

MEETING MINUTES
HUMAN SERVICES SUBCOMMITTEE
JANUARY 19, 1987

The meeting of the human services subcommittee was called to order by Chairman Cal Winslow at 8:05 a.m. in room 108 of the state Capitol building on January 19, 1987.

ROLL CALL: Rep Mary Ellen Connelly was excused, all other members were present.

SUPPLEMENTALS (11b:170)

Department of Social and Rehabilitation Services (SRS)

Dave Lewis, director of SRS, presented an overview of SRS entitlement programs, including a comparison of FY 80 to FY 86 expenditures, and supplemental requests by line item (exhibit 1). The department is requesting a general fund supplemental for the 1987 biennium of \$14,125,322 for the Economic Assistance (EA) Division and \$1,727,008 for the Community Services (CS) Division for a total of \$15,852,220.

(11b:473) Dave Thorsen, chief of the Management Operation Bureau of EA, explained the formula used to update and project Medicaid expenditures (exhibit 1). Currently the number of eligible recipients has increased 10% in the first five months of FY 87 over FY 86. In FY 86 there were 21,000 Medicaid eligible recipients.

Lee Tickell, administrator of the Economic Assistance Division, presented an overview of the Medicaid Primary Care expenditures (exhibit 2). The number of people eligible (up 10.1%), number of services provided (up 20.4%) and the dollars per service contribute to the shortfall of funds.

Chairman Winslow asked if any of the optional services could be cut following what the courts have been interpreting? Dave Lewis replied that under optional services, the state contributes 1/3 to the funding, and if optional services were cut, those with a serious medical condition would be eligible for state medical which is 100% state funded. The largest optional service is prescriptions; and if this is eliminated, the courts will force the state to provide this under state medical.

(12a:038) In response to a question from Sen Himsl, Mr. Tickell noted that the mandatory services include inpatient hospital, outpatient hospital, and physician services under the Medicaid primary care. Referred to as

optional services are other practitioners, dental, drugs, and an "other" category.

In response to a question from Sen Hims1, the OBPP supplemental request of 12.7 million was compiled in Aug/Sept, and the department figure of 15.8 contains another four (4) months of data.

(12a:114) Norma Harris, administrator of Community Services Division (CS), covered the specifics of the Foster Care supplemental (exhibit 3). Contributing factors include more children in intensive treatment than when the budget was prepared, an increase in placements from the courts, facilities at capacity, and a need for intensive long term care for teens 14 to 18 years of age.

Discussion followed covering the following points: out-of-state treatment, Rivendell facilities in Billings and Butte, possible expansion of the Helena Deaconness Home, and services for severely emotionally disturbed children.

(12a: 335) John Wilkinson, Deaconness Home, spoke briefly about the facility. Cost per placement is \$134 per day, with the state reimbursing \$70 per day, and the balance from private sources. Placements are seriously emotionally disturbed children averaging 11 years of age. There are five (5) to ten (10) referrals for every opening. Expansion of his facility at the current reimbursement rate would put them in a very difficult position. There is currently a cottage vacant that could be expanded to accommodate eight (8) beds.

Continuing discussion followed on the Deaconness home, out-of-state expenses for placement, education of those children in placement, parental contribution and court involvement, capacity of the state facilities, and in-state vs out-of-state expenses.

(12b:000) Jan Shaw, director of Helena Youth Resources, read her written text in support of the SRS foster care supplemental budget (exhibit 4).

Department of Labor (DOL)

(12b:069) Gene Huntington presented a brief overview of the Workers Compensation Supplemental request in the Division of Workers' Compensation and problems leading to the present situation of delays in compensation and medical payments and an unmanageable workload.

(12b:138) Bob Robinson, administrator of Workers' Compensation Division (WCD), further delineated the two (2) major

areas of their request: funds for a Social Security Offset lawsuit decision (\$20,792.42), and authorization for an additional 6.0 FTE (\$336,287). Supporting documentation is exhibit 5.

(12b:397) Also requested is \$6,114 for consultant fees incurred in soliciting a second opinion on the state's unfunded Workers' Compensation liability.

Department of Health and Environmental Science (DHES)

(12b:521) Bill Opitz, deputy director of DHES, presented the request for supplemental funds for the Health Planning Bureau to continue the Certificate of Need program. Legislation mandating certificate of need will sunset June 30th, but the department must continue certificate of need activities until that date. Mr. Opitz stated that due to a lack of federal funding, the program would have to terminate immediately without additional funding. The requested amount is \$35,713. Justification is exhibit 6.

EXECUTIVE ACTION

Department of Health and Environmental Science (DHES)

Division Administration (13a:000)

Personal Services

Sen Manning made a motion to accept 1.75 FTE for 1988 and 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Rep Switzer made a motion to accept the LFA current level of \$65,395 for 1988 and \$65,428 for 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Operating Expenses

Rep Bradley made a motion to accept the executive of \$4,751 for 1988 and \$4,735 for 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Funding

Sen Manning made a motion to accept the executive of \$35,963 for 1988 and \$36,089 for 1989.

Chairman Winslow gave direction to the staff to compile the funding mix figures for the committee.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Nursing

Personal Services

(13a:097) Rep Bradley made a motion to accept 2.0 FTE for 1988 and 1989.

A voice vote was taken and **PASSED**, with Sen Himsl voting no, and Rep Connelly and Sen Harding absent.

Rep Bradley made a motion to accept the LFA current level of \$75,351 for 1988 and \$75,249 for 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Operating Expenses

Rep Switzer made a motion to accept the LFA current level of \$19,206 for 1988 and \$19,343 for 1989.

Rep Bradley made a substitute motion to accept the LFA current level of \$19,206 plus \$268 for travel for 1988, and \$19,343 plus \$268 for travel in 1989.

A voice vote was taken and the motion **PASSED**, with Rep Switzer voting no, Rep Connelly and Sen Harding absent.

Funding

Rep Bradley made a motion to accept the LFA of \$94,557 plus \$120 for travel for 1988 and \$94,592 plus \$120 for travel in 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Family/Maternal and Child Health

Personal Services

Sen Himsl made a motion to accept 22.5 FTE for 1988 and 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Sen Manning made a motion to accept the LFA current level of \$609,454 for 1988 and \$609,640 for 1989 plus \$690 each year for insurance premiums.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Operating Expenses

Child Nutrition

Rep Bradley made a motion to accept the executive which includes \$3,414 for FY 88 and \$3,442 for FY 89 for consultant fees, and \$3,757 in FY 88 and \$1,888 for FY 89 for out-of-state travel.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Women, Infants and Children (WIC)

Rep Bradley made a motion to accept the executive which includes \$611 in maintenance contracts.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Family Planning

(13a:311) Rep Bradley made a motion to accept the executive, which includes \$3,307 for clinic and seminar expenses and \$1,000 for computer maintenance.

A voice vote was taken and PASSED, with Rep Switzer voting no and Rep Connelly and Sen Harding absent.

Handicapped Children's Services

Sen Manning made a motion to accept the executive \$893,017 for 1988 and \$891,297 in 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Administration

Rep Bradley made a motion to accept the executive for 1988 and 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Operating Expenses

Sen Manning made a motion to accept the executive of \$1,138,906 for 1988 and \$1,121,216 for 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Equipment

Family Planning

Rep Switzer made a motion to accept the LFA which includes \$6,300 for a computer and software and \$500 for films in FY 88 and \$500 for films in FY 89.

Rep Bradley made a substitute motion to accept the executive which includes \$11,710 for three computers and software and \$500 for films in FY 89.

A voice vote was taken and PASSED, with Rep Winslow and Rep Switzer voting no, and Sen Harding and Rep Connelly absent.

Equipment

Sen Manning made a motion to accept the LFA current level of \$7,601 for FY 1988 and \$1,301 for FY 1989 adjusted up for the three (3) computers for Family Planning.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Grants

Sen Manning moved to accept the executive of \$5,174,592 in 1988 and \$5,185,822 in 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Benefits

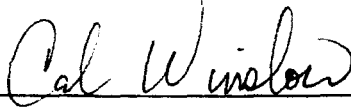
Rep Bradley made a motion to accept the executive of \$4,799,325 for 1988 and \$4,991,298 for 1989.

A voice vote was taken and the motion **PASSED** unanimously, with Rep Connelly and Sen Harding absent.

Funding

(13a:664) Taryn Purdy and Lois Steinbeck will bring information back to the committee on January 20 to clarify the funding levels.

The meeting adjourned at 11:00 a.m. (13b:046)



Cal Winslow, Chairman

cw/gmc/1.19

HUMAN SERVICES SUB COMMITTEE

Date

Jan 19, 1987

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**SRS Expenditures
(Excluding Community Services)**

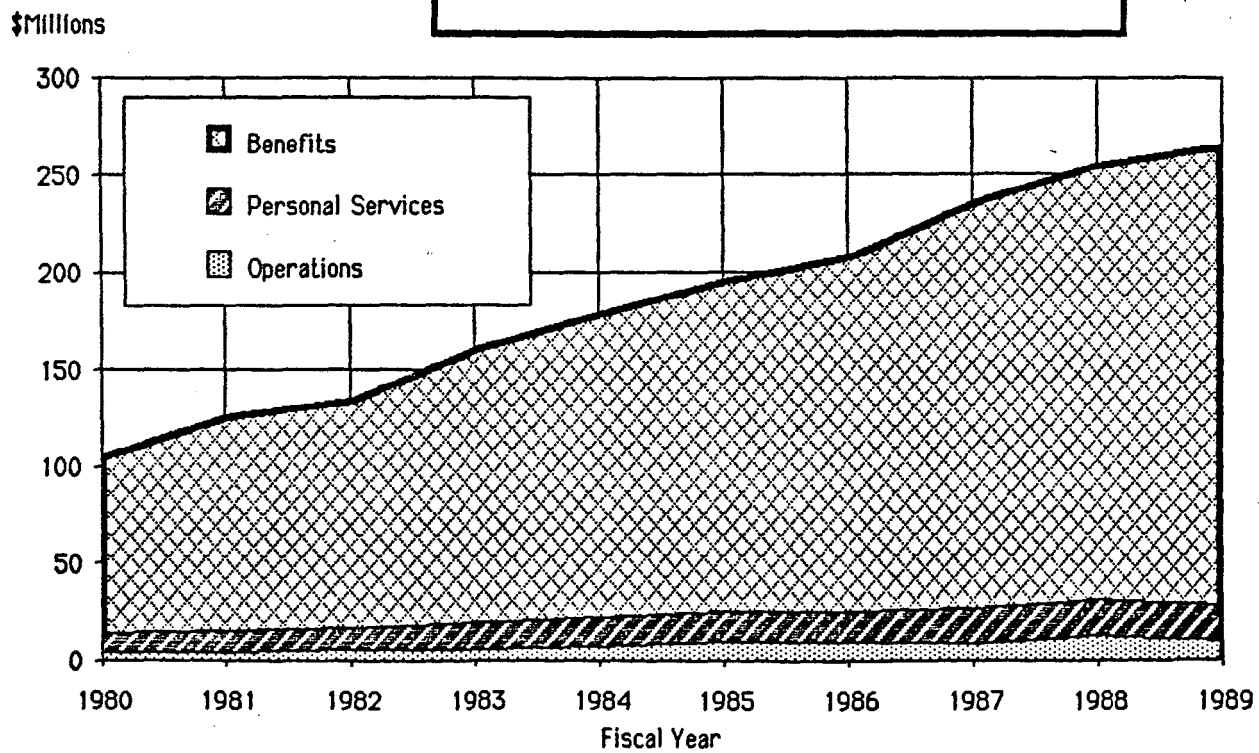


EXHIBIT 1DATE 1/19/87

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Department of Social and Rehabilitation Services
Comparison of Fiscal Year 1980 Expenditures
To Fiscal Year 1986 Expenditures
(Excludes Community Services Division)

<u>By Category of Expenditures</u>	<u>FY80</u>	<u>FY86</u>	<u>Increase</u>
Personal Services	\$ 9,123,805	\$ 16,206,918	\$ 7,083,113
Operations and Equipment	4,666,906	9,347,155	4,680,249
Benefits and Claims	92,347,543	183,588,811	91,241,268
TOTAL	\$106,138,254	\$209,142,884	\$103,004,630

<u>By Type of Fund</u>			
General Fund	\$ 35,796,345	\$ 59,195,856	\$ 23,399,511
Federal Funds	66,563,995	139,395,434	72,831,439
Other funds	3,777,914	10,551,594	6,773,680
TOTAL	\$106,138,254	\$209,142,884	\$103,004,630

<u>Major Benefit and Claim Increases</u>			
Medicaid	\$ 63,747,498	\$109,000,172	\$ 45,252,674
AFDC	17,023,083	33,786,382	16,763,299
Low Income Energy Assistance	0	9,728,665	9,728,665
Developmental Disabilities	7,572,499	15,737,383	8,164,884
State General Assistance	0	4,586,618	4,586,618
State Medical	0	2,556,945	2,556,945
Rehabilitative Services	2,969,032	3,805,198	836,166
All Other	1,035,431	4,387,448	3,352,017
TOTAL	\$ 92,347,543	\$183,588,811	\$ 91,241,268

<u>Other Comparisons</u>			
AFDC Caseload - Families	6,479	8,675	34%
Medicaid Recipients Per Month	16,999	21,405	26%
Food Stamp Households	14,600	21,537	48%
Full Time Equivalent Employees	675.91	736.60	9%

MB/013

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

87_SUPP1

SUPPLEMENTAL REQUESTS

01/17/87

EXHIBIT

DATE

HB

1-19-82

	Available Funds		Projected Need		Supplemental Required	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Economic Assistance Division:						
1. Aid to Families with Dependent Children (AFDC)						
2. Day Care	\$28,661,078	\$9,071,812	\$37,150,944	\$11,449,921	\$8,489,866	\$2,378,109
3. General Assistance	\$481,425	\$156,856	\$624,191	\$204,859	\$142,766	\$48,203
4. Non-Resident General Assistance:	\$4,795,838	\$4,795,838	\$6,200,844	\$6,200,844	\$1,405,006	\$1,405,006
FY87 Costs	\$30,000	\$30,000	\$110,000	\$110,000	\$80,000	\$80,000
FY86 Obligations	N/A	N/A	\$70,000	\$70,000	\$70,000	\$70,000
Total Non-Resident General Assistance	\$30,000	\$30,000	\$180,000	\$180,000	\$150,000	\$150,000
5. State Medical Claims Processing						
6. Medicaid - Primary Care:	\$1,237,200	\$875,818	\$1,277,200	\$935,818	\$40,000	\$60,000
FY87 Costs	\$51,584,022	\$9,557,182	\$69,277,720	\$15,343,727	\$17,693,698	\$5,786,545
FY86 Obligations	N/A	N/A	\$3,049,987	\$1,238,608	\$3,049,987	\$1,258,608
Total Medicaid Primary Care	\$51,584,022	\$9,557,182	\$72,327,707	\$16,602,335	\$20,743,685	\$7,045,153
7. Medicaid - Rivendell facility	\$0	\$0	\$1,500,000	\$488,400	\$1,500,000	\$488,400
8. Medicaid - Rivendell screening	\$0	\$0	\$10,000	\$2,500	\$10,000	\$2,500
9. State Medical:						
FY87 Costs	\$3,026,214	\$3,026,214	\$5,065,707	\$5,065,707	\$2,039,493	\$2,039,493
FY86 Obligations	N/A	N/A	\$508,458	\$508,458	\$508,458	\$508,458
Total State Medical	\$3,026,214	\$3,026,214	\$5,574,165	\$5,574,165	\$2,547,951	\$2,547,951
Total Economic Assistance	\$89,815,777	\$27,513,520	\$124,845,051	\$41,638,842	\$35,029,274	\$14,125,322
Community Services Division:						
1. Foster Care	\$5,709,933	\$3,123,081	\$7,707,396	\$4,850,089	\$1,997,463	\$1,727,008
Total Community Services	\$5,709,933	\$3,123,081	\$7,707,396	\$4,850,089	\$1,997,463	\$1,727,008
Grand Totals	\$95,525,710	\$30,636,601	\$132,552,447	\$46,488,931	\$37,026,737	\$15,852,330

Consolidated Budget

State Legislature

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
ECONOMIC ASSISTANCE DIVISION
MEDICAID PRIMARY CARE

87_SUPP1

01/17/87

SUPPLEMENTAL

	General Fund	County Funds	Federal Funds	Total
Fiscal Year 1986:				
FY86 Projected Cost	\$11,647,300	\$7,111,347	\$37,070,660	\$55,829,307
FY86 Appropriation	\$10,388,692	\$7,111,347	\$35,279,281	\$52,779,320
Supplemental Needed	\$1,258,608	\$0	\$1,791,379	\$3,049,987
Fiscal Year 1987:				
FY87 Projected Cost	\$15,343,727	\$7,393,221	\$46,540,772	\$69,277,720
FY87 Appropriation	\$9,557,182	\$7,393,221	\$34,633,619	\$51,584,022
Supplemental Needed	\$5,786,545	\$0	\$11,907,153	\$17,693,698
Grand Total - Supplemental	\$7,045,153	\$0	\$13,698,532	\$20,743,685

Note: The supplemental request for FY87 does not include the \$1.5 requested for the Rivendell facility in Billings (formerly the Montana Youth Treatment Center).

The county funds represent the proceeds of the 12 mills from the State Administered counties.

Federal funds are computed at 67.18%.

EXHIBIT

DATE

1-19-87

FILE

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
ECONOMIC ASSISTANCE DIVISION
STATE MEDICAL EXPENDITURES
FY86

STMED_DT

01/17/87

Type of Service	FY86 Expenditures as of 12/85	Per Cent Complete	FY86 Expenditures as of 12/86	Per Cent Complete	Projected FY86
Primary Care:					
Inpatient	\$430,661	22.63%	\$1,845,968	97.00%	\$1,903,060
Outpatient	\$69,734	23.96%	\$282,299	97.00%	\$291,030
Physicians	\$133,674	21.93%	\$591,354	97.00%	\$609,643
Other Pract.	\$5,866	16.93%	\$33,615	97.00%	\$34,655
Drugs	\$59,827	29.79%	\$194,775	97.00%	\$200,799
Dental	\$32,384	24.34%	\$129,051	97.00%	\$133,042
Other	\$18,854	20.11%	\$90,944	97.00%	\$93,757
Grand Total	\$751,000	22.99%	\$3,168,006	97.00%	\$3,265,986

FY86 costs are estimated at \$3,265,986 less an estimated \$200,000 of expenditures to be moved from State Medical to Medicaid due to retroactive eligibility for a net amount of \$3,065,986.

EXHIBIT 1
DATE 1-19-87
HR

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
ECONOMIC ASSISTANCE DIVISION
COMPARISON OF STATE MEDICAL EXPENDITURES
FY86 ACTUAL & FY87 PROJECTED

STMED_DT

01/17/87

Type of Service	FY86 Expenditures as of 12/85	FY86 Projected Thru 12/87	% Complete Thru 6/86	FY87 Expenditures as of 12/86	FY87 Projected
Primary Care:					
Inpatient	\$430,661	\$1,903,060	22.63%	\$765,100	\$3,380,922
Outpatient	\$69,734	\$291,030	23.96%	\$87,793	\$366,398
Physicians	\$133,674	\$609,643	21.93%	\$170,185	\$776,158
Other Pract.	\$5,866	\$34,655	16.93%	\$15,496	\$91,546
Drugs	\$59,827	\$200,799	29.79%	\$82,101	\$275,558
Dental	\$32,384	\$133,042	24.34%	\$58,739	\$241,316
Other	\$18,854	\$93,757	20.11%	\$26,056	\$129,571
Grand Total	\$751,000	\$3,265,986	22.99%	\$1,205,470	\$5,261,467

FY87 Projected Costs
Add: Infirmary Determinations \$5,261,467
Less: State Medical to Medicaid \$104,240
(\$300,000)
Total FY87 State Medical Costs \$5,065,707

SUPPLEMENTAL ESTIMATE

	Appropriation	Projected Cost	Supplemental Needed
Fiscal Year 1986:	\$2,557,528	\$3,065,986	\$508,458
Fiscal Year 1987:	\$3,026,214	\$5,065,707	\$2,039,493
Total	\$5,583,742	\$8,131,693	\$2,547,951

EXHIBIT
DATE 1-19-87
HD

Economic Assistance Division
Medicaid Primary Care
Comparison of Historical Data

01/17/87

	Expenditures Thru 1st Six Months	Expenditures 1 Year After FYE	% Complete Thru 1st Six Months
FY83	\$10,280,086	\$40,219,020	25.56%
FY84	\$10,869,791	\$43,255,700	25.13%
FY85	\$13,158,701	\$45,951,409	28.64%
FY86	\$14,481,923	\$57,029,307	25.39%
FY86 Adjusted	\$15,000,000	\$57,029,307	26.30%
FY87	\$18,163,563		

	% Complete Thru 1st Six Months	FY87 Expenditures Thru 12/86	FY87 Projected Expenditures
FY83	25.56%	\$18,161,563	\$71,054,628
FY84	25.13%	\$18,161,563	\$72,270,446
FY85	28.64%	\$18,161,563	\$63,413,279
FY86	25.39%	\$18,161,563	\$71,530,378
FY86 Adjusted	26.30%	\$18,161,563	\$69,055,373
Average of FY83 & FY84	25.35%	\$18,161,563	\$71,643,247
Average of FY84 & FY85	26.89%	\$18,161,563	\$67,540,212
Average of FY85 & FY86	27.02%	\$18,161,563	\$67,215,259
Average of FY83, FY84, FY85	26.44%	\$18,161,563	\$68,689,724
Average of FY84, FY85, FY86	26.39%	\$18,161,563	\$68,819,867
Average of FY83, FY84, FY85, FY86	26.18%	\$18,161,563	\$69,371,898
Average of FY83, FY84, FY86	25.36%	\$18,161,563	\$71,614,996
Average of FY83, FY84, FY86 Adjusted	25.66%	\$18,161,563	\$70,777,720

FY87 expenditures will be estimated at \$70,777,720 less refunds of \$1,500,000 for a net estimate of \$69,277,720.

EXHIBIT 1
DATE 1-19-87
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
ECONOMIC ASSISTANCE DIVISION
MEDICAID PRIMARY CARE

Primary Care (formerly called Medicaid Other) consists of seven major categories of service. These categories of service include:

1. Inpatient Hospital - This category includes all services rendered in a hospital setting including the room and board, use of hospital services (i.e., operating room and delivery room charges and the like), medication and supplies.
2. Outpatient Hospital - This category includes all services rendered by a hospital to persons not requiring an overnight stay at a hospital. Typical services would include such things as minor surgery, emergency room services and other specialized services.
3. Physicians Services - This category includes services rendered by a physician in either an office setting or a medical facility setting.
4. Other Practitioners - This category includes services rendered by podiatrists, physical therapists, speech pathologists, audiologists, optometrists and other specialized practitioners.
5. Dental - This category includes all services related to dental care, i.e., fillings, tooth extraction, oral surgery.
6. Drugs - This category includes reimbursements to pharmacists for medications and supplies.
7. Other - This category includes a wide variety of medical services not covered in the above six categories and includes hearing aids, personal care, home dialysis, durable medical equipment, eyeglasses, transportation, habilitation and others.

* Primary Care expenditures for FY86 are expected to be about \$57 million or approximately 51% of total Medicaid expenditures. Expenditures made through December 1986 for dates of service July 1, 1985 through June 30, 1986 amounted to \$55,659,636 and are broken down as follows:

Inpatient	\$23,200,342	41.7%
Outpatient	3,509,617	6.3%
Physicians	9,242,654	16.6%
Other Practitioners	2,060,246	3.7%
Dental	3,326,153	6.0%
Drugs	6,626,483	11.9%
Other	7,694,141	13.8%
Total	<u>\$55,659,636</u>	<u>100.0 %</u>

* Figures are approximate.

It is currently estimated that slightly less than 98% of the claims with dates of service in FY86 have been paid.

FY 1987 FOSTER CARE
SUPPLEMENTAL FUNDING REQUIRED
REVISED 12/30/86

PAGE 1
EXHIBIT 3
DATE 1-19-87
HB _____

	<u>General Fund</u>	<u>Federal Funds</u>	<u>County Funds</u>	<u>Total</u>
Original FY 1987 Authority				
Foster Care	3,395,919	1,646,215	814,644	5,856,778
Support Services	<u>86,651</u>	<u>137,621</u>	<u>30,583</u>	<u>254,855</u>
	3,482,570	1,783,836	845,227	6,111,633
Transfer to Cover FY 1986 Foster Care Deficit	<427,817>	<141,413>	<40,470>	<609,700>
Sub Total	3,054,753	1,642,423	804,757	5,501,933
Transfer to Foster Care from Medicaid - FY 1986	<u>68,328</u>	<u>139,672</u>		<u>208,000</u>
Total Available - Current 87 Authority	3,123,081	1,782,095	804,757	5,709,933
FY 1987 Foster Care Projection of 11/30/86	5,123,729	1,704,673	1,262,122	8,090,524
Less Credits FY87 Projected	<273,640>	<30,500>	<78,988>	<383,128>
Total Authority Required - FY87	4,850,089	1,674,173	1,183,134	7,707,396
Projected FY87 deficit	<1,727,008>	107,922	<378,377>	<1,997,463>

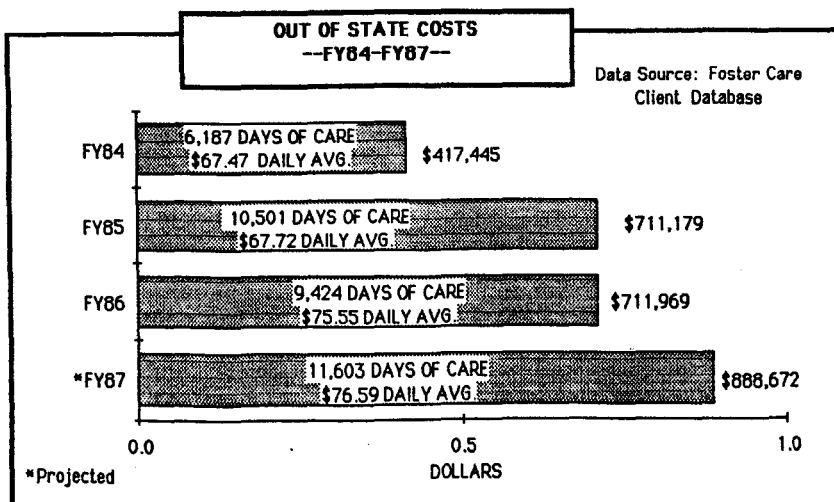
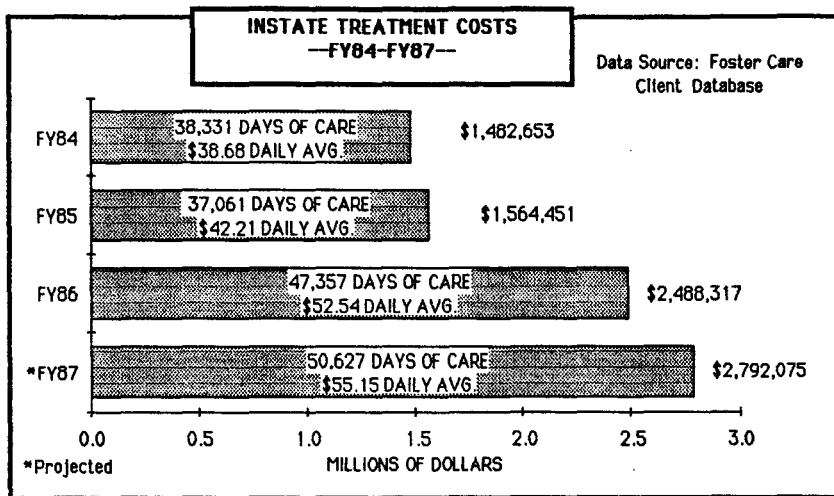
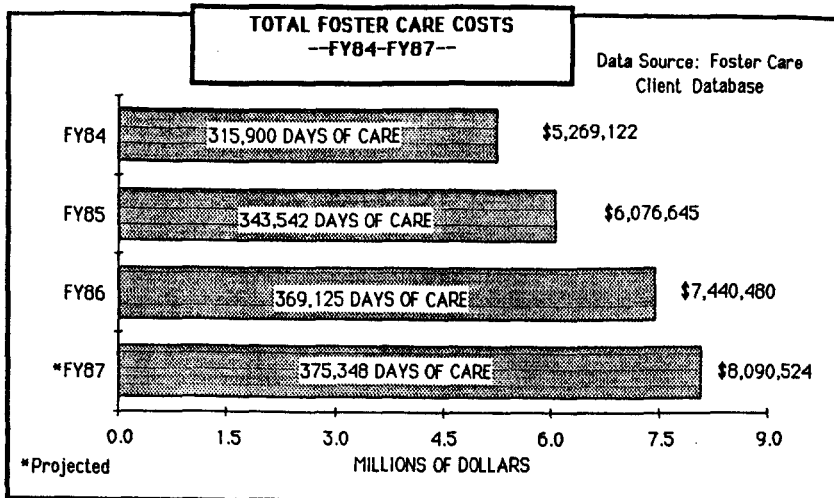
FOSTER CARE SUMMARY BY SERVICE
FY 1984, FY 1987 Comparison
% INCREASE BY SERVICE

	<u>84 Dollars</u>	<u>87¹ Dollars</u>	<u>Total Dollar Inc. 84 to 87</u>	<u>% Increase of total</u>
Foster Family Homes	2,184,326	2,692,673	508,347	18.0%
Supplemental Services	18,700	164,922	146,222	5.2%
Shelter Care	368,316	572,492	204,176	7.2%
Group Homes	777,101	908,556	131,455	4.7%
Out-of-State Grp. Homes	20,581	71,134	50,553	1.8%
In-State Treatment	1,482,653	2,792,075	1,309,422	46.4%
Out-of-State Treatment	<u>417,445</u>	<u>888,672</u>	<u>471,227</u>	<u>16.7%</u>
TOTAL	5,269,122	8,090,524	2,821,402	100.0%

¹ Projected FY87 expenditures

D/38

12/30/86



IN-STATE/OUT-OF-STATE PLACEMENTS FOR TREATMENT
---- 7/1/86 - 12/31/86 ----

Since the beginning of July of 1986, 44 children have been placed in treatment programs within the state and 18 children have been placed out-of-state.

Of the 38 children currently placed out-of-state, 19 were there prior to July 1, 1986.

Following is a brief summary of the rationale for the 18 new out-of-state placements made since July 1, 1986:

- 3 placements were considered to be appropriate for the Deaconess Home, but it had no openings at the time.
- 4 placements were considered to be appropriate for YBGR, but it had no openings at the time.
- 11 placements were for severely emotionally disturbed and/or delinquent youth for which there were no appropriate Montana facilities.

Of the 18 new out-of-state placements since July 1, 1986, 12 were court-ordered. In all 18 cases, existing Montana resources were exhausted prior to placement.

Community Services Division
Social & Rehabilitation Services
1/15/1987

Helena Achievement Place, Inc.

Youth Homes

Box 266

Helena, MT 59620

Ewing Place
443-2145

Last Chance Youth Home
442-9127

Achievement Place
443-4386

Central Office
449-3038

DATE: January 17, 1987

TO: Members of the Legislative
Appropriations sub committee

FROM: Jan Shaw, Director

RE: SRS Foster Care Supplemental Budget

The Helena Youth Resources, Inc. is a non-profit corporation comprised of four distinct programs established for troubled teens.

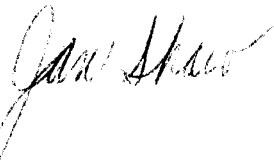
The 3 group homes serve approximately 200 kids per year. These youth are classified as youth in need of supervision or youth in need of care. The youth may be emotionally disturbed, neglected and/or delinquent. Approximately 90% of those placed have been sexually abused. And, some of these are also sexual offenders.

The bulk of our funds are derived from SRS per diem rates on a contract basis. During FY 87 we were allotted 6453 units of service. To date we have served a total of 3580 days of care for kids at a total dollar amount of \$113,372.

It is absolutely critical that the SRS supplemental for foster care be approved in order for all child care providers to continue treating youth in crisis. These kids can not return home and can not be put out on the streets.

Thank you for your concern and support for Montana's future generation.

Sincerely.



1.15.87

EXHIBIT 5
DATE 1.19.87
REQUEST HE

BACKGROUND FOR WORKERS' COMPENSATION SUPPLEMENTAL REQUEST
Fiscal Year 1987

General Fund

The Supreme Court of Montana decided Young Motor Company v. Division of Workers' Compensation December 5, 1985. This case followed Campbell v. Young Motor and Federated Insurance decided in 1984. In Campbell, the Court found Federated Mutual liable for benefits to the widow for Raymond Campbell who had committed suicide in 1979 after a work-related injury in 1974. After Campbell, Federated Mutual advised the Division it was liable to Campbell's beneficiaries. The Supreme Court, in Young, affirmed the Workers' Compensation Court holding the Division was obligated to indemnify Federated Mutual for benefits due the beneficiaries based on the 1974 repeal of the 1973 100% social security offset. For the purpose of determining the eligibility of beneficiaries to benefits, the Supreme Court held the date of injury of the worker, not the date of death, determines the date of entitlement of the beneficiaries.

As a result of the decision, the Division owed Federated Mutual Insurance Company \$57,104.85 for overpayment of benefits which would have been offset by social security payments. At the end of Fiscal Year 1986, the Division paid Federated Mutual \$19,502.43, leaving a balance owed of \$37,602.42. It appears that the Division will be able to pay approximately \$16,900 from the Fiscal Year 1987 Social Security Offset appropriation. \$20,702.42 is still owing. This must be paid through a supplemental appropriation.

State Special Revenue Fund

The State Insurance Fund experienced serious backlogs in workload during Fiscal Year 1986. An independent Task Force, composed of representatives of the Department of Labor & Industry, the Division of Workers' Compensation, and the Office of Budget & Program Planning, studied the problem and recommended additional staff be added on a permanent basis, as well as recognized that temporary staff must be hired to deal with the backlogs. Additional FTE's to deal with the backlogs were authorized through a transfer from the Department of Labor & Industry, and the costs of the additional positions were absorbed by a reduction in operating costs in FY 1986. Following is a discussion of the positions that were continued into Fiscal Year 1987:

Claims Examiners, Positions 1112 and 1113

Several workload indicators justify additional claim examiners positions over and above what is being requested. We are relying on the implementation of a new computer system (scheduled for implementation by the end of fiscal year 1987) and statutory changes to assist our claims management functions and reduce the need to employ additional claims examiners over and above what is being requested.

The open claim file, active claims where compensation and medical benefits are continuing to be paid, has increased dramatically over the past several years. The open claim file on June 30, 1984, was 4,845, or

approximately 403 claims per examiner. On June 30, 1985, we had 6,862 open claims, or 490 per examiner. On June 30, 1986, we were at 8,658 open claims, or 541 claims per examiner. Presently the SCIF is attempting to manage 8,639 open claims. Other State Funds and insurance companies attempt to maintain an open claim file which provides for about 300 to 350 per examiner.

Supplemental workload indicators further substantiate the fact that claims remain open longer, and this increases the need for additional claims examiners. For example, while the total number of claims has remained fairly static, the total amount of temporary total payments increased from \$12,052,288.50 in fiscal year 1984 to \$21,670,735.58 in fiscal year 1986, or an 80% increase. Only a minor portion of this can be attributed to the increase in the wage level. In addition, during fiscal year 1986, the SCIF averaged about 185/235 compensation checks per work day and is presently averaging about 392 checks per work day, all of which represents an increased workload not only on the claims examiners, but for the file and medical pay units' staff.

Another indicator is the increasing number of employers enrolled in the SCIF. As of June 30, 1984, SCIF insured 23,610 employers. As of June 30, 1986, SCIF insured 25,665 employers, or a 9% increase. This increased share of the market also means an increased share of the claims.

Administrative Aide, Position #1107

This position was added during the biennium to assist the two units responsible for initially reviewing claims in order to process the first compensation check to the injured worker. We have reorganized the units, streamlined the procedures and assigned specific duties. This effort, along with the addition of the position, is starting to show an improvement in our initial claims processing as shown below.

In order to pay the first compensation check, the unit must obtain reports from the employee, employer and doctor. These reports are reviewed to determine compensability of the claim. Generally, the claim cannot be paid until all the reports are received. The following schedule shows a quarterly analysis of the percentage of claims paid within 28 days after all the reports and information were received:

<u>Quarter Ending</u>	<u>Percentage</u>
9/30/84	80%
12/31/84	74%
3/31/85	88%
6/30/85	87%
9/30/85	76%
12/31/85	57%
3/31/86	56%
6/30/86	58%
9/30/86	73%
12/31/86	68%

As shown above, because of the internal changes and this new position, we processed 68% of the claims within 28 days. This improvement must continue in order to serve the injured worker, reduce attorney involvement, and eliminate unnecessary phone calls and inquiries which merely add to the workload.

Medical Payments and File Room, Positions 194, 195, 1101, 1102, 1103, 1104, 1105, 1106, 1109, 1110, 1111, 1114, 1115, 1116

Similar to the Claims Section, these two units have been impacted by a remarkable growth in workload discussed above. The delivery of medical benefits deteriorated to a point last winter when payments to providers averaged between 90 and 120 days. Additional staff including several temporary positions were added starting in February, 1986. The delivery lag has been reduced to 54 days as of December, 1986. Further improvements are expected with the implementation of an automated medical audit system by April, 1987. Medical benefits paid by the State Fund increased from \$14,085,173 in June, 1985, to \$20,472,176 in June, 1986, a 45% increase.

The backlog in the medical payments area increased the workload in the file unit as well. Accident files must be retrieved each time a medical document needs to be filed, and the files must be delivered to the claims examiners for review and the medical unit for payment.

We anticipate that six of these positions will be converted later in the fiscal year to field representatives concentrating on early contact with claimants, which is discussed later in this justification.

Reserving Unit, Position #1108

The reserve analyst is responsible for setting reserves on all open cases and reviewing all reserved cases every six months. This unit also is responsible for all fixed liability cases (Fatalities and Permanent Totals) for the purpose of paying compensation. The workload indicators described for the claims examiners directly affect this unit. One analyst assistant was added to this unit to maintain present accuracy levels on reserves. The implementation of the compensation check writing function in the new computer system in June of 1987 will enable this unit to adhere to recommendations on reserving made by our actuarial consultants.

Early Field Contact, Positions 1101, 1109, 1110, 1111, 1114, 1116

These positions were originally added to deal with the backlogs in the medical payments and file room units. When the backlogs have been dealt with and processing of documents is being accomplished within an acceptable timeframe, the positions will be converted into field positions.

The six field representatives will provide the first contact with injured employees and investigate claims. The representatives will

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explain benefits the injured employee may expect under the Workers' Compensation Act. It is expected that this new unit will be a key element in reducing claim costs over the long term. The field representatives are expected to begin approximately February 1, 1987.

Management Analyst, Position 10001

Both State Fund and Task Force staff identified many projects for which the services of a Management Analyst are required, as follows: 1) implementation of claims computer system; 2) development of automated lists of handwritten miscellaneous files; 3) rehabilitation costs tracking procedures; 4) management data systems and reports; 5) attorney fee statistics; 6) development of a claims policy and procedures manual; 7) bad debt collection procedures; 8) development of file room priorities and subsequent review; 9) development of a receptionist procedures manual; 10) follow-up staff training in procedures and systems utilization; 11) bureau policy and procedures manuals. The Management Analyst already on staff was committed to many other projects to support the Administration, Insurance Compliance, and Safety Programs, making it necessary to add a Management Analyst to complete the State Fund projects.

Following are the FTE authorizations requested in this supplemental for Fiscal Year 1987:

<u>Position #</u>	<u>FTE Required</u>	<u>Already Transferred from Labor</u>	<u>Legislative Authorization Needed</u>
194	1.0	1.0	-0-
195	1.0	1.0	-0-
1101	1.0	.5	.5
1102	1.0	1.0	-0-
1103	1.0	.8	.2
1104	1.0	.65	.35
1105	1.0	.65	.35
1106	1.0	.65	.35
1107	1.0	.65	.35
1108	1.0	.65	.35
1109	1.0	.5	.5
1110	1.0	.5	.5
1111	1.0	.65	.35
1112	1.0	.65	.35
1113	1.0	.65	.35
1114	1.0	.5	.5
1115	1.0	.5	.5
1116	1.0	.5	.5
10001	1.0	1.0	-0-
	19.0	13.0	6.0

EXHIBIT

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DIVISION OF WORKERS' COMPENSATION

COMPARISON OF ADMINISTRATIVE COSTS TO BENEFITS PAID
AND ADMINISTRATIVE COSTS TO PREMIUM EARNED

FISCAL YEAR	ADMINISTRATIVE COSTS	BENEFITS PAID	% OF BENEFITS	PREMIUM	% OF PREMIUM
1982	\$4,452,054	\$27,432,979	16.2%	\$33,130,446	13.4%
1983	4,043,169	32,130,184	12.6%	32,689,000	12.4%
1984	4,620,868	37,894,439	12.2%	37,032,670	12.5%
1985	4,656,558	52,119,729	8.9%	49,292,000	9.4%
1986	5,695,000	64,339,099	8.9%	50,861,306	11.2%

EXHIBIT

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NO

DIVISION OF WORKERS' COMPENSATION

COMPARISON OF ADMINISTRATIVE COSTS AND FTE'S
TO EARNED PREMIUM

STATE	ADMINISTRATIVE COSTS	PREMIUM EARNED	%	FTE'S	FTE'S PER \$1M EARNED PREMIUM
ARIZONA	\$15,368,000	\$104,365,000	14.7%	567	5.4
IDAHO	1,609,000	19,581,000	8.2%	53	2.7
MONTANA	5,122,000	49,292,000	10.4%	122	2.5
NEVADA	18,724,000	137,801,000	13.6%	602	4.4
NORTH DAKOTA	2,559,000	23,698,000	10.8%	63	2.7
OKLAHOMA	10,000,000	45,000,000	22.2%	165	3.7
OREGON	24,109,000	143,651,000	16.8%	922	6.4
UTAH	3,129,000	38,005,000	8.2%	92	2.4

EXHIBIT

DATE

NO

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DIVISION OF WORKERS' COMPENSATION
1987 SUPPLEMENTAL REQUEST
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POSITION #	PRESENT EMPLOYEE	PRESENT CLASSIFICATION	PRESENT GRADE	PROPOSED CLASSIFICATION	PROPOSED GRADE	ACTUAL		CURRENT		CURRENT		PROPOSED		PROPOSED		TOTAL		TOTAL	
						9/12/86	GRADE	GRADE	GRADE	GRADE	GRADE	GRADE	GRADE	GRADE	GRADE	SALARY EMPLOYEE	COST	FY '87	COST
10001	Taffs	Management Analyst	14			\$3,752	400	\$8,694	\$3,478			\$7,230	\$1,591	\$8,820					
							1,256	9,399	11,805							11,805	2,597	14,402	
194	Olson	Med Pay Encoder	6			2,038	240	5,248	1,260			3,298	725	4,023					
							1,416	5,692	8,060			8,060	1,773	9,833					
195	Hohn	Med Pay Auditor	9			3,016	960	6,991	6,711			9,727	2,140	11,867					
							696	7,144	4,972			4,972	1,094	6,066					
1101	Johnson	Med Pay Encoder	6 Early Field Contact			2,264	160	5,248	840			8,052	6,893	9,996	2,199	12,195			
							640	5,692	3,643					3,643	801	4,444			
1102	Warren	File Clerk	6			2,335	1,656	5,692	9,426			11,761	2,587	14,348					
1103	Ringle	File Clerk	6			2,335	1,656	5,692	9,426			11,761	2,587	14,348					
1104	Cook	File Room Leadworker	7			2,498	1,656	6,089	10,083			12,581	2,768	15,349					
1105	Jerrel	Med Pay Auditor	9			3,041	1,656	7,144	11,830			14,871	3,272	18,143					
1106	Williams	Med Pay Auditor	9			3,082	960	7,144	6,838			9,940	2,187	12,127					
							696	7,300	5,081			5,081	1,118	6,199					
1107	Harrington	Word Processor	9			3,082	960	7,144	6,858			9,940	2,187	12,127					
							696	7,300	5,081			5,081	1,118	6,199					
1108	Graber	Reserve Analyst Asst.	7			2,400	240	5,616	1,348			3,748	825	4,572					
							1,416	6,089	8,622					8,622	1,897	10,519			
1109	Casbell	File Clerk	6 Early Field Contact			1,897	160	5,248	840			1,040	8,052	8,374	11,111	2,444	13,555		
												456	8,708	3,971	3,971	374	4,844		
1110	Swenson	File Clerk	6 Early Field Contact			1,954	160	5,248	840			8,052	6,893	9,686	2,131	11,817			
							640	5,692	3,643					3,643	801	4,444			
1111	O'Leary	Med Pay Encoder	6 Early Field Contact			2,314	800	5,692	4,554			8,052	6,893	13,760	3,027	16,787			
1112	Vidrine	Claims Examiner	12			3,758	1,440	8,708	12,540			16,298	3,585	19,883					
							216	8,896	1,922			1,922	423	2,344					
1113	Anderson	Claims Examiner	12			3,758	320	8,708	2,787			6,545	1,440	7,984					
							1,336	8,896	11,885			11,885	2,615	14,500					
1114	Casbell	Med Pay Encoder	6 Early Field Contact			1,634	800	5,248	4,198			8,052	6,893	12,725	2,799	15,524			

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[illegible]



STATE OF MONTANA
OFFICE OF BUDGET AND PROGRAM PLANNING
OPERATIONAL PLAN/BUDGET
AMENDMENT

EXHIBIT
EXPLANATION/JUSTIFICATION
(SEE REVERSE FOR INSTRUCTIONS)

Agency
Request No.

87-41

Page

2

2

AGENCY

CODE

5301

NAME

HEALTH AND ENVIRONMENTAL SCIENCES

THE INFORMATION FOLLOWING IS TO SUPPORT THE ATTACHED OPERATIONAL PLAN/BUDGET AMENDMENT REQUEST

JUSTIFICATION

On July 25, 1986, the Federal Department of Health and Human Services (HHS) informed the state of Montana that there would be no further Federal Financial Participation (FFP) for the state Health Planning and Development Program beyond September 30, 1986. HHS did allow the state to use any unspent FY86 funds (\$16,367) and awarded \$56,846 for the period July 1, 1986 to September 30, 1986 for a total FFP of \$73,213 in SFY 1987. House Bill 30 authorized \$119,163 of General Fund for Health Planning, making a total of \$192,376 available for program expenditures in SFY 1987. The program was initially authorized \$339,351 (\$125,435 General Fund, \$213,916 Federal Special Revenue) by HB500 for program expenditures.

Montana Code Annotated 50-5-301 through 50-5-309 mandates a Certificate of Need program administered by the Department of Health and Environmental Sciences. The above cited codes are repealed effective July 1, 1987 (Reference Sec 13, Ch. 329, L. 1983). With the loss of federal funds, the department reduced operating expenses to a minimum level that will allow the Certificate of Need process to continue until June 30, 1987. Table 1 compares the authorization within HB30 to the anticipated costs of maintaining the program until June 30, 1987.

	HB30	ANTICIPATED	DIFFERENCES
F.T.E.	8.00	5.50	(2.50)
Personal Services	247,890	179,066	(68,824)
Contracted Services	56,434	13,974	(42,460)
Supplies/Materials	1,422	1,000	(422)
Communications	11,142	10,950	(192)
Travel	6,781	1,080	(5,701)
Rent	7,885	8,345	460
Repair/Maintenance	158	1,007	849
Other	1,367	1,014	(353)
*Indirects	27,224	11,653	(15,571)
Total	360,303	228,089	(132,214)
General Fund	119,163	154,876	35,713
*Federal Funds	241,140	73,213	(167,927)
Total	360,303	228,089	(132,214)

*Indirect costs are not budgeted in the 1987 biennium, but are subtracted from the revenue received from federal programs.

If the department is to continue the Certificate of Need process, as mandated by state law, until June 30, 1987, a supplemental General Fund appropriation of \$35,713 will be required.

HUMAN SERVICES SUB COMMITTEE

Jan 19, 1987

A Heart

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.