MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Call to Order: By Chairman Bradley, on January 20, 1989, at 8 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None

Members Absent: None

Staff Present: Peter Blouke, LFA
Lois Steinbeck, OBPP

Announcements/Discussion: Medical Assistance, SRS; Tour Family Outreach, WestMont Home Health 11 a.m.

Rep. Bradley opened the meeting with the announcement of a tour this morning at 11 a.m. to Family Outreach program and WestMont Home Health Care. The chairman asked members to consider a 2-9-89 tour of Mountain View School.

HEARING ON DEPARTMENT OF SOCIAL AND REHABILITATIVE SERVICES

Dr. Blouke, LFA, discussed the Medicare Buy In, Medicaid Institutions, Medicaid Nursing Homes, and Medicaid Primary Care budgets and projections of the SRS Medical Assistance Programs. He also reviewed with the subcommittee the issue sheets for these programs. (see attachments)

Dr. Blouke and Mr. Tickell discussed the Medicare Buy-In with the subcommittee members and the advantage of participating. The federal medicare program actually consists of two separate, but complementary, programs: 1) Hospital Insurance, or Part A; and 2) Supplemental Medical Insurance, or Part B. Part A covers inpatient and skilled nursing care and is available at no cost to all persons 65 years of age and over who receive a monthly social security cash benefit. Part B covers other medical costs incurred outside a hospital setting. However, there is a monthly premium charge

for this coverage that must be paid either by the individual or by the state under a federal/state medicare "buy-in" agreement. The advantage to the state in participating in the buy-in agreement is that medical costs for medicaid clients who are also medicare eligible are then paid under the medicare program, which is 100 percent federally funded. For medicaid clients who are receiving a cash payment under SSI or AFDC the cost of the Part B premium is considered a medicaid vendor payment and paid at the same federal/state ratio as other medicaid costs. For medicaid clients who do not receive a cash payment, the cost of the Part B premium is 100 percent general fund. The amount of the part B premium is established by the federal government and is estimated to be $31.25 per month in fiscal 1990 and $37.40 in fiscal 1991, an increase of 124 percent over the fiscal 1987 premium level.

Sen. Keating asked for clarification on the terms "assistance cases" and "non-assistance cases". Discussion with staff defined "assistance cases" as those people receiving a cash payment from SSI or AFDC, while the "non-assistance cases" are the medicaid clients, such as medically needy, who do not receive a cash payment.

Under the Medicaid Institutions budget, Sen. Van Valkenburg inquired to what extent will this involve this subcommittee in the budget for Montana Developmental Center at Boulder.

Staff reported the impact on the budget will occur if Boulder is decertified by inability to meet certification. Fifty-one percent of the cost of Boulder is reimbursed with federal money. If decertified, general funds would be needed to supplant federal funds.

During subcommittee discussion of the Medicaid Nursing Home budget, Rep. Cobb inquired as to how rates were established for nursing homes. Mr. Tickell stated that there is a fairly complicated formula which is the product of the total estimated number of nursing home beds, the percent of nursing home beds filled by medicaid patients, and the medicaid reimbursement rate. The Bourne amendment defines a nursing home reimbursement to be paid as the cost of an economically and efficiently run facility. SRS sets down with other health care organizations, e.g., Montana Hospital Association, and come up with a formula which includes salaries, acuity of care, etc., all those costs are put

into that formula. Each facility would have a special reimbursable rate. Rep. Cobb discussed the necessity of keeping a medicaid eligible person in a medicaid eligible bed 90% of time occupancy to maintain certification.

Sen. Hofman asked how many nursing homes were involved.

Staff stated there were 99 nursing homes in the state and 66 hospitals; some of the 99 nursing homes can be an adjunct of the 66 hospitals; there are three types of providers: county nursing homes, non-profit nursing homes, and proprietary or for profit nursing homes.

The Medicaid Primary Care budget and projected costs for the next biennium was discussed by the subcommittee members.

The Medicaid Primary Care program provides reimbursement for the costs of inpatient and outpatient hospital care, drug, dental and mental health services, medical transportation, audiological, speech, and physical therapies, and other medically related services for low income persons who meet the state and federal eligibility criteria for Aid to Families with Children (AFDC) and individuals who receive Supplemental Security Income benefits.

Inpatient services is the largest segment of this budget and outpatient services have increased more than any other service; there is a definite shift from inpatient with DRG price determination to outpatient which is cost based. Sen. Keating discussed the decrease in dental benefits paid and asked if the dental benefits had been removed. The legislature in the last biennium did remove the dental benefits for AFDC/SSI recipients but not for nursing home residents. This was overturned by the Supreme Court as arbitrary legislation; therefore, had little impact on decrease in dental benefits cost.

Rep. Bradley requested subcommittee members to review a national Health Care Finance Administration graph of optional and mandatory services offered under the Medicaid program (see attachment). Rep. Bradley asked for discussion regarding the various optional and mandatory services for the subcommittee's review.

Under current federal regulations for the Medicaid Program, services provided are generally divided into nine "mandatory" Services and 32 "optional" services. The mandatory services include inpatient hospital services, outpatient hospital services, rural health clinic

services, laboratory and X-ray services, skilled nursing and home health services for persons 21 and older, early periodic screening, diagnosis and treatment for individuals under 21, family planning services and supplies, physician services, and nurse midwife services. Optional services include a wide range of medically related services including such services as intermediate nursing home care, prescription drugs, dentures, eyeglasses, physical therapy, mental health services, chiropractors' services, inpatient psychiatric services for youth, Christian science nurses, and transportation services. Of the 32 optional services a state may provide, Montana provides 27. HCFA reported in 1986 the average number of optional services provided by states was 19. Medicaid regulations allow individual states the discretion to place appropriate limits on a service based on such criteria as medical necessity or on utilization control procedures. Current Montana statutes do not provide a clear statement of legislative intent for the administration of the state's medicaid program relative to the issue of medical necessity.

Sen. Keating initiated discussion on the fallacy of discontinuing services provided by other practitioners such as podiatrist, professional counselors and other ancillary staff, especially in rural areas, where clients are then forced to go to physicians for those services which are then more costly.

The Medicaid Primary Care budget has grown from $78.2 million in 1984 to $98 million in 1988, which is a 16.2% growth rate. Staff reported to the subcommittee that basically primary care costs are determined by two factors: 1) the number of service recipients (caseload); and 2) the cost of the services provided (price).

Discussion followed on varying costs by Sen. Hofman, Sen. Keating and staff of two facilities, Rivendell and Shodair. The cost to provide service is higher at Shodair than at Rivendell. These are cost based service and for comparison purpose, Sen. Keating asked if subcommittee members could have detailed cost comparison sheet to use as they look at Medicaid program.

Public testimony from the following (see attachments) to retain physical, occupational and speech therapies as part of the optional benefits for Montana medicaid

recipients:

Mona Jamison, Cris Volintaky, Gary Lusin, Joe Luckman; and members of the Physical Therapy Clinic of Billings.

Public testimony from Case Management Services, Lewis & Clark City-County Health Department to retain the Medicare Waiver program for the elderly and disabled. (see attachment)

Public testimony from Robert Likewise, Executive Director of the Montana State Pharmaceutical Association, requesting the need for a medicaid fee increase for Montana pharmacies. (see attachment)

Public testimony from Drs. Van Kirke Nelson and Michael Sadaj on the need to equitably reimburse Montana physicians who are caring for medicaid patients. Dr. Nelson also presented a method to increase state revenues through a further cigarette tax. Dr. Nelson further stated there is a need for the state to deal with the cost of high malpractice insurance. (see attachment)

ADJOURNMENT

Adjournment At: 11:00 a.m.

Dorothy Bradley
REP. DOROTHY BRADLEY, Chairman

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DAILY ROLL CALL

HEALTH & HUMAN SERVICES SUBCOMMITTEE

DATE 1-20-89

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bradley, Chairman	✓		
Sen. Keating, Vice Chairman	✓		
Sen. Van Valkenberg	✓		
Sen. Hofman	✓		
Rep. Cobb	✓		
Rep. Cody	✓		
Rep. Grinde	✓		

Form CS-30A
Rev. 1985

EXHIBIT 1
DATE 1-20-89
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

MEDICARE BUY-IN	1990	1991
Executive	$2,781,817	$2,893,090
LFA Current Level	$3,576,524	$4,451,599
Difference	($ 794,707)	($1,558,509)
Current Projection	$3,661,390	$3,807,845

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Neither the Executive budget or the LFA include any funds for additional cases mandated by the Catastrophic Coverage Act of 1988.

The executive budget includes a 4 percent increase in the Buy-in caseload from fiscal 1989 and holds the premium rate at $24.80 which was the rate in effect for calendar year 1988. The LFA also increased the caseload by 4 percent but adjusted the premium to reflect projected increases associated with changes in the law.

The Current Projection is based on fiscal 1989 cases through January, 1989; includes a 3.5 percent increase in the caseload; and holds the premium at $31.90 which was the premium in effect during January.

1. The Committee may adjust the assumptions used to project the caseload.

2. The committee may adjust the premium according to available information on changes in rates related to the Catastrophic Coverage Act.

1. Committee Issues

2. Committee Action

LFA Budget - Page B-99, 100
Executive Budget - Page 357

19 Jan-89

CALCULATION OF BUY-IN COST

	FISCAL 1988	FISCAL 1989	FISCAL 1990	FISCAL 1991	1989 BIENNIUM	1991 BIENNIUM	% INCREAS BIENNIUM
ASSIST							
CASES	5,435	4,493	4,673	4,860	9,929	9,533	-3.98%
PREMIUM	$21.35	$28.35	$31.90	$31.90	$24.85	$31.90	28.37%
PAYMENT	$20.58	$29.18	$32.84	$32.84	$24.88	$32.84	31.97%
TOTAL COST	$1,342,269	$1,573,565	$1,841,431	$1,915,089	$2,915,833	$3,756,520	28.83%
NON-ASSIST							
CASES	3,465	4,099	4,263	4,433	7,564	8,696	14.97%
PREMIUM	$21.35	$28.35	$31.90	$31.90	$24.85	$31.90	28.37%
PAYMENT	$21.00	$31.62	$35.58	$35.58	$26.31	$35.58	35.23%
TOTAL COST	$873,243	$1,555,215	$1,819,958	$1,892,756	$2,428,458	$3,712,715	52.88%
TOTAL							
CASES	8,900	8,592	8,936	9,293	17,493	18,230	4.21%
PREMIUM	$21.35	$28.35	$31.90	$31.90	$24.85	$31.90	28.37%
PAYMENT	20.79	30.4	34.21	34.21	25.6	$34.21	33.63%
TOTAL COST	$2,215,512	$3,128,780	$3,661,390	$3,807,845	$5,344,291	$7,469,235	39.76%
FUNDS							
GENERAL FUND	$1,290,554	$2,012,808	$2,350,843	$2,442,770	$3,303,362	$4,793,613	45.11%
FEDERAL FUND	$924,957	$1,115,972	$1,310,547	$1,365,075	$2,040,929	$2,675,622	31.10%
TOTAL FUNDS	$2,215,512	$3,128,780	$3,661,390	$3,807,845	$5,344,291	$7,469,235	39.76%

receive cash payments

100% Gen Fund

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

MEDICAID INSTITUTIONS	1990	1991
Executive	$9,862,402	$9,877,645
LFA Current Level	$14,194,020	$14,636,004
Difference	($4,092,136)	($4,758,359)

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The major difference between the Executive budget and the LFA current level is that the Executive has included the general fund portion of the medicaid reimbursement to institutions in the state institution budgets. The LFA has included both the general fund and federal funds in the SRS budget. Projected medicaid bed days and reimbursement rates are similar.

1. Should the general fund match be included in the institutional budgets or included in the SRS budget.

2. The Committee may consider language to be included indicateing the committee's intent that SRS should seek a budget amendment for increased federal fund should there be justification for increased rates or if there are increases in the bed days provided.

1. Committee Issues

2. Committee Action

LFA Budget - Page B-101
Executive Budget - Page 357

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

MEDICAID NURSING HOMES	1990	1991
Executive	$51,712,032	$51,972,788
LFA Current Level	$51,664,273	$52,961,047
Difference	$ 47,759	($988,259)
Current Projection	$51,117,882	$51,245,843

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The Executive projection of nursing home costs was based on a reimbursement rate of $37.60 for both years of the 1991 biennium and projected bed days of 1,375,320 in fiscal 1990 and 1,382,255 in fiscal 1991.

The LFA projection was based on a reimbursement rate of $37.93 in fiscal 1990 and $38.69 in fiscal 1991. Projected bed days included in the LFA are 1,361,988 in fiscal 1990 and 1,368,798 in fiscal 1991. The increased reimbursement rate reflects a 2 percent per yr increase in rates.

The Current Projection is based on fiscal 1989 expenditures through December, 1988. The projected increase in medicaid bed days is based on Department of Health information regarding approved new nursing home beds during the 1991 biennium. The Current Projection includes a reimbursement rate of $37.35 per day for each year of the 1991 biennium. This is the same reimbursement that was paid during December 1988.

1. Committee Issues

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2. Committee Action

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LFA Budget - Page B-103, 104
Executive Budget - Page 357

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

MEDICAID PRIMARY CARE	1990	1991
Executive	$97,724,031	$100,919,108
LFA Current Level	$94,012,258	$98,885,738
Difference	$3,711,773	$2,033,370

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A. The Committee will need to consider what, if any, inflation factors to apply to non fee based services.

B. The Committee will need to consider increases for fee based providers such as physicians, the various therapist, dentists.

C. The Committee will need to consider the optional versus mandatory service.

D. The Committee will need to consider what, if any, limitations to place on the amount, scope, and duration of services currently provided.

E. The Committe will need to consider requests for expansion of services.

1. Committee Issues

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2. Committee Action

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LFA Budget - Page B-105 through B-116
Executive Budget - Page 357

	Fiscal 1988		Fiscal 1989		Fiscal 1990		Fiscal 1991	
AFDC RELATED	Caseload: 9,916		Caseload: 9,916		Caseload: 10,247		Caseload: 10,575	
Type of Service	PROJECTED		%Increase	PROJECTED COST	%Increase	PROJECTED COST	%Increase	PROJECTED COST
Inpatient Hospital	$19,020,080		10.227%	$20,965,359	5.570%	$22,133,129	5.570%	$23,365,944
Number of Services	NA		NA	NA	NA	NA	NA	NA
Cost per Service	NA		NA	NA	NA	NA	NA	NA
Outpatient Hospital	$3,432,470		10.227%	$3,783,526	5.570%	$3,994,268	5.570%	$4,216,749
Number of Services	197,854		1.035	204,779	1.035	211,946	1.035	219,364
Cost per Service	$17.35		1.07	$18.48	1.02	$18.85	1.02	$19.22
Physician	$8,993,685		10.227%	$9,913,514	5.570%	$10,465,697	5.570%	$11,048,636
Number of Services	337,086		1.04	348,884	1.04	361,095	1.04	373,733
Cost per Service	$26.68		1.07	$28.41	1.02	$28.98	1.02	$29.56
Other Pratitioners	$1,576,188		10.227%	$1,737,393	5.570%	$1,834,165	5.570%	$1,936,328
Number of Services	134,088		1.04	138,781	1.04	143,638	1.04	148,666
Cost per Service	$11.75		1.065	$12.52	1.02	$12.77	1.02	$13.02
Drugs	$2,083,800		10.227%	$2,296,921	5.570%	$2,424,859	5.570%	$2,559,924
Number of Services	208,923		1.04	216,235	1.04	223,804	1.04	231,637
Cost per Service	$9.97		1.07	$10.62	1.02	$10.83	1.02	$11.05
Dental	$2,281,981		10.227%	$2,515,371	5.570%	$2,655,477	5.570%	$2,803,387
Number of Services	100,161		1.04	103,667	1.04	107,295	1.04	111,050
Cost per Service	$22.78		1.07	$24.26	1.02	$24.75	1.02	$25.24
Other	$1,755,534		10.228%	$1,935,081	5.570%	$2,042,865	5.570%	$2,156,653
Number of Services	327,959		1.04	339,438	1.04	351,318	1.04	363,614
Cost per Service	$5.35		1.07	$5.70	1.02	$5.81	1.02	$5.93
TOTAL AFDC	$39,143,738		10.227%	$43,147,164	0.06	$45,550,461	0.06	$48,087,621

19-Jan-89

	Fiscal 1988	Fiscal 1989		Fiscal 1990		Fiscal 1991	
SSI RELATED	Caseload: 9,916	Caseload: 9,916		Caseload: 10,247		Caseload: 10,575	
Type of Service	PROJECTED	%Increase	PROJECTED COST	%Increase	PROJECTED COST	%Increase	PROJECTED COST
Inpatient Hospital	$14,133,988	10.227%	$15,579,542	5.570%	$16,447,322	5.570%	$17,363,438
Number of Services	1,321,190	NA	NA	NA	NA	NA	NA
Cost per Service	$10.70	NA	NA	NA	NA	NA	NA
Outpatient Hospital	$2,234,256	10.227%	$2,462,765	5.570%	$2,599,941	5.570%	$2,744,757
Number of Services	186,176	1.04	192,692	1.04	199,436	1.04	206,417
Cost per Service	$12.00	1.07	$12.78	1.02	$13.04	1.02	$13.30
Physician	$3,488,273	10.227%	$3,845,036	5.570%	$4,059,205	5.570%	$4,285,302
Number of Services	221,701	1.04	229,461	1.04	237,492	1.04	245,804
Cost per Service	$15.73	1.07	$16.76	1.02	$17.09	1.02	$17.43
Other Pratitioners	$806,026	10.227%	$888,462	5.570%	$937,950	5.570%	$990,193
Number of Services	63,271	1.04	65,485	1.04	67,777	1.04	70,150
Cost per Service	$12.74	1.07	$13.57	1.02	$13.84	1.02	$14.12
Drugs	$7,185,378	10.227%	$7,920,263	5.570%	$8,361,421	5.570%	$8,827,152
Number of Services	538,330	1.04	557,172	1.04	576,673	1.04	596,856
Cost per Service	$13.35	1.07	$14.22	1.02	$14.50	1.02	$14.79
Dental	$707,579	10.227%	$779,947	5.570%	$823,390	5.570%	$869,252
Number of Services	22,392	1.04	23,176	1.04	23,987	1.04	24,826
Cost per Service	$31.60	1.07	$33.65	1.02	$34.33	1.02	$35.01
Other	$7,489,629	10.227%	$8,255,631	5.570%	$8,715,469	5.570%	$9,200,921
Number of Services	2,269,236	1.04	2,348,659	1.04	2,430,862	1.04	2,515,943
Cost per Service	$3.30	1.07	$3.52	1.02	$3.59	1.02	$3.66
TOTAL SSI	$36,045,129	10.227%	$39,731,645	0.06	$41,944,697	0.06	$44,281,017

	Fiscal 1988	Fiscal 1989		Fiscal 1990		Fiscal 1991	
TOTAL MEDICAID Service	Caseload: 9,916 PROJECTED	Caseload: 9,916 %Increase	COST	Caseload: 10,247 %Increase	COST	Caseload: 10,575 %Increase	COST
Inpatient Hospital	$33,154,068	10.227%	$36,544,900	5.570%	$38,580,451	5.570%	$40,729,382
Number of Services	NA	NA	NA	NA	NA	NA	NA
Cost per Service	NA	NA	NA	NA	NA	NA	NA
Outpatient Hospital	$5,666,726	10.23%	$6,246,290	5.57%	$6,594,209	5.57%	$6,961,506
Number of Services	384,030	3.50%	397,471	3.50%	411,383	3.50%	425,781
Cost per Service	$14.76	6.50%	$15.72	2.00%	$16.03	2.00%	$16.35
Physician	$12,481,958	10.23%	$13,758,550	5.57%	$14,524,902	5.57%	$15,333,939
Number of Services	558,787	3.50%	578,345	3.50%	598,587	3.50%	619,537
Cost per Service	$22.34	6.50%	$23.79	2.00%	$24.27	2.00%	$24.75
Other Pratitioners	$2,382,214	10.23%	$2,625,855	5.57%	$2,772,115	5.57%	$2,926,522
Number of Services	197,359	3.50%	204,267	3.50%	211,416	3.50%	218,815
Cost per Service	$12.07	6.50%	$12.86	2.00%	$13.11	2.00%	$13.37
Drugs	$9,269,178	10.23%	$10,217,183	5.57%	$10,786,280	5.57%	$11,387,076
Number of Services	747,253	3.50%	773,407	3.50%	800,476	3.50%	828,493
Cost per Service	$12.40	6.50%	$13.21	2.00%	$13.47	2.00%	$13.74
Dental	$2,989,560	10.23%	$3,295,317	5.57%	$3,478,866	5.57%	$3,672,639
Number of Services	122,553	3.50%	126,842	3.50%	131,282	3.50%	135,877
Cost per Service	$24.39	6.50%	$25.98	2.00%	$26.50	2.00%	$27.03
Other	$9,245,163	10.23%	$10,190,712	5.57%	$10,758,335	5.57%	$11,357,574
Number of Services	2,597,195	3.50%	2,688,097	3.50%	2,782,180	3.50%	2,879,557
Cost per Service	$3.56	6.50%	$3.79	2.00%	$3.87	2.00%	$3.94
TOTAL MEDICAID	$75,188,867	10.227%	$82,878,808	0.06	$87,495,158	0.06	$92,368,638
ADJUSTMENTS:							
ADD: RIVENDELL - BILLINGS 48 BEDS FY 89-91 @ $300.00/			$2,628,000		$2,628,000		$2,628,000
RIVENDELL - BUTTE 48 BEDS FY 89-91 @ $300.00/DAY			$1,839,600		$1,839,600		$1,839,600
SHODAIR - HELENA 20 BEDS FY 89-91 @ $420.00/DAY			$2,299,500		$2,299,500		$2,299,500
STATE MEDICAL TO MEDICAID TRANSFERS			$450,000		$450,000		$450,000
LESS: REFUNDS			($700,000)		($700,000)		($700,000)
FY 88 ADJUSTMENTS	$3,278,686						
ADJUSTED TOTAL MEDICIAD	$78,467,553		$89,395,908		$94,012,258		$98,885,738

EXHIBIT 2
DATE 1-20-89
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

DHES SURVEYS	1990	1991
Executive	$261,876	$261,524
LFA Current Level	$261,876	$261,524
Difference	$0	$0

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These funds are 100 percent federal funds that are passed through to the Department of Health to conduct certification of nursing homes for medicaid reimbursement.

1. Committee Issues

2. Committee Action

LFA Budget - Page B-98
Executive Budget - Page 357

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

MEDICAID WAIVER	1990	1991
Executive	$3,339,628	$3,445,871
LFA Current Level	$2,894,711	$2,894,711
Difference	$444,917	$551,160

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This medicaid program is funded approximately 28 percent general fund and 72 percent federal funds. The LFA used the fiscal 1989 appropriated level for both fiscal years of the 1991 biennium and continued the same proportion of elderly to disabled. The Executive increased the number of disabled served under the waiver and inflated 3 percent for increased costs of services.

1. Committee Issues

2. Committee Action

LFA Budget - Page B-98
Executive Budget - Page 357, 358

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

INDIAN HEALTH	1990	1991
Executive	$1,735,235	$1,908,758
LFA Current Level	$1,735,235	$1,908,758
Difference	$0	$0

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These are 100 percent federal funds used for Indian health services on Indian reservations. Both the executive and LFA include the most current estimate of available funds.

1. Committee Issues

2. Committee Action

LFA Budget - Page B-99
Executive Budget - Page 357

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MEDICAL ASSISTANCE

GRANTS

STATE MEDICAL	1990	1991
Executive	$4,823,686	$5,035,713
LFA Current Level	$4,500,000	$4,500,000
Difference	$323,686	$535,713

- - - - - - - - - - - - - - - - - -Grants Issues- - - - - - - - - - - - - - -

The Executive increased funding for the State Medical Program commensurate with the Executive projection of growth in the general assistance caseload. The LFA funding assumes that expenditures for the State Medical program will not continue to increase during the 1991 biennium.

1. Committee Issues

2. Committee Action

LFA Budget - Page B-100, 101
Executive Budget - Page 357

MEDICAL ASSISTANCE
Contracted Services

	Fiscal 1988	Fiscal 1990	Fiscal 1991
MMIS Operations: The Medicaid Management Information System is the computerized system used by SRS to account for and process medicaid claims. Approximately 110,000 medicaid claims are processed each month. The computer programming is under contract with Consultec Inc. Both the Executive and LFA funded the contract at the current contract amount of $94,000 per month.	$1,054,949	$1,128,096	$1,128,096
MMIS Enhancements: These costs reflect projected changes in the MMIS system due to changes in state or federal regulations and changes made to increase the efficiency or accuracy of the system. Both the Executive and LFA funded the projected increases at the fiscal 1988 actual.	$205,000	$205,000	$205,000
Foundation - acute care: SRS contracts with the Montana/Wyoming Foundation For Medical Care to provide utilization/review of inpatient/outpatient acute care medical services reimbursed under the medicaid program. The LFA included the fiscal 1989 contract amount for each year of the 1991 biennium which represents a 3.2 percent increase. The Executive includes a 26 percent increase over the fiscal 1989 contracted amount. The Executive increase is based on the federal Medicare contract with the Foundation.	$175,173		
Executive		$228,418	$228,418
LFA		$180,746	$180,746
Difference		$47,672	$47,672

	Fiscal 1988	Fiscal 1990	Fiscal 1991
Foundation - Long Term Care: SRS also contracts with the Montana/Wyoming Foundation to provide utilization/review of nursing home care. Includes annual inspection of care of patients and review of nursing home records to ensure appropriateness of placement and services. The LFA included the 1989 contract amount which reflects a 22.8 percent increase over fiscal 1988 actual expenditures. The Executive includes a 4.8 percent increase over the fiscal 1989 contract amount.	$82,423		
Executive		$106,115	$106,115
LFA		$101,243	$101,243
Difference		$4,872	$4,872
Foundation - Level of care/prescreening: SRS contracts with the Montana/Wyoming Foundation for prescreening and reevaluations of potential and current nursing home and waiver clients. The LFA included a 20 percent increase over the fiscal 1988 actual. The Executive includes increase for increase for waiver screens, increased nursing home evaluations, and increases associated with increased costs in the Foundation contract.	$66,338		
Executive		$125,000	$125,000
LFA		$79,605	$79,605
Difference		$45,395	$45,395

		Fiscal 1988	Fiscal 1990	Fiscal 1991
SRS contracts with a number of different professional consultants to provide expertise in development of regulations for medicaid and to assist in monitoring utilization.				
Dental Consultant:		$12,805		
	Executive		$13,500	$13,500
	LFA		$13,500	$14,000
	Difference		$0	($500)
Orthodontic consultant:		$2,563	$2,500	$2,500
Oral Surgery Consultant:		$0		
	Executive		$1,000	$1,000
	LFA		$2,000	$2,500
	Difference		($1,000)	($1,500)
Pharmacy Consultant:		$0	$5,000	$5,000
Audiology Consultant:				
	Executive		$4,970	$4,970
	LFA		$2,000	$2,000
	Difference		$2,970	$2,970
Augmentive Speech Device Consultant **Occupational Therapy Consultant** **Physical Therapy Consultant** **Speech Therapy Consultant**		$0	$4,750	$4,750

		Fiscal 1988	Fiscal 1990	Fiscal 1991
Oxygen Utilization Control:		$13,543	$10,000	$10,000
Update of DRG Groupers: This contract would be for technical assistance to update computer program for hospital prospective payment system.				
	Executive		$75,000	$75,000
	LFA		$ 0	$ 0
	Difference		$75,000	$75,000
Janitorial Service:		$568	$568	$568
Legal Fees: The Executive included $25,000 per year for fair hearings to include funds to hire expert witnesses. LFA increased fiscal 1988 to $2,000.		$1,386		
	Executive		$26,386	$26,386
	LFA		$ 2,000	$ 2,000
	Difference		$24,386	$24,386
Physical Exams - DDB: These funds are for medical examinations to determine levels of disability as part of the determination of eligibility for medicaid. The Executive used the fiscal 1986 expenditure level and the LFA used the fiscal 1988 expenditure level and inflated by 5 percent.		$47,331		
	Executive		$65,045	$65,045
	LFA		$52,000	$54,600
	Difference		$13,045	$10,445

	Fiscal 1988	Fiscal 1990	Fiscal 1991
Nursing Home Audits: SRS has contracted with a CPA firm to conduct audits of nursing home records. These audits are used to ensure compliance with state and federal regulations. The executive included the fiscal 1986 expenditure level. Because there were no expenditures in fiscal 1988, the LFA did not include any funds for audits.	$0		
Executive		$98,000	$98,000
LFA		$ 0	$ 0
Difference		$98,000	$98,000
Waiver Audit: The Executive has included funds to conduct an audit of the Home and Community Based Waiver program by the Legislative Auditors. No funds were included in the LFA.	$0		
Executive		$13,000	$0
LFA		$ 0	$0
Difference		$13,000	$0
Blue Cross audits: SRS contracts with Blue Cross/Blue shield to conduct audits of hospital costs. These audits are used to ensure fiscal compliance with state and federal regulations and are used to determine settlement amounts. The executive used the fiscal 1987 actual amount. The LFA increased the fiscal 1988 actual.	$8,415		
Executive		$50,000	$50,000
LFA		$10,000	$10,000
Difference		$40,000	$40,000

	Fiscal 1988	Fiscal 1990	Fiscal 1991
Computer Processing D of A: Both the executive and LFA used the fiscal 1988 actual which includes a deflation factor.	$58,491	$48,332	$44,206
Miscellaneous Other contracts include honorariums, microfilming, graphic arts, and printing and graphics. Both the LFA and Executive used fiscal 1988 actual expenditures.		$20,711	$20,711

Total Contracted Services

Total Contacted services: includes deflation factors.

Executive	$2,211,312	$2,198,312
LFA	$1,868,073	$1,872,673
Difference	$343,239	$325,639

EXHIBIT 4
DATE 1-20-89
HB

WITNESS STATEMENT

NAME Chris Volinkaty BILL NO.

ADDRESS #14 Greenbriar, Mssla – 485 S. Park, Helena DATE 1/20/89

WHOM DO YOU REPRESENT? Developmentally Disabled

SUPPORT V OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Medicaid Optional Services.

Speech
OT
PT

I For children are essential services. They are essential services for growth and development of people with neurological problems. Most DD children have neurological problems and these services are necessary to teach children to walk, talk, & eat.

II All optional services transfer to primary more costly services.

III Optionals are essential to keep DD clients in Community-based services.

Dental Services for DD.

CS-34

EXHIBIT 5
DATE 1-20-89
HB

WITNESS STATEMENT

NAME Chris Volinkaty BILL NO.

ADDRESS 485 S. Park - Helena DATE 1/19/89
#14 Greenbrier Dr. Missoula

WHOM DO YOU REPRESENT? DDD

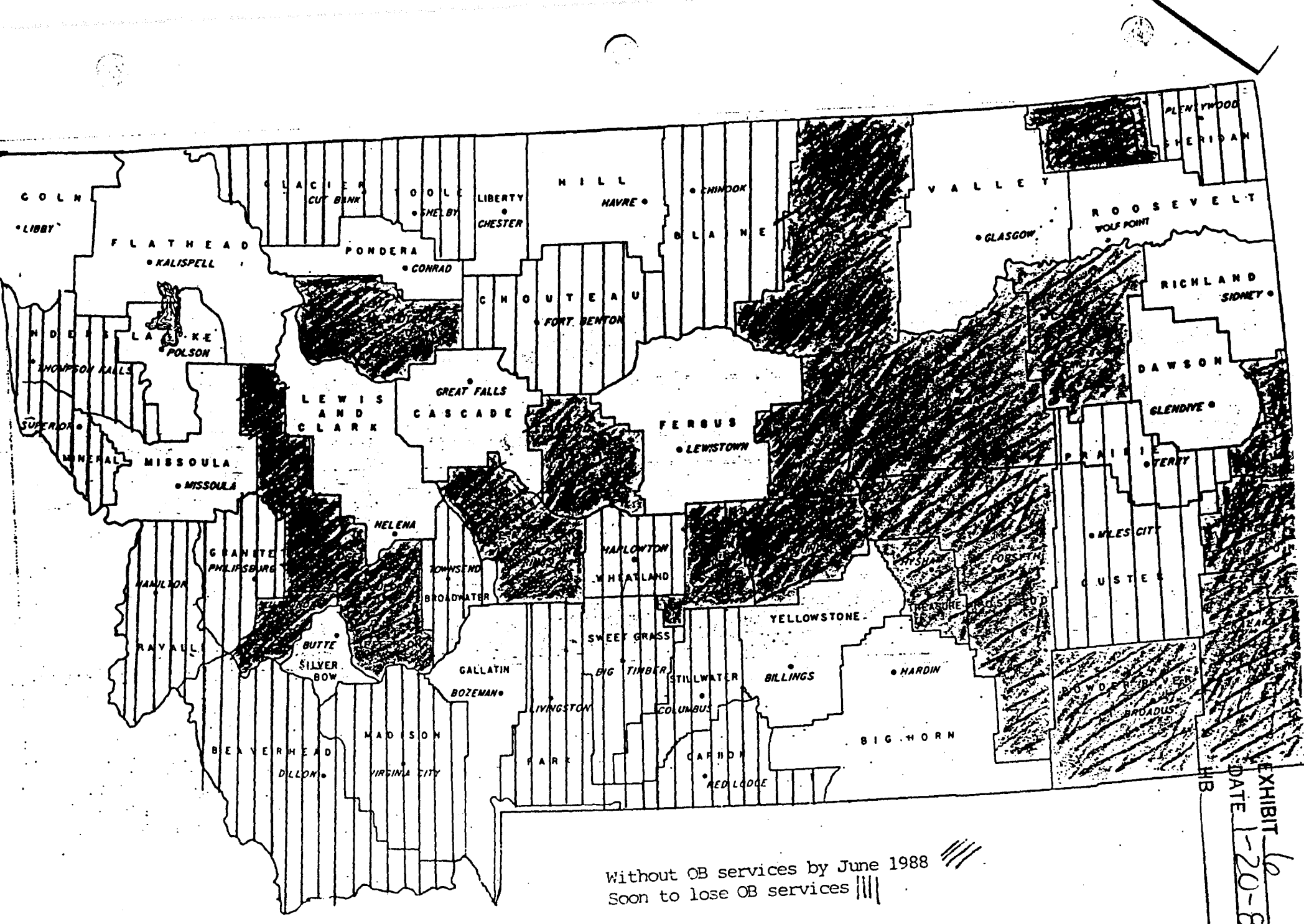
SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Medicaid waiver serves head injured & some DD medically needy children.

This is cost effective treatment that serves people in a more humane treatment model.



Without OB services by June 1988
Soon to lose OB services

EXHIBIT 6
DATE 1-20-89
HB

#59400	Totals OB Care - Vag Del.	1590.00
	Medicaid pmt.	663.31
#59410	Vag Delivery only	1295.00
	Medicaid pmt	410.80
#59501	C- Section with total Care	2000.00
	Medicaid pmt	745.07
#59500	C Section only	1700.00
	Medicaid pmt.	512.56

3400 medicaid patients
@ 662.21 = 2,251,514

3400 medicaid patients = 3,400,000
@ 1000

difference = 1,148,486

adding 500 new pregnancies made eligible
under federal mandate 7/1/89 (75% poverty
= 500,000

and 7/1/90 to 100% federal poverty level
500 more pregnancies = 1,000,000

Total cost 7/1/90 4400 medicaid
pregnancies = 4,400,000

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

TED SCHWINDEN, GOVERNOR

COGSWELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

December 12, 1988

Van Kirke Nelson
210 Sunny View Lane
Kalispell, MT 59901

Dear Dr. Nelson:

Dr. Espelin has asked that the attached information be forwarded for your review. The reason we are interested in the data is twofold: to search the consumption trends of lifestyles and examine possibilites for sources of revenue for prevention/health promotion activities.

The State of California, through a recent statuatory initiative (public referendum), passed a 25¢ per pack tax on cigarettes and 31¢ 31¢ per dollar value on tobacco products. The Tobacco Tax and Health Protection Act of 1988 will earmark approximately $600-700 million for the following:

35%--uncompensated hospital services (acute care)
20%--school/community based health education
10%--uncompensated physician services
5%--research with tobacco related diseases
5%--wilderness fire suppression and rehabilitation
25%--legislative allocation to any of the above.

A market survey was administered two years prior to the initiative to determine the acceptability of a tax on tobacco and 58% agreed with the proposal. They agreed with the tax and didn't care of its disposition. On general election day, the California voters, 57.8% at least, voted for the Act. The initiative was apparently opposed by the Governor, but supported in mass by the voluntary health organizations, physicians, and legislators.

Obviously, many worthwhile causes could be helped by an initiative of this sort in Montana. However, we would hope that tobacco reduction is the primary target. The elimination of tobacco use would have a more profound impact on vital statistics than virtually any other public health measure.

Sincerely,

Robert W. Moon

Robert W. Moon, MPH
Consultant, Health Promotion and Chronic Disease

TOBACCO TAXES
FACT SHEET

Cigarette Tax

Rate: 1982-83 12¢ per pack
1984-88 16¢ per pack

Amount of Revenue:	FY 82	$11,233.044	
	FY 83	$10,580,701	- 5.8%
	FY 84	$11,929,453	+12.7%
	FY 85	$12,984,626	+ 8.8%
	FY 86	$12,469,883	- 4.0%
	FY 87	$12,157,915	- 2.5%
	FY 88	$11,430,657	- 6.0%

Disposition (16-11-119 M.C.A.): 79.75% long-range building fund in the debt service fund

20.25% long-range building program fund in the capital projects fund

*Minus the expense of collecting all the taxes levied, imposed, and assessed.

Tobacco Products Tax (Ex.: smokeless tobacco, chewing tobacco).

Rate: 12.5% of the wholesale price to the wholesaler, except products as may be shipped from Montana and destined for retail sale and consumption outside the State of Montana.

Amount of Revenue:	FY 82	$519,448	
	FY 83	$581,203	+11.9%
	FY 84	$692,897	+19.2%
	FY 85	$650,793	- 6.0%
	FY 86	$669,932	- 2.9%
	FY 87	$720,332	+ 7.5%
	FY 88	$773,440	+ 7.3%

Disposition (16-11-206 M.C.A.): 5% defrayment for collection and administrative expense.

95% long-range building fund is the debt service fund.

FY - Fiscal Year July 1 - June 30 (Example: July 1, 1987 - June 30, 1988 - FY 88)

NOTE: Prepared by Toni Jensen, Rocky Mountain Tobacco Free Challenge, Montana Department of Health and Environmental Sciences.

Source: Montana Department of Revenue

TJ/vg-037a

ALCOHOL TAXES
FACT SHEET

Liquor Tax

Rate:

		26%	Excise Taxes	Liquor License	Net Profit
Amount of Revenue:	1982-83		$6,554,838 - 4%	$4,096,768 - 4%	$5,010,213 - 12%
	1983-84		6,415,784 - 2%	4,006,857 - 2%	5,408,943 + 8%
	1984-85		5,935,058 - 7%	3,707,704 - 3%	4,540,660 - 16%
	1985-86		5,833,106 - 2%	3,645,692 - 2%	3,850,811 - 3%
	1986-87		5,587,174 - 4%	3,490,356 - 4%	3,850,811 - 13%
	1987-88		5,322,936 - 5%	3,323,773 - 5%	3,785,922 - 2%

Disposition: 16% Excise tax to state general fund
10% License fee

65.5% to state institutions
4.5% to counties*
30.0% to cities and towns*

* Based on sales by liquor stores in each county adjusted for out-of-county sales

** Based on sales to retail liquor dealers in each town

Wine Tax

Rate: $.27 per liter after 6-30-85: .20 per liter after 7/1/79

Amount of Revenue:	1982-83	$1,118,998 + 42%
	1983-84	1,131,131 + 1%
	1984-85	1,132,060 + .008%
	1985-86	1,558,355 + 38%
	1986-87	1,657,782 + 7%
	1987-88	1,567,140 - 5%

Disposition: $.16 per liter to state general fund
$.0834 per liter to state institutions
$.0133 per liter to counties*
$.0133 per liter to cities and towns*

Beer Tax

Rate: $4.30 per barrel after 7/1/85; $4.00 per barrel after 7/1/79

Disposition: $1.80 per barrel to state general fund
$1.50 per barrel to cities and towns*
$1.00 per barrel to state institutions

Amount of Revenue:	1982-83	$3,294,412 + .04%
	1983-84	3,211,297 - 3%
	1984-85	3,083,163 - 4%
	1985-86	3,105,743 + 2%
	1986-87	3,060,956 - 1%
	1988-89	2,997,015 - 2%

*Must be used for law enforcement, regulation, and control of the sale and use of liquor.

Source: 1988 Annual Financial Report of the Liquor Enterprise Fund, Montana Department of Revenue

TJ/vg-037a-1
final

PHONE 761-0471

JOE O. LUCKMAN, P.T.
PHYSICAL THERAPY AND SPEECH PATHOLOGY
CONSULTATION AND TREATMENT
Great Falls Medical Building
1220 Central Avenue
GREAT FALLS, MONTANA 59401

EXHIBIT 7
DATE 1-20-89
HB

January 19, 1989

TO WHOM IT MAY CONCERN

I am asking you to retain physical therapy as part of the Community based services provided by Social Rehabilitative Services.

My rationale is as follows:

1. Not all hospitals have physical therapy departments and some of the areas are served by private practice physical therapists.

2. Many clients have worked with one therapist for years. The pediatric area would be especially sensitive to any change. The relationship between the parent - child and therapist is unique and takes time to develop into an effective treatment program.

3. The number of referrals would not decrease and the resultant increase in the hospital load might create problems.

4. Due to the present control of fee schedules of community based physical therapists and the lack of control of hospital fees there would be a significant increase in cost of Social Rehabilitative Service physical therapy services.

The other concern is personal. I have been in practice for 35 years and now find myself treating second and third generation family members. This ruling not only limits my ability to provide service but more importantly negates a life long relationship of trust and creditability with my present patients. Physical therapy is no different than other medical specialitities. The clients trust and confidence is a necessity if a good result is to be obtained.

Sincerely,

Joe O. Luckman, P.T.

JOL/lb

EXHIBIT 8
DATE 1-20-89
HB

PHYSICAL THERAPY CLINIC
OF BILLINGS, P.C.

Poly Dr. at North 28th
1241 North 28th Street — Billings, Montana 59101
406 / 245-6513

Physical Therapy
Sports Injuries
Evaluation
Consultation
Industrial Accident Prevention
Back Health Care
Arthritis Management
Industrial Injuries
Head, Neck, TMJ Therapy
Rehabilitation
Patient Education
Pain Control
Cybex Testing/Exercise
Stress Management
Functional Capacities Assessment
Hydrostatic Weighing
Pediatric Physical Therapy
Geriatric Rehabilitation

Jerome B. Connolly, P.T.
Lorin R. Wright, P.T.
Mary A. Mistal, P.T.

January 16, 1989

TO: Senator Sam Hofman

Dear Senator Hofman:

I am writing you today to express my concerns over the elimination of Physical Therapy as part of the covered optional benefits for Medicaid services. I was personally involved in the hearing which occurred following the last legislative session when an attempt was made to eliminate optional benefits. To see the out pour of humanity that came to this hearing, overflowing the auditorium it was held in would indicate that this is something very dear to the public in Montana.

In many cases we as Physical Therapists are called upon to treat people who are attempting to put their life back together after some tragedy that has occurred to them or attempting to attain a higher quality of their life when they are born with a disabling condition. Under the mandatory services the developmentally disabled clientele would have no treatment options to make them tax payers and functional members of our society after they reach 21 years of age. Prior to this, not only would Medicaid cover them but several other services also help to cover this particular age group including services provided in the school systems in Montana. The individuals that may have had some catastrophic event happen to them such as a brain injury or a stroke yet are not eligible for other services such as Medicare are dependent on the Medicaid program to make them again productive citizens or at least allow them to function with enough independence to not require living in a long term care facility which is one of the more expensive options for this state to fund. It would seem absurd to expend an average of $301.47 per recipient (a figure taken from the Department of Social and Rehabilitations Services information) to expend 18,000 plus dollars to house someone in a long term facility for a year. I would feel that elimination of Physical Therapy services could certainly risk this happening in multiple occasions. As a matter of fact, if this situation occurred in 13 patients within the state of Montana if would equal the 1988 expenditure from Medicaid recipients for Physical Therapy services.

A second argument I have seen made is that these services could be provided under the mandatory section by hospital based services. This not only would be discriminatory towards other Physical Therapy providers, many of which are small businesses and employers in the state. But many of the Medicaid individuals in a rural state such as Montana may not have the availability of a hospital that provides Physical Therapy services that is accessible to them. Many of the individuals living in larger communities where such services may be accessible cannot

handle public transportation in order to be served by that hospital based services instead their community out patient Physical Therapy office is what they have depended on and where rightly they should be served. Traditionally these services are not only more efficient than hospital based services as far as cost is concerned but the number of treatments required to get the patient on a home program is generally less in this setting also.

In every payment category of Physical Therapy services the patient has the freedom to chose where they go for their services. Even in an HMO environment if the patient desires they can receive treatment outside the HMO. However, for the Medicaid patient if Physical Therapy service were eliminated this would not be the case. I would estimate that the $240,000 expended on Physical Therapy services is a bargain when it is compared with the number of individuals who have been served who can return to a quality life with the possibility of becoming tax paying citizens of the state of Montana and not a drain on other parts of its tax base.

I would ask that you look closely at elimination of Physical Therapy services and decide in favor of retaining this most vital service for our Montana state Medicaid recipients. Thank you for your time.

Sincerely,

Lorin Wright

Lorin Wright, P.T.

LW:dc

EXHIBIT 9
DATE 1-20-89
HB

January 16, 1989

Dear M. Hoffman:

We are a Ranch Family who no longer are on our own place. We work for someone else & Receive $1100.00 per month.

We are trying to survive monthey bills, buy a mobilehome to live in, buy a used car, & keep up with insurance cost. Our Insurance went up to $278.00 per month with a deductible of $500.00 for at least two members of the Family. (a Total of $1000.00 per year). And it now only pays 70%. Who can afford this?? We Can't!! But we can't afford not too either. If we dropped it no one would cover our Mult-handicapped daughter again. We have three Children & our daughter is the only one with Medicaid Services.

She needs the following services of which many of them are not covered by Our Insurance. They are: Speech Therapy, Audiologist & hearing aides, Physical & Occupational Therapy, Adaptive Equipment, & Orthopedic devices. Our daughter really needs these services to become a more productive member of our Community. She's only nine. She needs these services Now & will need them as an adult, too.

I'm strongly opposed to the proposal to eliminate all Optional Medicaid Services for Children & Adults.

How can our Government forgo the needs of these People!!

Please Vote against this proposal!

Thank you
Sincerely,
Cathy Bowlds

EXHIBIT 10
DATE 1-20-89
HB

January 18, 1989

Dear Senator Sam Hofman:

I am writing to let you know that I am against dropping physical therapy reimbursement as a benefit in the Montana Medicaid system. At first glance it may appear that the State would save money by not paying for physical therapy services. If you consider that our goals in physical therapy treatment are to alleviate pain, reduce and prevent disability and improve function, it becomes clear that as our patients reach these goals they do get back to work or they are at least able to live in a setting that requires less attendant care. In the long run, this would save the State of Montana far more money than preventing the people from receiving physical therapy services. I would also like to say that these people have the right to reach their highest potential of independence and hopefully become contributing members of our communities once again.

As you review the Medicaid optional benefits for Montana, I ask that you please allow continued coverage of physical therapy services as one of those optional benefits.

Respectfully,

Charlotte Fannon P.T.

Charlotte Fannon, P.T.
1731 Yellowstone Avenue
Billings, Montana 59102
1-406-252-4517
CF:bt

EXHIBIT 11
DATE 1-20-89
HB

January 18, 1989

Dear Senator Sam Hofman:

As you review Medicaid optional benefits in Montana, I ask that you not discontinue Physical Therapy services. I agree that there is a significant amount of money spent on optional services, however, I ask that you consider the following:

1. Though these services do add up to a significant amount, this cost is very small in comparison to other costs of medical care. Some of these costs include the fastest growing cost, which is remuneration for physician services. There are many examples where physician ordered tests such as MRI which in one patient visit can add up to more than an entire year's worth of physical therapy for 2 or 3 patients.

2. Another item that should be considered is the excessive cost to the State for persons who do not have proper rehabilitation and become long-term financial burdens on the State. The relatively low initial cost for rehabilitation services is far less than the long-term disability payments paid for patients who have not had appropriate rehabilitation.

3. Though I work in a hospital, I disagree with the stated assumption that "more serious cases are seen in hospital outpatient status". This simply is not true. The client status is the same whether they are seen in outpatient hospital services or private physical therapy practice. However, the private outpatient services are often less expensive due to the reduced overhead outside the hospital. Sometimes the quality of outpatient services are also of a higher quality since referral to these services is normally based on quality of care rather than political or financial alliances with referring sources.

4. If you consider eliminating any coverage, you might seriously consider eliminating coverages for services where the physician is financially rewarded by direct or indirect means for referral of patients. This is a common practice in Montana, which is expanding with increased physician owned PT practices and joint ventures with the hospitals.

I urge you to keep Physical Therapy as a benefit to the Medicaid system and consider other ways to reduce costs and still provide adequate care.

Sincerely,

Stacy Padden PT

Stacy Padden, P.T.
P.O. Box 97
Park City, Montana 59063
SP:bt

EXHIBIT 12
DATE 1-20-89
HB

JOE O. LUCKMAN, P.T.
PHYSICAL THERAPY AND SPEECH PATHOLOGY
CONSULTATION AND TREATMENT
Great Falls Medical Building
1220 Central Avenue
GREAT FALLS, MONTANA 59401
PHONE 761-0471

January 17, 1989

The Honorable Sam Hofman
House of Representatives
Capitol Station
Helena, MT 59620

Dear Senator Hofman:

In the next 1-2 weeks you will be considering Medicaid optional benefits, including the delivery of physical therapy.

On behalf of myself and my Medicaid clients, I urge you to preserve physical therapy as an optional benefit.

Our Medicaid clients vary from cerebral palsied children to the elderly with strokes or broken hips. In the middle we may see low income adults with back or knee problems or chronic headaches.

Along with preserving physical therapy in principle, I urge you to maintain benefits to private out-patient clinics as well as hospital departments. The client and physican should have the right to choose their therapy provider, and private clinics may even be less costly to reimburse.

It is critical that this segment of our population not be cut-off from the delivery of essential health care. Physical therapists are in the business of restoring and/or preserving function. In the long haul, there is nothing more medically and financially cost-effective than that.

If I may answer any questions, please do not hesitate to call. Thank you for your consideration of this critical issue.

Sincerely,

Gail Wheatley PT

Gail Wheatley, P.T.

GW/cmb

EXHIBIT 13
DATE 1-20-89
HB

Patricia S. Rodrigue
5550 Black Bear Road
Bozeman, Montana 59715

Jan. 16, 1989

Representative Bradley
House of Representatives
Helena, MT 59624

Dear Representative Bradley,

It is my feeling that physical therapy should remain as a covered service under the Montana Medicaid Service. The coverage should include outpatient as well as in-patient care. Without physical therapy, many Montanas, would not be able to live independantly, thus becoming a burden to the Montana taxpayers.

Thank you for your time.

Patricia S. Rodrigue

Jan, 18, 1989

EXHIBIT 14
DATE 1-20-89
HB

Dear Human Services Subcommittee;

Please do not cut the optional services under the Medicaid program.

Our granddaughter, whom we are caring for, was born microcephalic. As a result of that she has cerebral palsy. She needs these services to keep her ability to move her arms, legs, and all her joints. Without the help of an occupational therapist and a physical therapist her joints would freeze in a distorted position that would be very uncomfortable for her and make it very hard to handle her as well as dressing and undressing her. She is 4 years old now and by all the doctors reports the only reason she has full range of motion in her joints is because of the good physical therapy care she has had. She is going to have to have continued care to keep her where she is. As she gets older she may require help with speech if she is to ever learn to talk. We don't know if that will ever be possible. Without these services through Medicaid we would never be able to get the help that our granddaughter so desperatly needs.

Thank you for caring.

Gloria Stedman
324 Tyler Way
Polo, mt 59847

EXHIBIT 15
DATE 1-20-89
HB

SUSAN M. THOMPSON, P.T.
Pediatric Physical Therapist

1135 Strand Avenue
Missoula, Montana 59801
(406) 728-8950

January 17, 1989

Honorable Senator Fred Van Valkenberg
Capitol Station
Helena, MT 59620

Dear Senator:

I strongly urge you not to support the cutting of any optional out-patient physical therapy rehab services for Medicaid. As a pediatric physical therapist, I serve many children who would have no treatment options if the proposed cuts were made.

Sincerely,

Susan M. Thompson, P.T.
Pediatric Physical Therapist

SMT/mad

EXHIBIT 16
DATE 1-20-89
HB

DONNA WOODWARD, *Physical Therapy*

807 Missouri Avenue
Deer Lodge, Montana 59722
Telehone: (406) 846-3448

January 17, 1989

Mona Jamison
Power Block, Suite 45
6th & Last Chance Gulch
Helena, MT 59601

Dear Ms. Jamison,

On January 20, 23 and 24, 1989 the Legislature will be hearing a bill that would drop optional benefits from the Medicaid program. At this time I would like to record my opposition to this measure. There are many people on the Medicaid program who benefit greatly from the optional benefits and are in no way abusing the program.

Thank you for your help in getting my message to the Legislative body.

Sincerely,

Donna Woodward

Donna Woodward
Physical Therary

cc: Tom Beck
Bud Campbell

DW:hm

EXHIBIT 17
DATE 1-20-89
HB

Jan 14, 89

Dear Human Services Committee,

Last year my son was diagnosed as having spastic cerebral palsy. In the past year, and after many difficult changes, I have had to come to terms with the fact that I have a handicaped child. I thought this must be the hardest thing in my whole life to except. This fact has cost me my family closeness and almost my marriage...

My son, John, receives speech, occupational and phsycial therapy along with involvment from many other professionals. He is now 2½ and cannot sit, stand, walk or eat many foods because of choking. Because of the services we've received over the last year John can now roll over, crawl, and ~~sit~~ although

his speech is still limited he can communicate with me.

"My dreams for John ~~is~~ are that someday he will be able to walk and speek and live independantly.

I soon found out that the hardest part has been realizing that I cannot make my son normal. No matter how hard I push him or myself I cannot do this by myself. One day I asked our physical therapist if I was setting my dreams to high. Her reply was that the first 3 months she worked with him that she never thought he would ever walk. But, because I pushed him so much that he now has a chance to make my dreams come true. What keeps me pushing day after day is my dream.

I cannot be John's therapist, and teacher without the help of all the professional services available to us. Please help me make my dreams for a future for my son a reality.

Thank you for considering my testimony on this very important matter.

Sincerely Yours,

Mary Pickett
(Missoula)

January 16, 1989

Honorable Larry Hal Grinde
Capital Station
Helena, MT 59620

Dear Representative Grinde,

It has recently been brought to my attention that the Physical Therapy Medicaid eligibility is being reviewed. It is my opinion & that of many of my co-workers that Medicaid clients should have the opportunity to utilize Physical therapy as an out patient. If they can be treated early in an reasonable & necessary setting such as a private practice many pains & dollars will be saved in the long term.

Therefore, I strongly urge you to continue to allow Physical Therapy as a Medicaid benefit.

Thank you for your time & consideration.

Sincerely,

Susan Madison, P.T.
Great Falls, Montana

January 16, 1989

Honorable Dorothy Cody
Capital Station
Helena, MT 59620

Dear Representative Cody,

It has recently been brought to my attention that the Physical Therapy Medicaid eligibility is being reviewed. It is my opinion & that of many of my co-workers that Medicaid clients should have the opportunity to utilize Physical Therapy as an outpatient. If they can be treated early in an reasonable & necessary setting such as a private practice many hours & dollars will be saved in the long term.

Therefore, I stongly urge you to continue to allow Physical Therapy as a Medicaid benefit.

Thank you for your time & consideration.

Sincerely,

Susan Madison, P.T.
Great Falls, Montana

BOZEMAN
PHYSICAL THERAPY CENTER
Suite 703G • Medical Arts Center
300 North Willson
Bozeman, Montana 59715
(406) 587-4501

January 17, 1989

The Honorable Dorothy Bradley
Montana House of Representatives
Capitol
Helena, MT 59620

Dear Dorothy:

Re: Medicaid Optional Medical Benefits

I am writing to request your support of maintaining physical therapy as an optional benefit in the Montana Medicaid system. We look for your support through the upcoming subcommittee hearing.

Outpatient physical therapy services should be maintained in the medical care system for all patients. This allows patients to be cared for by the practitioner of his choice. Also, should a physician seek the services of a specific practitioner with a certain expertise for the care of his patient, the Medicaid recipient should be allowed the most appropriate care available.

Thank you very much for your consideration of this matter. Please feel free to contact me should you have any questions.

Respectfully,

Mary Jo Lusin, PT

Gary Lusin, P.T.
Mary Jo Lusin, P.T.

Physical Therapy Center of Great Falls P.C.
Lincoln Medical Court
2517—7th Ave. South • Great Falls, MT 59405 • (406) 771-0777

Jolene Monheim, PT

January 16, 1989

ATTN: Rep. Dorothy Bradley

Dear Ms. Bradley:

I am writing this letter in protest to proposed changes in SRS eliminating Medicaid reimbursement for physical therapy services. In addition, it has come up that Medicaid could reimburse for physical therapy services provided at a hospital and not reimburse in an out-patient physical therapy setting. I feel that this is discriminatory against the private practioner.

Thank you for your consideration on these issues. Please don't hesitate to contact me for further dialoge on these issues.

Sincerely,

Jolene Monheim P.T.

Jolene Monheim, P.T.

JM:rb

Physical Therapy Center of Great Falls P.C.
Lincoln Medical Court
2517—7th Ave. South • Great Falls, MT 59405 • (406) 771-0777

Jolene Monheim, PT

January 16, 1989

ATTN: Sen. Sam Hofman

Dear Mr. Hofman:

I am writing this letter in protest to proposed changes in SRS eliminating Medicaid reimbursement for physical therapy services. In addition, it has come up that Medicaid could reimburse for physical therapy services provided at a hospital and not reimburse in an out-patient physical therapy setting. I feel that this is discriminatory against the private practioner.

Thank you for your consideration on these issues. Please don't hesitate to contact me for further dialoge on these issues.

Sincerely,

Jolene Monheim PT

Jolene Monheim, P.T.

JM:rb

CDC

WESTERN MONTANA
COMPREHENSIVE
DEVELOPMENTAL CENTER

MISSOULA OFFICE
T-214 Fort Missoula
Missoula, Montana 59801
Phone (406) 549-6413

KALISPELL OFFICE
Glacier Block Inc.
945 4th Avenue East
Kalispell, Montana 59901
Phone (406) 755-2425

16 January 1989

Human Services Subcommittee
Montana State Senate
Helena, MT 59601

Dear Human Services Subcommittee:

Our eight year-old daughter is severely multiply handicapped, with disabilities including mental retardation, cleft-lip and palate, congenital glaucoma (visual impairment), hearing impairment with chronic ear infections, and delays in all areas of her development, (she functions at an average age of one year.)

She requires a regular program of physical therapy, occupational therapy, speech therapy, and medical review and treatment including prescription drugs, and services of a pediatrician, ophthomologist, orthodontist, reconstructive surgeon, specialized anesthesiologist, and otorhinolaryngologist.

"Normal" day-to-day living expenses are exaggerated because of her handicaps, ie., wheelchair, AFO's (ankle/foot orthosis), special shoes, diapers, special clothing, home adaptations for her peculiar needs, etc. With her astronomical medical expenses added to these, the result could become catastrophic for us without the availability of Medicaid support.

In addition, I serve as respite coordinator at the Comprehensive Developmental Center in Missoula. In this capacity, I have the opportunity of acquainting myself with other families of handicapped individuals. I am ever becoming increasingly aware of how extensivly the use of these, and other services is needed. Many of these children would be completely without "mandatory" and/or "optional" services if they were not funded by Medicaid.

Please realize that we consider our handicapped family members of great intrinsic worth and worthy of our love and care. And we consider the Medicaid options an important part of our ability to provide adequate care. Please support the maintenance of optimal funding for optional Medicaid services.

Sincerely,

Betty Jo M. Vance

Betty Jo M. Vance
2108 Trail St
Missoula, MT 59801

16 January 1988

Mona Jamison
Power Block Bldg
Suite 4F
Helena, MT 59624

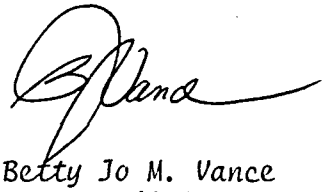
Dear Mrs. Jamison:

Thank you for lobbying in behalf of parents and professionals with regard to the services provided by Medicaid.

I am the parent of a handicapped child and I also work as the coordinator of a respite program for families of developmentally disabled persons. I appreciate your efforts from both aspects.

Enclosed is my letter of support for the maintenance of funding for optional medicaid services. Please use it to further our cause.

Sincerely,



Betty Jo M. Vance
2108 Trail St
Missoula, MT 59801

233 East Central
Missoula, Montana 59801
January 13, 1989

To Honorable Fred Van Valkenburg

I'm writing in protest to the proposal to eliminate rehabilitation services, and in particular Physical Therapy, from Medicade responsibilities. By not funding Physical therapy many handicapped children and adults would not recieve necessary services. While acute medical care, such as given in hospitals, may mean the differnce between life and death, rehabilitation services can make the difference in the quality of life; living at home vs living in a nursing home, independence vs dependence, walking vs being wheelchair bound. Please help the sick and disabled poor retain this basic service, so they have the chance to reach their full potential. Do not cut physical therapy from Medicade services.

Sincerely,
Carrie Haydock MS, LPT
Physical Therapist

Physical
Therapy
Associates of Livingston, Bozeman

Jan Delaney, P.T.
Cris Hoche, P.T.

(406) 222-7231
1313 W. Park
Livingston, MT 59047

January 16, 1989

Honorable Senator Dorothy Bradley
State Capitol Building
Helena, Montana 59601

Dear Senator Bradley:

I am a physical therapist in a practice which has provided many necessary and beneficial services to Medicaid patients.

As you are well aware, Bill #118, which proposes changing optional Medicaid benefits/services, is scheduled for public hearing later this week or early next week. I am urging you, as committee chair, to vote <u>against</u> this Bill. The ramifications , one of which would eliminate Physical Therapy out patient services, are not in the best interest of the Medicaid recipients.

Thank you in advance for your support.

Sincerely,

Jan Delaney, P.T.

Jan Delaney, P.T.

Physical
Therapy
Associates of Livingston, Bozeman

Jan Delaney, P.T.
Cris Hoche, P.T.

(406) 222-7231
1313 W. Park
Livingston, MT 59047

January 16, 1989

Honorable Senator Sam Hofman
State Capitol Building
Helena, Montana 59601

Dear Senator Hofman:

I am a physical therapist in a practice which has provided many necessary and beneficial services to Medicaid patients.

As you are well aware, Bill #118, which proposes changing optional Medicaid benefits/services, is scheduled for public hearing later this week or early next week. I am urging you, as a member of the committee, to vote against this Bill. The ramifications, one of which would eliminate Physical Therapy out-patient services, are not in the best interest of the Medicaid recipient.

Thank you in advance for you support against the Bill.

Sincerely,

Jan Delaney, P.T.

Jan Delaney, P.T.

January 16, 1989

The Honorable John Cobb
House of Representatives
Montana State Capitol
Helena, MT 59601

Dear Representative Cobb:

I am a physical therapist employed in a private practice in Great Falls. I am writing to request that you oppose the proposed cuts of optional benefits from the Medicaid program. As the Legislative Fiscal Analyst has recommended, physical therapy should be available for the beneficiaries only through the hospitals.

The major point I'd like you to remember is that generally private practices have lower fee schedules than the hospitals. Therefore, if all the people on the Medicaid program requiring physical therapy have to go to the hospital, the overall cost will, in fact, increase.

Besides the cost factor (which is the reason for the proposal in the first place), the passage of this legislation would take away the free choice of patient and physician in seeking physical therapy services. It would also restrict the right of the private practitioner to provide a service to the public.

Thank you for your consideration and attention to this matter.

Respectfully,

Charlene Dalbec P.T.

Charlene Dalbec, P.T.
P.O. Box 934
Great Falls, MT 59403
761-0471

Montana Association
of Private Practice
Physical Therapists

January 16, 1989

Chairman Dorothy Bradley
Committee Members
Human Services Subcommittee

Regarding Proposed Changes in Medicaid Optional Services

I am a physical therapist in Great Falls, currently President of the Montana Association of Private Practice Physical Therapists. I would like to go on record in opposition to the proposed elimination of optional services (exclusive of the hospital setting) for Medicaid beneficiaries.

If a person in need of physical therapy is limited to hospital-based service, the patient's right to free choice as well as the private provider's right to provide services are both negated.

A private practice, in order to survive, must be competitive and as a result, generally, has a lower fee schedule than hospitals. Therefore, by requiring all Medicaid recipients to receive services through the hospitals the intent of cost containment is questionable. As stated in the Legislative Fiscal Analyst's report, "assuming physical therapy services will increase at the same rate as other practitioner services", the fact is, the proposed elimination of "outside" optional services will increase the cost for physical therapy.

I would also like the members of the committee to keep in mind that since Montana is a large rural state, the availability of needed services for physical therapy may be restricted. The private practicing physical therapist often provides service to those areas which may not have a hospital-based therapist accessible to them.

Thank you for your attention. I ask you to vote in opposition to eliminating the option for physical therapy, exclusive of the hospital-based services, for Medicaid beneficiaries.

Respectfully,

Charlene Dalbec

Charlene Dalbec
President, MAPPPT

Dear Mona Jamison,

We are writing concerning the S.H.S.C. Bill to cut funding for Optional Medicaid money for handicapped.

We know families who need this service. Please do not cut funding for the old, poor and handicapped.

Thank you

Jerome + Anna Lee Kiff

Kingling, Montana

Please pass on to Dorothy Bradley, Larry Brindle, Jim Keating, Dorothy Cobb, John Cobb, Robert Hoffman, Fred Van Valkenburg.

EXHIBIT 18
DATE 1-20-89
HB

January 16, 1989

Senator Sam Hofman
Helena Capital Station
Helena, MT 59620

Dear Senator Hofman:

It has come to my attention that it is under consideration to eliminate outpatient physical therapy as an optional benefit under Medicaid. I feel this would be a disservice to the public in denying them the service of outpatient physical therapy and greatly limiting their choice of medical care.

The services provided by a physical therapy clinic in a private office should be retained to give the consumer a choice to pursue their individual physical therapy needs. In some instances a private physical therapy clinic is able to offer services not available in a hospital setting. The patient would still have the referral of a physician to assist in determining what physical therapy services would be appropriate depending on medical necessity.

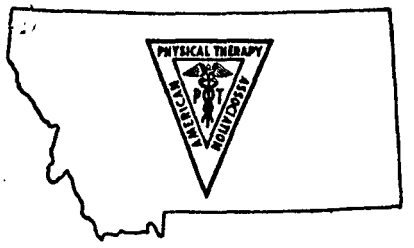
As a licensed physical therapist in the state of Montana I have had the opportunity to practice in both a hospital and private outpatient clinic. Based on my experiences I feel that denial of physical therapy treatment in private outpatient clinics would greatly deprive the patient a valuable treatment option and the right to choose where they may receive their medical care.

Therefore I urge you to oppose the elimination of outpatient physical therapy services as an optional benefit under Medicaid.

Sincerely,

Nancy Lifka P.T.

Nancy Lifka, P.T.



MONTANA CHAPTER
OF THE
AMERICAN PHYSICAL THERAPY ASSOCIATION

January 16, 1989

Representative Dorothy Bradley
Helena Capital Station
Helena, MT 59620

Dear Dorothy:

I am writing on behalf of the Montana Chapter regarding the recommendation from the Legislative Fiscal Analyst to eliminate outpatient physical therapy as an optional benefit under Medicaid. As in 1987, our position is to oppose efforts that would eliminate outpatient physical therapy as an optional benefit for Medicaid patients.

Our Chapter is very sensitive to the budgeting problems facing our state and because of that, we have been in close communication with SRS (specifically Pat Huber) over the past two years to develop a workable plan that will retain physical therapy as a valuable service and benefit to Medicaid patients. This effort has also emphasized no additional cost to Medicaid. We believe physical therapy in fact to be an essential component in the health care services that <u>should</u> be available to Medicaid patients.

Outpatient physical therapy services can be provided in a variety of settings and the present recommendation suggests eliminating services in only some of those settings. From a clinical and patient care standpoint physical therapy services can be considered generally the same, however there are many therapists who have special expertise in certain areas and they may not be working in a setting that would be retained by the recommendations. In actuality outpatient services are utilized only upon referral of a physician. Physician services are covered mandatorily. Therefore, it is logical to assume that outpatient physical therapy services are clearly a direct extension of the mandatory physician services. The physician has already determined the physical therapy service to be of medical necessity. To that end, it should be top priority to keep as many outpatient physical therapy services available as possible so that physicians can refer patients to the outpatient service of his/her choice.

Physical therapy is often the treatment of choice for many patients on Medicaid and who are single, working parents. When these people become injured, or develop problems limiting their function, physical therapy should be utilized to return those people to a functional status. In fact, as you are now reviewing the optional services, I feel the question should be asked, are physical therapy services being utilized enough to keep Medicaid

recipients physically fit and healthy so they can care for their families and be physically competitive in the job market? There are other examples of patient populations that can significantly benefit from physical therapy care as well.

Finally, I believe the inherently close relationship outpatient physical therapy has with the mandatory services almost requires those outpatient services be retained. The Medicaid population is a needy population and essential medical services should be available to them. The efforts we have made the past two years to work with SRS to establish a system that retains physical therapy service while also addressing cost, demonstrates our concern to keep the service available at a reasonable cost. We believe outpatient physical therapy should be a top priority in the optional benefit list and should be viewed as an investment in a service that can make a significant difference in the ability of Medicaid recipients to develop a productive life.

I look forward to the committee's review of these benefits and offer myself, and the Montana Chapter, as a resource should you require any additional information.

Thank you.

Gary

Gary Lusin, President
Montana Chapter

GL:dk

January 16, 1989

Representative Dorothy Bradley

Helena Capital Station
Helena, MT 59620

Dear Representative Bradley

It has come to my attention that it is under consideration to eliminate outpatient physical therapy as an optional benefit under Medicaid. I feel this would be a disservice to the public in denying them the service of outpatient physical therapy and greatly limiting their choice of medical care.

The services provided by a physical therapy clinic in a private office should be retained to give the consumer a choice to pursue their individual physical therapy needs. In some instances a private physical therapy clinic is able to offer services not available in a hospital setting. The patient would still have the referral of a physician to assist in determining what physical therapy services would be appropriate depending on medical necessity.

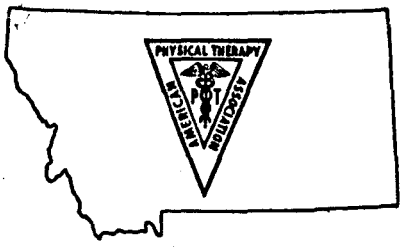
As a licensed physical therapist in the state of Montana I have had the opportunity to practice in both a hospital and private outpatient clinic. Based on my experiences I feel that denial of physical therapy treatment in private outpatient clinics would greatly deprive the patient a valuable treatment option and the right to choose where they may receive their medical care.

Therefore I urge you to oppose the elimination of outpatient physical therapy services as an optional benefit under Medicaid.

Sincerely,

Nancy Lifka P.T.

Nancy Lifka, P.T.



MONTANA CHAPTER
OF THE
AMERICAN PHYSICAL THERAPY ASSOCIATION

January 16, 1989

Senator Sam Hofman
Helena Capital Station
Helena, MT 59620

Dear Senator Hofman:

As a member of the Human Services Subcommittee you will soon be dealing with the recommendations of the Legislative Fiscal Analyst to eliminate outpatient physical therapy as an optional benefit under Medicaid. I am writing on behalf of the Montana Chapter to ask for your support in retaining outpatient physical therapy as an optional benefit.

Our Chapter is very sensitive to the fiscal health of the state. Over the past two years we have been working closely with the Department of SRS in their effort to further define physical therapy service and to implement a more descriptive coding and billing system. We are still involved in that process. Through this whole process we have realized (through data provided by SRS) that outpatient physical therapy service is quite efficient and effective in the vast majority of cases. The cost of these services is extremely small when compared to the whole Medicaid budget. The value of the service far exceeds it's cost when you view that physical therapy is an essential intervention in returning injured or ill Medicaid recipients to a functional status. This allows those people to be physically competitive in the job market, or could allow them to more effectively care for themselves or their family.

It is our opinion that as the optional benefits be reviewed that some thought be given to making outpatient physical therapy services more accessible to Medicaid recipients. Physical therapy should be viewed as an essential Medicaid benefit to see that the recipient is capable of physically handling a job or functioning optimally through their daily duties.

We realize it is difficult to address the 32 possible optional benefits and decide which ones can be eliminated without significantly hindering the health status of the individual. However, it should be apparent that no individual can be optimally productive if they have any type of physical injury or condition that prevents them from using any part of their body effectively. Physical therapy is the primary intervention to returning those individuals to a higher level of fitness.

We urge you to analyze the facts regarding outpatient physical therapy. Should you require any additional information please do not hesitate to contact me.

Sincerely,

Gary Lusin

Gary Lusin, President
Montana Chapter

Bozeman Physical Therapy Center
300 N. Willson, Suite 703G
Bozeman, MT 59715

GL:dk

MISSOULA PHYSICAL THERAPY CENTER
PHYSICAL THERAPY SERVICES

Professional Village, Suite 6
715 Kensington, Missoula, Montana 59801
406-543-4890

RICHARD L. SMITH, M.S., P.T.   EDIE G. SMITH, P.T.

COPY

December 30, 1988

Honorable Fortney "Pete" Stark
House of Representatives
Washington, D. C. 20515

Dear Representative Stark:

I am writing you in regards to your legislation to curb referral for profit situations.

I am a physical therapist in private practice in rural Montana. The referral for profit issue has grown to be a major problem in the physical therapy profession. This problem has not only had profound consequences for my physical therapy business, but quality of care has been compromised.

Numerous physicians in Montana simply hire therapists or aides to generate revenue for their own practice.

One physician in Montana currently bills for physical therapy services provided in his outpatient clinic. As the consultant to the Montana Division of Worker's Compensation, I have been asked to provide utilization review of at least a dozen cases of post-operative treatment to his carpal tunnel syndrome patients. Many of these patients received 60 or more sessions of triplicate physical therapy. (By triplicate, I mean 3 heat treatments per session.) One case received over 250 sessions in triplicate! This therapy has been provided by the physician's wife, a non-professional aide. Recently, a new aide has been hired and trained by the physician to provide physical therapy, x-ray, and lab work. This is obviously a referral for profit situation.

Your proposed legislation would be an excellent step in preventing conflicts of interest that exist in the provision of physical therapy services. All referral for profit situations should be eliminated. These situations include any situation in which physicians have investment interests.

I urge you to make a strong stand against these monopolistic, controlling physicians and organizations. Competition in the health care market place must be fair in order to guarantee quality of care and cost containment.

Thank you very much for your efforts, support, and consideration.

Sincerely yours,

Richard L. Smith, P. T.

Mona - File this for the time being. After the legislative session, we can deal with this problem. It really "grabs my groin"! ← P.T. term?
Thanks, Richard

January 14, 1989
Butte, Montana

Chaiman, Senate Human Services Sub Committee
Montana State Legislature
Capitol Station
Helena, Montana 59620

Dear Sir/Madam:

It is my understanding that you are working on a bill in your committee that includes elimination of Medicade payments for optional services such as speech, occupational and physical therapy as well as eliminate payment of psycological services.

This is to advise you that I am against elimination of these payments by Medicade.

Thank you for taking into consideration my opinion . Should you want to question me further please feel free to contact me.

Sincerely yours,
Nancy Foote

Mrs. Nancy Foote
550 N. Franklin St.
Butte, Mt. 59701 ph 723-6654

PHYSICAL THERAPY CLINIC
OF BILLINGS, P.C.
Poly Dr. at North 28th
1241 North 28th Street — Billings, Montana 59101
406 / 245-6513

Physical Therapy
Sports Injuries
Evaluation
Consultation
Industrial Accident Prevention
Back Health Care
Arthritis Management
Industrial Injuries
Head, Neck, TMJ Therapy
Rehabilitation
Patient Education
Pain Control
Cybex Testing/Exercise
Stress Management
Functional Capacities Assessment
Hydrostatic Weighing
Pediatric Physical Therapy
Geriatric Rehabilitation

Jerome B. Connolly, P.T.
Lorin R. Wright, P.T.
Mary A. Mistal, P.T.

January 16, 1989

Representative Larry Grinde
House of Representatives
State Capitol
Helena, MT 59601

Dear Representative Grinde:

It has come to my attention that the Legislative Fiscal Analyst is recommending removal of physical therapy from the Medicaid "optional services" list.

There are two factors I would like you to consider in coming to your personal decision:

(1) Physical therapy is one of the few services that delivers a high return on investment (ROI). In other words, physical rehabilitation dollars well spent enable Medicaid recipients to eventually "get back on their feet" and become productive, tax-paying citizens contributing to, instead of being a burden on, the Montana economy.

(2) Be removing physical therapy from the "optional services" list, the legislature will actually be encouraging a higher cost of care. This is because Medicaid beneficiaries will still receive physical therapy in a hospital setting which is more costly than in private clinics. As you know, hospital services are required under the Medicaid program and not optional.

For the two above reasons, I would like you to oppose the removal of physical therapy from the list of Medicaid "optional services".

Sincerely,

JEROME B. CONNOLLY, P.T.

JBC/jls

PHYSICAL THERAPY CLINIC
OF BILLINGS, P.C.
Poly Dr. at North 28th
1241 North 28th Street — Billings, Montana 59101
406 / 245-6513

Physical Therapy
Sports Injuries
Evaluation
Consultation
Industrial Accident Prevention
Back Health Care
Arthritis Management
Industrial Injuries
Head, Neck, TMJ Therapy
Rehabilitation
Patient Education
Pain Control
Cybex Testing/Exercise
Stress Management
Functional Capacities Assessment
Hydrostatic Weighing
Pediatric Physical Therapy
Geriatric Rehabilitation

Jerome B. Connolly, P.T.
Lorin R. Wright, P.T.
Mary A. Mistal, P.T.

January 16, 1989

Senator Tom Keating
Montana State Senate
State Capitol
Helena, MT 59601

Dear Senator Keating:

It has come to my attention that the Legislative Fiscal Analyst is recommending removal of physical therapy from the Medicaid "optional services" list.

There are two factors I would like you to consider in coming to your personal decision:

(1) Physical therapy is one of the few services that delivers a high return on investment (ROI). In other words, physical rehabilitation dollars well spent enable Medicaid recipients to eventually "get back on their feet" and become productive, tax-paying citizens contributing to, instead of being a burden on, the Montana economy.

(2) Be removing physical therapy from the "optional services" list, the legislature will actually be encouraging a higher cost of care. This is because Medicaid beneficiaries will still receive physical therapy in a hospital setting which is more costly than in private clinics. As you know, hospital services are required under the Medicaid program and not optional.

For the two above reasons, I would like you to oppose the removal of physical therapy from the list of Medicaid "optional services".

Sincerely,

JEROME B. CONNOLLY, P.T.

JBC/jls

EXHIBIT 19
DATE 1-20-89
HB

January 16, 1989

Dear Senator Sam Hofman:

As you review Medicaid optional benefits in Montana, I ask that you not discontinue Physical Therapy services. I agree that there is a significant amount of money spent on optional services, however, I ask that you consider the following:

1. Though these services do add up to a significant amount, this cost is very small in comparison to other costs of medical care. Some of these costs include the fastest growing cost, which is remuneration for physician services. There are many examples where physician ordered tests such as MRI which in one patient visit can add up to more than an entire year's worth of physical therapy for 2 or 3 patients. To cut out physical therapy services while accepting excessive payments for these costly tests is something like straining at a gnat while swallowing a camel.

2. Another item that should be considered is the excessive cost to the State for persons who do not have proper rehabilitation and become long-term financial burdens on the State. The relatively low initial cost for rehabilitation services is far less than the long-term disability payments paid for patients who have not had appropriate rehabilitation.

3. Though I work in a hospital, I disagree with the stated assumption that "more serious cases are seen in hospital outpatient status". This simply is not true. The client status is the same whether they are seen in outpatient hospital services or private physical therapy practice. However, the private outpatient services are often less expensive due to the reduced overhead outside the hospital. Sometimes the quality of outpatient services are also of a higher quality since referral to these services is normally based on quality of care rather than political or financial alliances with referring sources.

4. If you consider eliminating any coverage, you might seriously consider eliminating coverages for services where the physician is financially rewarded by direct or indirect means for referral of patients. This is a common practice in Montana, which is expanding with increased physician owned PT practices and joint ventures with the hospitals.

I urge you to keep Physical Therapy as a benefit to the Medicaid system and consider other ways to reduce costs and still provide adequate care.

Sincerely,

Lance B. Hendricks

Lance B. Hendricks
Physical Therapist
1340 Lonesome Pine
Billings, Montana 59105
LBH:bt

EXHIBIT 20
DATE 1-20-89
HB

January 13, 1989

Dear Senator Sam Hofman:

As you undertake a review of the Medicaid optional benefits in Montana, please consider continuing reimbursement of physical therapy services.

Contrary to the report from the department of social and rehabilitation services (page B-113) that the more serious cases are seen on an inpatient or outpatient hospital or nursing home status, there is no evidence to substantiate this. The hospital outpatient load where I work is very similar to the case load seen by physical therapists in private practice. If you regulate reimbursement by the setting in which physical therapy is given, I recommend cutting out only those services in which the referring physician directly or indirectly receives remuneration for services rendered by physical therapists. This would include physical therapy services given in physician offices or by physical therapy businesses owned by physicians.

Eliminating physical therapy services in the short run may save the state some money. The long-term results, however, may not be as favorable. Alleviation of pain, reduction and prevention of disability, and improvement in function, all primary objectives of physical therapy, does get people back to work or at least to an environment requiring less care.

I urge you to leave physical therapy as a benefit in the Montana Medicaid system.

Sincerely,

Dorothy Hash

Dorothy Hash, P.T.
1112 Kootenai
Billings, Montana 59105
DH:bt

EXHIBIT 21
DATE 1-20-89
HB

Cheryl Hanson, P.T.
Kirk Hanson, P.T.

Helena Physical Therapy Associates 2615 Colonial Drive Helena, Montana 59601 406 443-5555

January 16, 1989

Senator Sam Hofman
Montana State Capital
Helena, MT 59601

Re: Possible elimination of Medicaid optional services: outpatient physical therapy services.

Dear Senator Hofman,

We have been informed that the legislature subcommittee will be considering the elimination of Medicaid optional services, including outpatient physical therapy. Supposedly, this proposal is a cost containment measure.

As local physical therapists, working in an outpatient clinic and treating Medicaid covered children and adults, we would like to clarify several points.

1. These proposed cuts are a relatively small percent of the total Medicaid budget.
2. These cuts would not apply to outpatient clinics located in hospitals or to home health agencies.
3. Patients will be denied freedom of choice in selecting physical therapy providers.
4. Patients requiring physical therapy services will search out other treatment sources, if the present outpatient clinics become closed to them. Because of this Medicaid patients will receive their physical therapy services from hospital outpatient clinics or home health agencies. In the Helena area, charges for physical therapy services in hospitals or home health agencies are significantly higher than most freestanding outpatient clinics. This is true in most major metropolitan areas in the state. Therefore, any signifianct savings anticipated from this proposal will be eliminated; Medicaid will be paying more for the samy services.

We encourage you to retain Medicaid coverage of putpatient physical therapy services.

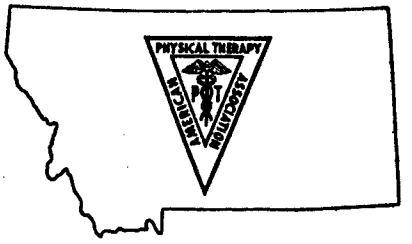
Thank you for your time.

Sincerely,

Cheryl Hanson P.T.
Cheryl Hanson, P.T.

Kirk Hanson P.T.
Kirk Hanson, P.T.

EXHIBIT 22
DATE 1-20-89
HB



MONTANA CHAPTER
OF THE
AMERICAN PHYSICAL THERAPY ASSOCIATION

TESTIMONY TO RETAIN OUTPATIENT PHYSICAL THERAPY
AS A MEDICAID OPTIONAL BENEFIT

Presented to the Human Services Subcommitte of the Appropriations Committee. January 20, 1989.

My name is Gary Lusin and I am a Physical Therapist in Bozeman. I am President of the Montana Chapter of the American Physical Therapy Association and am here to express concerns regarding the recommendations being considered to eliminate some, or all of the optional benefits under Medicaid, especially physical therapy.

When we look at the 9 mandatory and 32 optional services in the Medicaid program it is easy to see why optional services have been added. The mandatory services are apparently not sufficient to meet the needs of the patients in many instances. I believe this is especially true in a rural state as Montana. Eliminating some of the optional benefits may leave some needy people in some areas without available service at all. Perhaps more commonly, it will leave little to no choice or alternative for a referring practitioner to refer a patient. This is especially true of physical therapy. There are several examples across Montana that if outpatient physical therapy is eliminated, the referring physician and the patient may not have access to the most appropriate physical therapy care for their condition. It is very common for physical therapists to develop certain areas of expertise and it could very well be that those special services could be taken away should outpatient PT be eliminated. The goal then should be to have appropriate services available, and the proposed elimination takes away many very good and economical services.

A large part of the population that would be effected by the elimination of outpatient PT would be single, working parents, or single parents attending school, or possibly an able bodied person who is injured and is unable to be employed because of their injury. Physical therapy plays a critical role in returning individuals to as optimal function as possible and many times is the only intervention that can return a person to gainful employment, or keep an individual at a functional level

that will keep them out of the more expensive mandatory services.

The fact is that the needs of the patients will always be present, and while the recommended elimination of service addresses cost saving it cannot reduce the need. So, in effect the costs will simply be shifted to the mandatory services which, as I read it, would include hospital outpatient services, or services provided in a physician owned outpatient setting. As the report by the Legistative Fiscal Analyst states, the actual utilization and cost of each service should first be determined. Recent data provided to us be the Department of SRS regarding the utilization of outpatient physical therapy indicated that 89% of the patients were treated in less that 25 "visits" and that around 94% were treated in less that 50 "visits", with a visit equalling one code or procedure at the time of the data collection. Therefore one session with a physical therapist conservatively would be 4 "visits'. This represents about 12 sessions per patient. This appears to be very appropriate utilization of physical therapy and certainly does not demonstrate over-utilization or cost.

Over the past two years our Chapter has been working very closely with the Department of SRS to address utilization of outpatient physical therapy, to establish a prior authorization system, and to establish a system of peer review for potential problem claims. Our Chapter is well aware of the fiscal concerns and we have been working cooperativley to establish a system that provides a very good service and at the same time recognizes the financial limitations of the program. We do however emphasize that our service be recognized for its benefits and be compensated accordingly. To my knowledge, outpatient physical therapy has not had an increase in reimbursement for the past 6-7 years and SRS has made it clear that there will not be one in the near future.

In studying the Legislative Fiscal Analyst report in preparation for this hearing, I became quite concerned about some of the data that was used to demonstrate a saving to the Medicaid program by cutting some of the optional benefits. These were:

1. a 70%, $32 million increase in the 4 years between 1985 and 1988, in the Primary (and I assume the Mandatory) care portion had occurred. Nothing was cited to indicate how much of an increase had occurred in the optional services. I feel it only fair that optional benefit data be used since that is the area we are dealing with.

2. During fiscal 1988, $240,573 was spent on physical therapy. 103 different physical therapists provided service. If we look at the outpatient physical therapy setting that this recommendation technically

addresses, there is far less than 103 physical therapists working in those settings in Montana. In addition the areas cited from which the data was compiled includes areas under mandatory services, i.e., hospital outpatient, children under 21, etc. We are not provided a breakdown of those respective service area costs so in effect we have no idea how much of the $240,573 was actually made up of the optional services under proposed elimination.

As you continue to study and analyze the Medicaid optional benefits we ask that you consider the reasons those services were included as possible benefits, as well as make sure that the figures and information you have before you to base your decisions on are accurate and will in fact result in the savings identified.

Lastly, please consider the benefit of outpatient physical therapy almost as an investment that can be employed when necessary to assist the Medicaid needy in possibly being able to provide for themselves enough that they will actually use less services rather than more. Perhaps many will not need the services at all.

Thank you for the opportunity to address you and best of luck in your deliberations.

Gary Iusi.

EXHIBIT 23
DATE 1-20-89
HB

Montana State Pharmaceutical Association

Incorporated
P.O. BOX 4718
HELENA, MONTANA 59604
TELEPHONE 406-449-3843

To: Human Services Joint Subcommittee
of House Appropriations

From: Robert H. Likewise, Executive Director

Re: Medicaid Fee Increase for Pharmacy

Date: January 20, 1989

Madam Chairman, Members of the Committee, for the record I am Robert H. Likewise, the executive director for the Montana State Pharmaceutical Association.

I come before this Committee as the representative of the pharmacists of Montana that are currently providers for medicaid but finding it more and more difficult to remain in a program in which there seems to be no light at the end of the tunnel. They desperately want to provide quality medical services for the medicaid recipient but are finding it very difficult to continue to do so when the costs of doing business, other than the ingredient cost, are increasing so rapidly while the dispensing fee for medicaid continues to remain the same.

The last two sessions I presented data such as I am presenting at this time but the tight budgets did not allow for any increases.

I understand the Priorities for People have become concerned with access if pharmacies start dropping out of the program. They have suggested as one of their initiatives that the dispensing fee should be adjusted to bring it more in line with the cost of doing business.

I am including a data sheet comparing information from 1979 with that of 1988. This data compares the increases in the selling price, and the average gross margin with the average cost to fill a prescription. Also included is a comparison of the selling price with the national average for the same years as well as data on the increase of the number of cases utilizing this service.

Before I summarize the data, let me emphasize that pharmacy has not recieved an adjustment in the maximum level of the dispensing fee since October 1, 1980. That fee was established from a survey conducted using 1979 operating data. The cost of operating a business has increased since then. However, the pharmacists have been asked and have accepted decreases in reimbursement since 1980.

1. They have had their dispensing fee frozen.

2. They have received a decrease of 10% in the ingredient cost as was suggested by HCFA.

3. HCFA has also imposed a greatly enlarged MAC program requiring the use of a much larger number of generics. This increases costs through increased inventory and loses through out-of-date products that can not be returned for credit.

To summarize the data, we can see that the average selling price has incresed steadily between 1979 and 1988. However, these figures for Montana Pharmacies are in line with the national average when compared with data from the Lilly Digest which is a national survey. The cost to dispense has increased from $3.54 in 1979 to 5.78 in 1988. The rules originally allowed for a 7.5% incentive fee based on the average retail price or in this case $1.23. This is no longer a reality since the costs are far above the maximum fee.

In reviewing cases per month utilizing the service, I found an increase from 9336 per month in 1979 to 14132 per month in 1987 from the medical assistance data section of the statistical reports of the Department of SRS.

In conclusion, I would like to emphasize that the pharmacists have no control over the increase of the caseload or the increase of the prescription price since this would be primarily manufacturers price increases with the Medicaid prescription. It is not the intent of the medicaid program that the private pay sector should subsidize it when filling their prescriptions. However, the pharmacies of Montana have no alternative since they can not continue to absorb the increasing loss.

Montana State Pharmaceutical Association

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PHARMACY PRESCRIPTION STATISTICS

	1988 data	1984 data	1979 data
Average Rx filled	18,836	19,860	17,578
Average Rx/day	51	54	48
Average Retail/Rx	$16.45	$10.54	$7.56
Average Gross Margin	5.64	4.07	3.07
Ave. Cost to Dispense	5.78	4.33	3.54

Lilly Digest Average data: (A national Survey)
(Copies included with testimony)

1979 Average Retail - $7.18

1980 Average Retail - $7.85

1986 Average Retail - $14.36

1987 Average Retail - $15.37

Data From Statistical Reports from Department of SRS
(From Medical Assistance Data)

FY 1979 Budget		3,889,135
	Av. # Cases/Month Using Drugs & supplies	9,366
	Average Cost/Case	34.60
FY 1987 Budget		8,411,385
	Av. # Cases/Month using Drugs & supplies	14,132
	Average Cost/Case	49.60

Table 1 *Current trends in pharmacy operations*

Averages per Pharmacy	1987 1,806 Pharmacies	1986 1,245 Pharmacies	Amount and Percent of Change
Sales			
Prescription	$450,815— 66.5%	$417,895— 63.9%	+$32,920— 7.9%
Other	227,333— 33.5%	235,698— 36.1%	−$ 8,365— 3.5%
Total	$678,148—100.0%	$653,593—100.0%	+$24,555— 3.8%
Cost of goods sold	460,660— 67.9%	443,390— 67.8%	−$17,270— 3.9%
Gross margin	$217,488— 32.1%	$210,203— 32.2%	+$ 7,285— 3.5%
Expenses			
Proprietor's salary	$ 42,650— 6.3%	$ 38,605— 5.9%	+$ 4,045—10.5%
Employees' wages	63,588— 9.4%	65,073— 10.0%	−$ 1,485— 2.3%
Rent	15,931— 2.4%	15,266— 2.3%	+$ 665— 4.4%
Heat, light, and power	5,022— 0.7%	5,274— 0.8%	−$ 252— 4.8%
Accounting, legal, and other professional fees	3,070— 0.5%	3,007— 0.5%	+$ 63— 2.1%
Taxes (except on buildings, income, and profit) and licenses	8,965— 1.3%	9,454— 1.4%	−$ 489— 5.2%
Insurance (except on buildings)	7,271— 1.1%	7,070— 1.1%	+$ 201— 2.8%
Interest paid	4,683— 0.7%	5,228— 0.8%	−$ 545—10.4%
Repairs	2,762— 0.4%	2,669— 0.4%	+$ 93— 3.5%
Delivery	2,005— 0.3%	2,224— 0.3%	−$ 219— 9.8%
Advertising	6,859— 1.0%	6,585— 1.0%	−$ 274— 4.2%
Depreciation (except on buildings)	8,233— 1.2%	8,239— 1.3%	−$ 6— 0.1%
Bad debts charged off	1,247— 0.2%	1,119— 0.1%	+$ 128—11.4%
Telephone	2,524— 0.4%	2,534— 0.4%	−$ 10— 0.4%
Miscellaneous	19,966— 2.9%	20,057— 3.1%	−$ 91— 0.5%
Total expenses	$194,776— 28.8%	$192,404— 29.5%	−$ 2,372— 1.2%
Net profit (before taxes)	$ 22,712— 3.3%	$ 17,799— 2.7%	−$ 4,913—27.6%
Proprietor's withdrawals	42,650— 6.3%	38,605— 5.9%	−$ 4,045—10.5%
Total income of self-employed proprietor (before taxes on income and profits)	$ 65,362— 9.6%	$ 56,404— 8.6%	−$ 8,958—15.9%
Value of inventory at cost and as a percent of sales			
Prescription	$ 47,096— 10.4%	$ 43,296— 10.4%	−$ 3,800— 8.8%
Other	48,790— 21.5%	50,258— 21.3%	−$ 1,468— 2.9%
Total	$ 95,886— 14.1%	$ 93,554— 14.3%	−$ 2,332— 2.5%
Annual rate of inventory turnover	4.9 times	4.8 times	
Size of area and sales per square foot*	sq. ft.	sq. ft.	
Prescription	447 $1,002.80	449 $963.41	− 2— 0.4%
Other	2,377 88.26	2,379 97.04	− 2— 0.1%
Total	2,824 $ 233.02	2,828 $229.57	− 4— 0.1%
Number of prescriptions dispensed			
New	18,322— 62.5%	16,080— 55.2%	− 2,242—13.9%
Renewed	11,011— 37.5%	13,026— 44.8%	− 2,015—15.5%
Total	29,333—100.0%	29,106—100.0%	− 227— 0.8%
Prescription charge	$15.37	$14.36	+$ 1.01— 7.0%
Number of hours per week			
Pharmacy was open	60 hours	61 hours	− 1
Worked by proprietor	54 hours	48 hours	− 6
Worked by employed pharmacist(s)	31 hours	36 hours	− 5
Sales and prescription activity per pharmacy hour open			
Prescription sales	$144.49	$131.74	−$ 12.75— 9.7%
Other sales	$ 72.86	$ 74.31	−$ 1.45— 2.0%
Prescriptions dispensed	9.4	9.2	

*Based on averages of pharmacies that reported all data

NOTE These national averages are presented to give a composite picture of the average L... Druggist pharmacy. Comparisons for analysis should be based on the operations of pharmacies of comparable sales and prescription volume that appear in one of the 29 arrangements in "The Heart of the L... Druggist" (pp. 13-24.)

Table 1 *Current trends in pharmacy operations*

Averages per Pharmacy	1980 2,070 Pharmacies		1979 1,458 Pharmacies		Amount and Percent of Change	
Total sales	$416,161	100.0%	$391,681	100.0%	-$24,480	-6.2%
Cost of goods sold	273,390	65.7%	257,334	65.7%	-$16,056	-6.2%
Gross margin	$142,771	34.3%	$134,347	34.3%	-$ 8,424	-6.3%
Expenses						
Proprietor's or manager's salary	$ 26,001	6.2%	$ 25,346	6.5%	+$ 655	+2.6%
Employees' wages	49,128	11.8%	46,759	11.9%	+$ 2,369	+5.1%
Rent	10,127	2.4%	9,783	2.5%	+$ 344	+3.5%
Heat, light, and power	3,682	0.9%	3,291	0.8%	+$ 391	+11.9%
Accounting, legal, and other professional fees	1,966	0.5%	1,804	0.5%	+$ 162	+9.0%
Taxes (except on buildings, income, and profit) and licenses	6,254	1.5%	5,848	1.5%	+$ 406	+6.9%
Insurance (except on buildings)	4,539	1.1%	4,214	1.1%	+$ 325	+7.7%
Interest paid	2,901	0.7%	2,584	0.7%	+$ 317	+12.3%
Repairs	1,503	0.4%	1,344	0.4%	+$ 159	+11.8%
Delivery	1,984	0.5%	1,662	0.4%	+$ 322	+19.4%
Advertising	4,590	1.1%	4,436	1.1%	+$ 154	+3.5%
Depreciation (except on buildings)	3,591	0.9%	3,369	0.9%	+$ 222	+6.6%
Bad debts charged off	556	0.1%	565	0.1%	-$ 9	-1.6%
Telephone	1,463	0.3%	1,365	0.3%	+$ 98	+7.2%
Miscellaneous	10,702	2.6%	10,362	2.6%	+$ 340	+3.3%
		10.6%		10.4%		
Total expenses	$128,987	31.0%	$122,732	31.3%	+$ 6,255	+5.1%
Net profit (before taxes)	$ 13,784	3.3%	$ 11,615	3.0%	+$ 2,169	+18.7%
Total income of self-employed proprietor (before taxes on income and profits)	$ 39,785	9.5%	$ 36,961	9.5%	+$ 2,824	+7.6%
Value of inventory at cost	$ 67,020	16.1%	$ 64,066	16.4%	+$ 2,954	+4.6%
Annual rate of turnover of inventory	4.2 times		4.2 times			
Hours per week pharmacy was open	63		64		-1	

NOTE: These national averages are presented to give a composite picture of the average LILLY DIGEST pharmacy. Comparisons for analysis should be based on the operations of pharmacies of comparable sales and prescription size which appear in one of the 34 arrangements in the "Heart of the LILLY DIGEST."

Table 2 *Current trends in prescription department operations*

Averages per Pharmacy	1980 2,070 Pharmacies		1979 1,458 Pharmacies		Amount and Percent of Change	
Sales						
Prescription	$212,949	51.2%	$195,159	49.8%	+$17,790	+9.1%
Other	203,212	48.8%	196,522	50.2%	+$ 6,690	+3.4%
Total	$416,161	100.0%	$391,681	100.0%	+$24,480	+6.2%
Value of inventory at cost and as a percent of sales						
Prescription	$ 24,649	11.6%	$ 22,941	11.8%	+$ 1,698	+7.4%
Other	42,381	20.9%	41,125	20.9%	+$ 1,256	+3.1%
Total	$ 67,020	16.1%	$ 64,066	16.4%	+$ 2,954	+4.6%
Sales per dollar invested in inventory						
Prescription	$8.64		$8.51		+$ 0.13	+1.5%
Other	4.79		4.78		+$ 0.01	+0.2%
Size of area (square feet)*						
Prescription	385	15.3%	381	14.7%	+4	+1.0%
Other	2,129	84.7%	2,205	85.3%	-76	-3.4%
Total	2,514	100.0%	2,586	100.0%	-72	-2.8%
Sales per square foot*						
Prescription	$549.06		$510.56		+$ 38.50	+7.5%
Other	94.71		88.23		+$ 6.48	+7.3%
Total	164.32		150.39		+$ 13.93	+9.3%
Number of prescriptions dispensed						
New	13,447	49.6%	13,499	49.7%	-52	-0.4%
Renewed	13,679	50.4%	13,688	50.3%	-9	-0.1%
Total	27,126	100.0%	27,187	100.0%	-61	-0.2%
Prescription charge	$7.85		$7.18		+$ 0.67	+9.3%

*Based on averages of pharmacies that reported all data

EXHIBIT 24
DATE 1-20-89
HB

WITNESS STATEMENT

NAME Mona Jamison BILL NO. ____

ADDRESS Power Block Bldg; Suite 4F DATE ____

WHOM DO YOU REPRESENT? Physical Therapy Associations

SUPPORT √ - Optional Benefits OPPOSE √ - cuts in optional benefits for PT AMEND ____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Optional benefits for outpatient physical therapy services should be maintained. Physical therapy in an outpatient setting (private practices) provides:
- specialization of services which may not be provided in any specific hospital based setting
- costs of physical therapy services in a private practice are lower than hospital costs for equivalent services

Optional benefits for physical therapy are necessary to assist and enable people to become more self-reliant and functional.

CS-34

- Rural health clinic services
- Other laboratory and X-ray services
- Physician services
- Nurse Midwife services

the latter group, States may c
required for financial assist

services available from local welfare offices and State
icipients Medicaid agencies.

Optional Services in State M

aid Programs

FMAP[1]	Basic Required Medicaid Services See Above		Podiatrist' Services	Optometrists' Services	Chiropractors' Services	Other Practioners' Services	Private Duty Nursing	Clinic Services	Dental Services	Physical Therapy	Occupational Therapy	Speech, Hearing and Language Disorder	Prescribed Drugs	Dentures	Prosthetic Devices	Eyeglasses	Diagnostic Services	Screening Services	Rehabilitation Services	Services for Age 65 or Older in Mental Institution: A. Inpatient Hospital Services	Services for Age 65 or Older in Mental Institution: B. SNF Services	Services for Age 65 or Older in Mental Institution: C. ICF Services	Intermediate Care Facility Services	ICF for Mentally Retarded	Inpatient Psychiatric Services for under Age 22	Christian Science Nurses	Christian Science Sanitoria	SNF for under Age 21	Emergency Hospital Services	Personal Care Services	Transportation Services	Case Management Services	Hospice Services	Total Additional Services	
73.29	•	Alabama		•				•					•		•	•		•			•	•					•					15	AL
50.00	•	Alaska		•	•			•	•	•	•	•			•	•		•		•		•					•	•	•	•		17	AK
50.00		American Samoa[4]																															AS
62.12	•	Arizona[3]	•	•				•	•	•		•	•	•	•	•												•		•		12	AZ
74.21	+	Arkansas		+	+	+		+	+			+	+	+	+	+			+	+	•	•	•	•			•	+	•	+	+		21	AR
50.00	+	California	+	+	+	+	+	+	+	+	+	+	+	+	+	+			+	+	+	+	+	+	+	+	+	+		+			26	CA
50.00	•	Colorado	•	•		•		•	•				•			•				•	•	•	•	•			•	•		•			16	CO
50.00	+	Connecticut	+	+	+	+	+	+	+	+		+	+	+	+	+	+		+	+					+		+			+			24	CT
51.90	•	Delaware	•	•		•	•	•				+	•		•						•	•	•	•			•	•		•			16	DE
50.00	+	D.C.	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	•	•	•	•			+	+	+				26	DC
55.39	+	Florida	+	+		+		+	+			+	+	+	+	+			+	•	•		•	•				+		+		+	17	FL
63.84	+	Georgia	+	+		+		+	+				+	+	+	+		+					+	•			+			+	+		15	GA
50.00	•	Guam		•				•	•				•			•												•					6	GU
53.71	+	Hawaii	+	+		+		+	+	+	+	+	+	+	+	+	+	+	+				+	•			+	+		+			22	HI
70.47	•	Idaho	•	•	•	•		•	•				•						•			•	•	•			•	•		•			14	ID
50.00	+	Illinois	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+		+	+	+		•	•			+	+		+			28	IL
63.71	•	Indiana	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•			•	•	•	•	•	•	•	•			28	IN
62.75	+	Iowa	+	+	+	+		+	+	+	+	+	+	+	+	+	+		+	•			•	•			+	+					22	IA
55.20	+	Kansas	+	+	+	+		+	+	+	+	+	+		+	+			+	+		+	+	•			+	+	+				21	KS
72.27	+	Kentucky	+	+		+		+	+	+	+	+	+		+		+		+	+			•	•			+	+		+		+	24	KY
68.26	+	Louisiana		+				+	+				+	+	+				+	•			•	•			•			+	+		14	LA
67.08	+	Maine	+	+	+	•	+		+	+	+	+	+	+	+	+	+	+	+	•			•	•			+	+		+			27	ME
50.00	+	Maryland	+	+				•	•	+		+	+	•	+	+			+				•	•			+	+	•	+			18	MD
50.00	+	Massachusetts	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	•	•			+	+	+	+	+		31	MA
56.48	+	Michigan	+	+	+	+		+	+	+	+	+	+	+	+	+	+		+	+			•	•			+	+	+	+	+	+	28	MI
53.98	+	Minnesota	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			•	•			+	+		+		+	30	MN
79.65	•	Mississippi		•				•	•				•		•	•			•	•			•	•			•	•		•			14	MS
59.27	•	Missouri	•	•				•	•				•	•	•	•			•	•									•				14	MO
69.40	+	Montana	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	•			•	•			+	+		+			27	MT
59.73	+	Nebraska	+	+	+	+	+	+	+	+		+	+	+	+	+			+	•			•	•			+	+					22	NB
50.25	•	Nevada	•	•	•	•	•	•	•	•	•	•	•	•	•	•			•	•			•	•			•	•	•	•			24	NV
50.00	+	New Hampshire	+	+	+	+	+	+	+	+	+	+	+		+	+	+		+	+			•	•			+	+		+	+		28	NH
50.00	+	New Jersey[7]	+	+	+	+		+	+	+	+	+	+	+	+	+	+		+	•			•	•			+	+		+			28	NJ
71.52	•	New Mexico	•	•		•		•	•	•			•	•	•	•			•	•			•	•			•			•			16	NM
50.00	+	New York	+	+		+	+	+	+	+	+	+	+	+	+	+	+		+	+			•	•			+	+		+			25	NY
68.88	+	North Carolina	+	+	+			+	+				+	+	+	+	+		+	+		+	•	•			+	+		+	+		22	NC
64.87	+	North Dakota	+	+	+		+	+	+	+	+	+	+	+	+	+	+		+	+			•	•			+	+				+	25	ND
50.00	+	N. Mariana Islands		+				+	+	+			+	+	+	+													+	+	+		11	NMI
59.10	•	Ohio	•	•	•	•	•	•	•	•	•	•	•	•	•	•			•	•	•	•	•	•			•	•		•	•		26	OH
63.33	+	Oklahoma	+	+		+		+	+				+			+	+		+	•			•	•			•		+	+			17	OK
62.11	+	Oregon	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+		+	•			•	•			+	+		+			28	OR
57.35	+	Pennsylvania	+	+	+			+	+				•	•	•	+				+	+	+	+	+	+				+		+			17	PA
50.00	+	Puerto Rico[6]						+																									1	PR
54.85	+	Rhode Island	•	+					+				+	+	+	•			+	+							+			+	+		17	RI
73.49	+	South Carolina	+	+				+	+				+		+	+			+	+							+	+		+			17	SC
70.43	•	South Dakota			•			•	•	•		•	•	•	•					•	•	•	•	•			•	•	•	•			17	SD
70.64	+	Tennessee						+	+				+		+	+				•	•	•	•	•			+	+		+			15	TN
56.91	+	Texas	+	+	+	+							+		+	+			+				+	+			+	+	+	+			15	TX
73.73	+	Utah	+	+				+	+	+		+	+	+	+	+			+	+	+	+	+	+			+	+	+	+	+		22	UT
66.23	+	Vermont	+	+	+	+		+	+	+	+	+	+	+	+	+			+	+		+	+	+			+	+		+	+	+	24	VT
50.00	+	Virgin Islands[4]						+																									1	VI
51.34	+	Virginia	+	+				+	+	+	+	+	+		+					•	•	•	+				+	+		+			17	VA
53.21	+	Washington	+	+	•	+	+	+	+	+	+	•	+	+	+	+	•		+	+	+	+	+	+			+	+		+	+		26	WA
74.84	+	West Virginia	+	+	+	+	+	+	+	+		+	+	+	+	+							+	+			+	+		+	+		20	WV
58.98	+	Wisconsin		•	•	•	•	+	•	+	+	+	+	•	+	•	•		•				+	•			+	•	+	+	+		27	WI
57.96	•	Wyoming		•				•		•					•				•				•				•						8	WY
•	15	•	10	15	8	9	5	16	14	8	4	7	14	10	13	13	4	4	9	18	10	11	21	19	10	1	4	17	14	8	12	1	0		
+	40	+	32	36	20	26	15	36	35	27	21	26	37	27	36	34	17	14	28	24	14	18	29	29	27	4	12	30	30	18	33	14	6		
	55	Total	42	51	28	35	20	52	49	35	25	33	51	37	49	47	21	18	37	42	24	29	50	48	37	5	16	47	44	26	45	15	6		

EXHIBIT 26
DATE 1-20-89
HB

Montana State Pharmaceutical Association

Incorporated
P.O. BOX 4718
HELENA, MONTANA 59604
TELEPHONE 406-449-3843

PHARMACY PRESCRIPTION STATISTICS

	1988 data	1984 data	1979 data
Average Rx filled	18,836	19,860	17,578
Average Rx/day	51	54	48
Average Retail/Rx	$16.45	$10.54	$7.56
Average Gross Margin	5.64	4.07	3.07
Ave. Cost to Dispense	5.78	4.33	3.54

Lilly Digest Average data: (A national Survey)
(Copies included with testimony)

1979 Average Retail - $7.18

1980 Average Retail - $7.85

1986 Average Retail - $14.36

1987 Average Retail - $15.37

Data From Statistical Reports from Department of SRS
(From Medical Assistance Data)

FY 1979 Budget 3,889,135

Av. # Cases/Month
Using Drugs & supplies 9,366

Average Cost/Case 34.60

FY 1987 Budget 8,411,385

Av. # Cases/Month
Using Drugs & supplies 14,132

Average Cost/Case 49.60

VISITORS' REGISTER

Human Services SUB COMMITTEE

BILL NO. ______________________ DATE 1/20/89

SPONSOR ______________________

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Cliff Murphy	Blgs, Mt.		
John Thorson	Helena MT		
Karen Landers MD	mcmett		
Oris Volinkaty	DD		
Dave Depew	MPEA		
Diane E. Sock	Kalispell		
Jeep McGrath	Mental Health Assoc.		
Joan Rebich	Mont Mental Health Cens.		
Tim Adams	MSCA		
Judith Carlson	NASW		
Bob Likewise	Mont. St. Phsin Assn.		
Brenda Nordlund	Mont Women's Lobby		
Kay Foster	Gov. Council on OB Services Billings		
Charlene Dalbec	Great Falls Physical Therapy		
Gary Lusin	Bozeman Physical Therapy		
Peggy Kude	March of Dimes. Helena	Childrens Alliance	
[illegible] MD.	Kalispell		
John [illegible] MD	Mont Med Assoc Helena		
Rose Hughes	Mt Health Care Assn.		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33

VISITORS' REGISTER

_____ COMMITTEE

BILL NO. _____ DATE 1/20/89

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
	Mt. Med. Assn. Aux.		
Lu Talsteadt	528 Hauptgen Pl.	✓	
JEANNE UNDERHILL	570 LAWRENCE HELENA		
LAURIE C. DALIN	BOX 959 Clancy		
M. Elizabeth Bradley	712 Sadler Dr #3 Helena	Children's Alliance	
Lana Nothey	Florence Crittenton Home	Children's Alliance	
Myra Jamison	Helena	✓ — Option — Ph	
Mary E. Martin	Bozeman		
Joan Taylor	Forest Management P.O. 1723 Helena		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.