Security Act (Public Law 98-377) and will be operated out of the Commissioner of Higher Educations' office.

4. University System - \$50,000 - This federal Carl Perkins amendment provides funding in fy 1987 for scholarships to outstanding high school students to encourage them to pursue careers in education.

MONTANA STATE LIBRARY

1. \$162,916 - Library Development - fiscal 1986 - federal funds. This amount actually contains two separate amendments. They are:
 - a) \$154,187 - Title II of the Library Services and Construction Act. These funds are passed through to local libraries for the purpose of funding construction of new libraries and renovation of existing libraries.
 - b) \$8,729 - Title III LSCA - These funds will be used to assist MonCat. MonCat is the statewide bibliographic database that provides access to the holdings of 67 libraries across the state.
2. Kellogg grant - This amendment of \$73,200 is from a private foundation and is being requested to assist in the delivery of educational and informational services to rural Americans. The Library is requesting that this amendment be made as a biennial (86-87) appropriation.

MONTANA HISTORICAL SOCIETY

1. Library newspaper cataloging - This \$7,000 fiscal 87 grant from the National Endowment for the Humanities, provides funding for the cataloging of state newspapers. This project is tied to a national project that started in 1983.
2. Archives travel - This \$4,921 fiscal 1987 grant from the federal government will provide funding for the Montana Historical Records Advisory Committee. This travel will help the Committee improve the quality of grant evaluations and also provide better communications between members of the Committee.

STATE LANDS

1. Central Management - This fiscal 1986 request of \$58,075 in proprietary funding is for the air operations budget. The funds will be used to replace the engine of the UH1-B helicopter - (Huey). The old engine's main bearing failed. This aircraft is used extensively in the transportation of fire fighters and their equipment.
2. Reclamation - This request is for \$305,000 in state special revenue authority. The amendment is requested as a biennial appropriation. The purpose of the amendment is to mitigate environmental damage created by a mining operation in Fergus County. Cyanide has been identified in drinking water so the mitigation effort is essential for the public health of those individuals living in the area of the mine.

DEPT. OF NATURAL RESOURCES AND CONSERVATION

1. DNRC - \$54,507 - This federal 1987 funding provides for indirect costs associated with the BPA grants approved in this bill.

2. Energy Division - \$226,950 - The Energy Division is requesting authority for five separate projects in fiscal year 1987. These projects are:

a) Energy Extension Service BPA - \$108,780 of federal BPA funding is requested to provide for a study and demonstration of innovative financing arrangements for energy efficient remodeling of institutional buildings and the development of additional information on energy conservation practices. This data will be disseminated to 53 communities around the state.

b) Amoco Oil Overcharge - \$10,900 - These federal overcharge funds will be used to purchase energy efficient home design blueprints for loan through the State Library. The funds will also allow for evaluation of housing designs that are not available as blueprints.

c) BPA Technical Assistance - \$54,674 - These BPA funds will be used to conduct irrigation workshops on electrical energy conservation for farmers and ranchers. Conduct training for equipment dealers in the types of irrigation systems that are the most energy efficient. Educate business owners on the importance of energy conservation.

d) BPA state issues forum - \$ 10,000 - These BPA funds will allow for transportation and per diem expenses to enable state agencies to participate in meetings on regional issues, policies, and programs on which BPA and state governments need to consult with each other.

e) BPA Super Good Cents - \$42,569 - This BPA grant provides technical assistance and information to local government, commercial, agricultural and residential consumers of electricity in the BPA service area. This particular program targets builders, architects, designers, real estate appraisers, realtors, code officials and lending institutions.

DEPT. OF AGRICULTURE

1. Chempar Chemical Company - \$1,250 - This fiscal 1986 private grant will be used to study how long it takes ground squirrel carcasses killed by chemicals to degrade.

2. Chempar Chemical Company - \$1,750 - same as number 1 except this amount is for fiscal 1987.

3. Plant Industries Grain Standards - \$33,708 - This fiscal 1986 state special amendment is to allow the grain lab in Great Falls the needed funds to staff up for anticipated increases in workload. Over the past several years this function has cut back due to the decreased demand for grain analysis. Currently, the demand for this analysis has grown substantially.

4. Grain Lab - \$64,682 - same as number 3 except this amount is for fiscal 1987.

MILITARY AFFAIRS

1. Federal Telephone Support - \$93,500 - This federal grant for fiscal 1986 provides reimbursement for telephone services affecting federal Civil Service employees of the National Guard.

2. Design Engineer - \$1,200 - This federal grant for fiscal 1986 provides funding for a design engineer. This person will do specifications and designing for minor repair and maintenance projects and also perform review of preliminary designs of major projects.

3. Military Affairs - \$155,000 - This federal grant will allow for the preplanning for two National Guard Armories to be located at Livingston and Libby. This is not a commitment to build, but will keep the projects alive at the federal level.

DEPT. OF LABOR AND INDUSTRY

1. JPTA Dislocated Farmers - \$ 250,000 - This federal grant provides funding for job training and assistance to agricultural workers, operators, and owners who have lost or will soon be losing their jobs or their farms or ranches. This amendment is requested for both fiscal years 1986 and 1987.

2. JPTA BN Dislocated Workers - \$70,000 - This federal grant for fiscal 1987 will provide funding to help those individuals laid off by Burlington Northern at the Livingston facility. About 200 people will need assistance in finding new work.

3. Labor and Industry - \$73,368 - This federal Job Training Partnership Act amendment provides funding to be used in the counties in Southwestern Montana. The money is the result of supplemental distribution of a national setaside for Concentrated Employment Program areas.

4. Reed Act - Unemployment Insurance - \$100,000 - This federal grant is requested for the biennium and will be used to pay for correction of safety violations and instituting recommendations for improving the safety of the work area for the staff of the Unemployment Insurance Division.

DEPT. OF HEALTH AND ENVIRONMENTAL SCIENCES

1. Air Quality Equipment - \$21,000 - This federal grant for fiscal 1987 provides the Environmental Sciences Division with funding to replace and refurbish ambient air quality monitoring equipment.

2. Health Services and Medical Facilities - There are two federal amendments in this program that total \$83,197 in fiscal year 1987. These amendments are:

- a) \$11,000 - Behavioral Risk Surveillance - This amendment will allow the dept. to develop a standardized, active surveillance system to enable the state to target risk reduction efforts, monitor progress in the effect of these efforts.

b) \$72,197 - AIDS Project - This amendment would allow the Dept. to develop and conduct programs of health education and risk reduction for Acquired Immune Deficiency Syndrome.

DEPT. OF SOCIAL AND REHABILITATION SERVICES

1. Community Services - Aging - \$51,300 - This fiscal 1987 federal grant will provide funding to increase the collaboration between state agencies on aging and private sector in developing new and expanded programs for the elderly.

2. Community Services - Children's Trust Fund - \$60,000 - This fiscal 1987 amendment requests state special fund authority to implement Senate Bill 19 of the 49th Legislature. This bill setup a Children's Trust Fund to help with child abuse and neglect programs.

3. Eligibility Determination - \$202,426 - This federal grant for fiscal year 1987 provides funding to continue a fraud investigation program that was implemented in FY 1986. The program's goal is to increase the information available to eligibility technicians to verify information provided by clients.

4. Vocational Rehabilitation - There are three federal fiscal year 1987 amendments in this program that total \$290,000. These amendments are:

a) JPTA - \$40,000 - These funds are used to provide classroom training to disabled adults. About 10 individuals will be served through this amendment.

b) Special Disabled - \$200,000 - This federal grant continues the independent living program setup in fiscal 1987. This program assists those special disabled in day-to-day living needs.

c) Innovation and Expansion - \$ 50,000 - This federal grant is used for supported work and transition for 10 severely disabled people.

5. Vocational Rehabilitation - \$200,000 - This fiscal 1987 amendment for state special Worker's Compensation funding are to be used specifically for rehabilitation of industrial injured workers.

6. DDPAC - \$99,944 - This fiscal 1987 federal grant provides funding to implement an employment-planning project for persons with developmental disabilities. This project is a demonstration program and is one of only four granted nationwide.

7. Disability Determination - Medical Review - \$462,156 - This federal grant is for fiscal 1987. The proposal helps fund continuing disability reviews and increased reviews required on all psychological cases.

STANDING COMMITTEE REPORT

June 27

19 86

MR. PRESIDENT

We, your committee on **FINANCE AND CLAIMS**

having had under consideration **HOUSE BILL** No. **7**

three reading copy (**blue**)
color

REDUCE S&S APPROP. FOR RESIDENT ALCOHOL ABUSE TREATMENT

Winslow (Christians)

Respectfully report as follows: That **HOUSE BILL** No. **7**

BE CONCURRED IN

SENATOR REGAN

Chairman.

STANDING COMMITTEE REPORT

June 27

19 86

MR. PRESIDENT

We, your committee on FINANCE AND CLAIMS

having had under consideration HOUSE No. 21

third reading copy (blue)
color

APPROPRIATIONS FOR VARIOUS AGENCIES USUALLY MADE BY BUDGET AMENDMENT

Barlanouva (Regan)

Respectfully report as follows: That HOUSE No. 21

BE CONCURRED IN

XXXXXX
DO PASS

XXXXXXXX
DO NOT PASS

SENATOR REGAN

Chairman.

STANDING COMMITTEE REPORT

June 25 1986

MR. PRESIDENT

FINANCE AND CLAIMS

We, your committee on

having had under consideration..... **HOUSE BILL** No. **31**

_____ reading copy (_____)
color

Spaeth

CONTINUE FY 1986 PAY PLAN DURING FY 1987

Respectfully report as follows: That..... **HOUSE BILL** No. **31**,
be amended as follows:

1. Title, line 9
Following: "PROVIDING"
Strike: "AN IMMEDIATE EFFECTIVE DATE"
Insert: "EFFECTIVE DATES, A CONTINGENT TERMINATION DATE,
AND CONTINGENT RETROACTIVE DATES"

2. Page 14, lines 18 through 21.
Following: "SECTION 11." on line 18
Strike: the remainder of lines 18 through 21 in their
entirety
Insert: "Statewide pay schedule for fiscal year 1987. The
statewide classification pay schedule for fiscal year
1987 is as follows:

(continued)

.....
Chairman.

June 25 1986

Annual Hours -- 2080
Pay Matrix -- State

Note: Includes Insurance
Matrix Type -- Annual

GRADE	STEP												
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	9,392	10,099	10,301	10,507	10,717	10,931	11,150	11,373	11,600	11,832	12,069	12,310	12,556
2	9,574	10,517	10,829	11,046	11,267	11,492	11,722	11,956	12,195	12,439	12,688	12,942	13,199
3	10,398	11,121	11,405	11,633	11,866	12,103	12,345	12,592	12,844	13,101	13,363	13,630	13,899
4	10,971	11,797	12,033	12,274	12,519	12,769	13,024	13,284	13,548	13,817	14,091	14,370	14,654
5	11,603	12,476	12,726	12,981	13,241	13,506	13,776	14,052	14,333	14,620	14,912	15,210	15,514
6	12,295	13,220	13,484	13,754	14,029	14,310	14,596	14,888	15,186	15,490	15,800	16,116	16,438
7	13,052	14,045	14,326	14,613	14,905	15,203	15,507	15,817	16,133	16,456	16,785	17,121	17,464
8	13,889	14,934	15,233	15,538	15,849	16,166	16,489	16,819	17,155	17,498	17,848	18,205	18,569
9	14,807	15,922	16,240	16,565	16,896	17,234	17,579	17,931	18,290	18,656	19,029	19,410	19,798
10	15,813	17,003	17,343	17,690	18,044	18,405	18,773	19,148	19,531	19,922	20,320	20,726	21,140
11	16,912	18,185	18,549	18,926	19,308	19,696	20,090	20,490	20,897	21,311	21,732	22,160	22,595
12	18,128	19,493	19,883	20,281	20,687	21,101	21,523	21,953	22,392	22,840	23,297	23,763	24,237
13	19,464	20,929	21,348	21,775	22,211	22,655	23,108	23,570	24,041	24,522	25,012	25,512	26,021
14	21,140	22,731	23,186	23,650	24,123	24,605	25,097	25,599	26,111	26,633	27,166	27,709	28,262
15	22,825	24,508	25,000	25,502	26,014	26,536	27,069	27,612	28,166	28,731	29,308	29,896	30,495
16	24,646	26,416	27,000	27,595	28,199	28,813	29,438	30,073	30,719	31,376	32,045	32,726	33,419
17	26,607	28,477	29,100	29,733	30,376	31,029	31,693	32,368	33,054	33,752	34,462	35,184	35,918
18	28,712	30,682	31,340	32,003	32,671	33,345	34,025	34,711	35,404	36,104	36,811	37,525	38,246
19	31,008	33,078	33,780	34,487	35,199	35,917	36,641	37,371	38,108	38,852	39,603	40,361	41,126
20	33,401	35,571	36,310	37,053	37,801	38,554	39,313	40,078	40,849	41,627	42,412	43,204	44,003
21	37,795	40,065	40,843	41,626	42,414	43,207	44,006	44,811	45,622	46,439	47,263	48,094	48,932
22	41,191	43,561	44,380	45,203	46,031	46,864	47,703	48,548	49,400	50,259	51,125	52,000	52,882
23	44,905	47,365	48,230	49,099	49,973	50,853	51,738	52,629	53,526	54,430	55,341	56,259	57,184
24	48,988	51,538	52,450	53,367	54,289	55,217	56,151	57,091	58,038	58,992	59,953	60,921	61,896
25	53,471	56,111	57,060	58,005	58,956	59,913	60,876	61,845	62,820	63,801	64,789	65,784	66,786

3. Page 15, line 8
 Following: "Effective"
 Strike: "date. This act is"
 Insert: "dates -- contingent termination. (1) Sections 1
 through 10 and 12 through 16 are"

(continued)

June 25

19 86

4. Page 15, line 9

Following: line 8

Insert: *(2) Section 11 is effective July 18, 1986, and applies retroactively within the meaning of 1-2-109, to July 1, 1986, if by that date the department of administration certifies to the governor that at least 95% of the collectively bargained agreements with the state of Montana have not been renegotiated to include the continuation of the fiscal year 1986 state employee compensation plan.

(3) If by July 18, 1986, the department of administration certifies to the governor that at least 95% of the collectively bargained agreements with the state of Montana have not been renegotiated to include the continuation of the fiscal year 1986 state employee compensation plan, sections 1 through 9 and 13 through 15 terminate and such termination applies retroactively within the meaning of 1-2-109, to July 1, 1986.*

**AND AS AMENDED
BE CONCURRED IN**

SENATOR REGAN, Chairman

STANDING COMMITTEE REPORT

June 27

1986

MR. PRESIDENT

We, your committee on FINANCE AND CLAIMS

having had under consideration HOUSE BILL No. 36

third reading copy (blue)
color

ALLOW SALE OF MONTANA YOUTH TREATMENT CENTER TO PRIVATE HEALTH CARE

PROVIDER

Addy (Heating)

Respectfully report as follows: That HOUSE No. 36

BE CONCURRED IN

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SENATOR REGAN

Chairman.