

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### SUBCOMMITTEE ON HUMAN SERVICES

Call to Order: By Chairman Bradley, on February 4, 1989, at 11 a.m.

#### ROLL CALL

Members Present: All members were present.

Members Excused: None

Members Absent: None

Staff Present: Peter Blouke, LFA

Announcements/Discussion: Chairman Bradley said the committee needs to discuss Spousal Impoverishment and then vote on the total of that budget.

#### EXECUTIVE ACTION, SRS

Spousal Impoverishment: Representative Cobb asked if the Department and the Executive were still at odds and Ms. Steinbeck said the Department sat down together met with the people who made the assessments on Spousal Impoverishment. She said they would remain with the Executive budget. She said they had agreed to disagree and both present their cases to this committee, she said there is a difference of \$8 million.

MOTION by Representative Cobb to accept the MHCA budget. FY'90 it would be \$2,802,657 and in '91 it would be \$3,793,587.

Discussion: Senator Van Valkenburg asked Rep. Cobb if he had any intention of how the money saved in the budget would be spent so far as our sub committee is concerned. Rep. Cobb said he would think about an increase for nursing homes altogether.

Representative Cody asked if the committee is off that much, what happens then? Ms. Steinbeck said a lot of things could happen. If close on the other items and there is no money to transfer we would have to come in for a supplemental. If there were funds to transfer in the Department to cover it you would not need the supplemental. Rep. Cody asked what the effect on the general fund would be if we are in a supplemental situation here. Ms. Steinbeck said we would have to hope there was enough reversion at the end of the biennium to cover it, if not we would have to think of other

ways to raise the funds.

Recommendation and Vote: The vote was taken on Rep. Cobb's motion to accept the MHCA recommendation. Voted, passed, Representatives Bradley and Cody voting no.

Discussion: Ms. Steinbeck said she would like to point out something she had discussed with Ms. Hughes, MHCA. If the committee accepts the MHCA Spousal Impoverishment figures for the nursing home expanded care coverage you will be under funding this part of the catastrophic health care pretty drastically. MHCA estimates the general fund offset, or savings to the state is much less than the executive estimated. The executive recommended \$3 million off set the first year and \$4 million the second. She said she would suggest the committee look at the MCHA numbers for the expanded medicare coverage under nursing homes if they adopt the Spousal Impoverishment. It is sort of a package.

Ms. Rose Hughes said under the expanded skilled nursing facility benefits portion, the savings shown by the Department is substantially more than the savings MHCA would have anticipated. Original estimates were to reduce medicaid days by about 37,500 days each year. The Department's estimates reduced 94,000 days per year. Since the original estimate, she said, MHCA surveyed the facilities to find out how many medicare patients are there since January 1. MHCA estimates a 5% increase in total medicare days, or a savings of about 68,000 days each year. When the results of the actual survey of the Montana facilities is used, MHCA comes up with 42,000 days saved.

In answer to a question from Chairman Bradley, Ms. Hughes said they would probably be closer to the lower end because it is based on what is in the actual facility today. She said the dollar savings should be about \$3.5 million, as opposed to the \$8 million the Department had. About \$1.6 million the first year and \$1.7 million the second.

Senator Keating asked what the total catastrophic coverage would be and Ms. Hughes said the net result with your action on Spousal Impoverishment, and if you also take action on this, the net effect would be a savings of \$4 million instead of the \$9 million you had in front of you.

MOTION by Rep. Grinde to accept the second set (Ms. Hughes recommendation).

Recommendation and Vote: Voted, passed, (195) Representative Van Valkenburg and Bradley voting no.

Chairman Bradley announced those totals would be adjusted, the general funds as well as the federal funds.

MOTION to accept the totals.

Recommendation and Vote: Voted, passed, Representative Cobb  
voting no.

Medical Assistance:

Dr. Blouke explained the budget sheets. (208) He went through the sheets (exhibit 2/3/89) he said there are 2 inflation factors. He said in general these numbers reflect anticipated increases in caseload and changes in service utilization. He said the second figure, 0.065 in general reflects increased costs such as inflation, utilization and increases in technology. He walked the committee through the figures. He said the committee might wish to exclude at this time consideration of the Rivendell figures at the bottom. He said this question would come up again in the Family Services Budget. He said in addition to the figures for Rivendell of Montana, he had learned we were spending approximately \$40,000 a year at Rivendell at Nebraska and at least \$30,000 in Utah.

The committee decided to wait on Rivendell until they took up the Family Services section of the budget. Senator Van Valkenburg said there were two other issues that should be cleaned up before the committee went on. The issue of not providing some of the optional services for medicaid. The other issue was requiring Medicaid be provided only for medically necessary services. He said he is opposed to adopting either of these two issues. He said he felt the Department should be instructed to study the medically necessary issue to present a proposal to the next legislature as to how it could be adopted.

MOTION by Senator Van Valkenburg the committee include in Medicaid all current optional services under the program.

Recommendation and Vote Voted, passed, vote was unanimous.

MOTION by Senator Van Valkenburg that the Legislature direct the Department of SRS to study the issue of limiting medicaid services in a manner consistent with the issue as presented in the LFA budget analysis, and prepare a report to the Legislature by Sept. 1 of 1990. This report would go to the Legislative Finance Committee.

Recommendation and Vote: Voted, passed, unanimous.

Chairman Bradley reminded the committee that Representative Boharski had asked the committee for proposed language in the Appropriation Bill to have SRS develop a pilot program to have a Community Based Waiver Case Management Team provide personal care attendant services directly through the current statewide contract. Funding would be from reallocation of current funding for the statewide contract.,

EXHIBIT 1.

Discussion: Dr. Blouke said there was some question as to whether this would be possible under the federal regulations. Senator Van Valkenburg asked if the Department thought the pilot program can be implemented, and Mr. Tickell said two things would have to be overcome. They would have to have a waiver from the Federal government, and the current contractual relationship with Westmont may need to be modified.

Senator Keating said Case management is not an optional at the present time and asked if the intent of this pilot program is to determine the effectiveness of case management from a standpoint of savings or what? Mr. Tickell said case management is an optional program, the committee vote would be intent to continue case management. The problem is, going out with a RFP on a competitive bid on a statewide management contract of about 500 personal attendants is costly. If this passes SRS will certainly do it to the extent possible under the existing contractual relationship.

Senator Keating said, this is supposed to be a reallocation of current funding. He asked if there was any suggestions for funding. Dr. Blouke said there are funds currently in both the waiver and primary care for the contract the Department has with Westmont. It would be taking part of that money for this pilot program.

Senator Keating referred to Mr. Tickell's statement that this program could drive up the cost. He asked Mr. Tickell if, in his personal opinion, the Legislature would find that it raised the cost. (461) Mr. Tickell answered yes, he said this is an entitlement program and you can't really control it, even by contract. Senator Keating asked if these were strictly disabled people, and Mr. Tickell said mentally disabled, physically disabled, the elderly, or even routine medicaid recipients who need this type of service.

Representative Cody said this language says to provide services directly, is it already happening through a contract basis? Dr. Blouke answered there are 9 teams around the state and they are responsible for insuring that an individual receives a variety of health care. In some cases they contract the services.

MOTION by Representative Cobb to try this proposal. "It is the intent of the legislature that SRS develop a pilot program under which an existing Home and Community Based Waiver Case Management Team would provide personal care attendant services directly rather than through the current statewide contract. Funding for the pilot program would be derived from a reallocation of current funding for the statewide contract at an amount sufficient to provide services to 20 clients."

Recommendation and Vote: Voted, passed, Representative Cody and Senator Van Valkenburg voting no.

Discussion: Ms. Steinbeck pointed out the Federal Welfare Reform Act mandates they extend medicaid coverage to people who leave AFDC for one year. If these people are on the roles, we get them jobs, we still have to provide medicaid for them.

Dr. Blouke said there are two areas the committee needs to address. The size of the case load, and the increase in the cost of service. He went through the options, explaining them to the committee. He said the hospitals are reimbursed under a DRG (600), (Diagnostic Related Groups) system. He said the law that provided for DRG's (TEFRA), limits the increase in the DRG's to 3.9% per year.

Mr. Tickell said they are looking at Option D as recommended by the Executive branch (664).

Senator Keating asked the composition of medicaid and was told it is 30 percent general fund and 70 percent federal.

Tape 1, Side B, (000)

Dr. Blouke continued to explain the options. He also indicated the department would have discretion in allocating rate increases.

Chairman Bradley asked the Department how they felt about this type of flexibility. Mr. Tickle said (021) said the last Legislature gave the Department 1 1/2% per year for the fee increases and last time it worked quite well. He said he was not sure it would work so well the second time around. He said they gave 8 or 9% to OB-GYN. This time there is so much pressure from all practitioners and fee base providers that everyone will want something.

Senator Keating asked how many different groups of fee providers we are dealing with that are asking for raises. Mr. Tickle said he thought everyone was since we are in a situation that with a 1 1/2% increase in the last 2 years, that everyone who was a fee base provider can arguably say they have gone behind. Senator Keating asked if in every section of the budget we would be dealing with an increase in provider fees, and Mr. Tickle answered yes. Senator Keating asked if there was some way to deal with the situation in total. Mr. Tickle said in the Governor's budget they recognized a broad based 2% over all inflationary increase with the exception of recognizing the one time cost for OBRA and it's impact on nursing homes and the \$100,000 for the extraordinary circumstances in OB-GYN.

Dr. Blouke explained option D to the committee. Chairman Bradley

asked the Department if this was the option they had preferred and Mr. Tickle said this one gets close to the figure that is recommended in the Governor's budget. The methodology is somewhat different, but the total figures come very close to the executive recommendation. Chairman Bradley suggested a motion first on the hospital portion then on the out patient part.

Ms. Steinbeck said the 2% provider rate increase is included in a separate modified. These numbers more closely reflect what we think will happen to primary care and medicaid exclusive of the 2% provider rate increase.

MOTION by (182) Representative Cobb said for in patient and out patient hospital to accept option B.

Discussion: Dr. Blouke said in the In patient hospital where it says n/a not applicable, it was difficult to pull out the number of services associated with the Rivendell. The 7.536 % increase in in-patient hospital costs in '89 and '90 is a combination of a 3 1/2 % increase in services and the TEFRA limit of 3.9 %.

Rep. Cobb said in looking at all the others the only difference 7.5 and all the others are 10.2.

Recommendation and Vote: Voted, passed, Senator Van Valkenburg, Representatives Cody and Bradley voting no.

MOTION by Representative Van Valkenburg with respect to the fee based providers we allow for a 2% increase for all providers in the current rates and a 3 1/2% increase in the estimated number of services. (Basically option C with the addition of the 2% for all providers).

Discussion: Chairman Bradley asked, if a group was particularly low you do not want them to have the option. Senator Van Valkenburg said not with this motion. He would have a motion as applies to a particular group to see if it will pass.

There was discussion on the 2% not being a part of option c, the 2% listed in the LFA including the "extras" as explained before by Dr. Blouke, and a statement from Sen. Van Valkenburg that said he did want his motion to include not only the increase in service, but in respect to fee based providers, a 2% rate increase. (321)

MOTION by Senator Van Valkenburg was withdrawn and a new motion was made to accept Option C.

Recommendation and Vote: Voted, passed, unanimous.

MOTION by Representative Cobb that we include in the reduction the same as yesterday on the AFDC case load.

Discussion: Ms. Steinbeck said this is included in the Welfare Reform Act. She said this had to be extended because under the current law we do not extend services for a year. Rep. Cobb asked how many were added for that year. The Dept. of Labor said 200 to 500 and you had 60 or 80. Ms. Steinbeck said they took out 50 cases a month off AFDC and onto extended medicaid.

MOTION was withdrawn by Representative Cobb.

MODIFIED BUDGET REQUESTS Department of SRS

Senator Van Valkenburg asked if they could take up the modified for the Provider Rate Increase first since they had just had it.

MOTION by Senator Van Valkenburg to approve #1 option that would provide a 2% rate increase for state medical and medicaid providers each year of the biennium, and that the rate increase be an across the board rate increase for those providers.

Recommendation and Vote: Voted, failed, Senator Hofman, Keating, Representatives Cobb and Grinde voting no.

MOTION by Senator Van Valkenburg to add sufficient money in the budget to provide the rate increase for speech pathologists under the medicaid program to bring them to the same rate as physical therapists, social workers and top occupational therapists which is about \$33, and this be divided so that 1/2 be provided each year of the biennium. (510)

Senator Keating asked if they could have a ball park figure on the cost of this motion. Mr. Tickle said he could get it since they do have that sort of data. Senator Keating asked if he could get the figures before voting, and it was agreed to leave the motion until later.

Chairman Bradley said they would go to the beginning of the modifieds and go right through.

Food Commodities:

Mr. Tickell said this is for \$20,000 of general fund that is required for Temporary Emergency Food Assistance (TEFA). Chairman Bradley asked if we would save money here by picking up costs that are elsewhere like OPI? Mr. Tickle said this would not accomplish the assumption of commodity distribution for OPI in the school lunch program.

Senator Hofman asked if there is a way to transfer funds within that budget. He asked if it were possible to trade the truck in for part of that money. Mr. Tickle explained they had to turn the old truck in to surplus. Representative

Grinde asked if this program is mandated. He was told that TEFA is not mandatory. You could choose for the state not to participate, but the amount of value you get for a small general fund match is many times over.

Tape 2 (000) Side A.

Dr. Blouke said the Federal Government has asked the state to assist in providing food commodities in Wyoming.

Representative Cody asked if this had not fallen through and Mr. Tickle answered that it has. He said the only problem is during the interim, if funds considered have been before the Legislature and you reject it, then he was not sure of his position in coming before the legislature and asking for a budget amendment.

MOTION by Senator Van Valkenburg moved that the minutes reflect that the funds for this program are not currently available for Legislative consideration.

Recommendation and Vote: Voted, passed, unanimous.

Teams:

Dr. Blouke said since the original executive budget was put together for the Teams Modified, (The Economic Management System), computerization of a lot of the welfare information. He handed out a sheet, EXHIBIT 2. Mr. Tickle told the committee about the decision to put the system on the present data base rather than run 2 expensive systems. They have been working on the design. He said it is extremely complicated. He said the amount of general fund will let them continue, they will need the additional spending authority for the federal dollars, and feels this is the way to go.

Representative Bardanouve asked for clarification on what this money will buy. Mr. Tickell said it is an eligibility system where every county in the state and every ET would have a computer with on-line access to the main line data base in the Mitchell building, Department of Administration. He said they would have tracking ability on all applicants for benefits, and it would do the actual calculation of benefits. The system also is the front end eligibility system for the payment of all medicaid claims.

Representative Cody asked, if this is still in the developmental stage in the next biennium, when do you think it will be on line? Mr. Tickell said they anticipate looking at starting at the end of the biennium. He said there is possibility of a child support system that interfaces with this program, also a Jobs tracking system.

Representative Bardanouve asked if this system would be obsolete



soon. Mr. Tickell said the current system now is 14 or 16 years old, and most data processing people will say a system is good for 5 to 8 years. Every state in this region has this system except Montana.

Senator Keating asked if this would profile a client so a provider could see it? Mr. Tickle said currently they do have that capability. He said this one will not allow a client to file claims in more than one county. He mentioned it would automatically match with wages paid in the Dept. of Labor, Unemployment Insurance, Workman's Comp benefits, etc. The client only shows up one time and their eligibility is part of the profile.

In answer to a question from Rep. Cobb, Mr. Tickle said the Department has a \$530,000 sanction in the AFDC program for eligibility and payment errors. Rep. Grinde asked if this program was in place in '89 and Mr. Tickell answered the appropriation was made in '87. In answer to a question from Rep. Grinde Mr. Tickell said they have spent \$870,000 through Sept. of '88 and the unexpended appropriation for this biennium is \$3.4 million, and based upon the accounting rules we can carry that forward for use in future years. Rep. Grinde then asked if this was additional money in this modified to get this computer on line and Mr. Tickle answered yes.

Representative Grinde said if this is to get it on line, then are there future operating costs? Mr. Tickell said the amount in the Governor's Budget for general fund is probably what will be continued as operating expenses into the '93 biennium.

In answer to a question from Representative Grinde, Dr. Blouke said in the past the committee included intent language that expenses for this particular program not be included in current base for the next biennium. Dr. Blouke asked Mr. Tickell what the figures were now, \$612,357 in general funds, and instead of \$856,399 federal funds, it should read \$3,443,000. Mr. Tickell answered yes. In '91 instead of \$1,336,442, it would be \$3,923,000. Mr. Tickell said that was correct also.

Chairman Bardanouve summarized by saying the Department was saying the state match go to development instead of operational with a federal match of 85% instead of 58%. The only difference is more federal funds, but the general funds will continue into perpetuity since they will be future operational costs.

MOTION by Representative Grinde we adopt this modified and place the language in it that the expenses for this particular program not be included in current base for the next biennium.

Recommendation and Vote: Voted, passed, Representative Cobb voting no.

Rewrite Contract System:

Dr. Blouke said this is a modified to rewrite the contract system the Department uses to write contracts within the Assistance Payments Programs, and within the Medical Program.

MOTION by Senator Keating to accept the modified.

Recommendation and Vote: Voted, passed.

Continue OP Plan Changes:

Dr. Blouke said this modified would continue changes made by Srs through budget amendment. 2.5 FTE are added to the Commodities Distribution program.

Questions from the committee: Senator Keating asked if these would be contracted services with the HRDC etc. and Mr. Tickell said these were the 2.5 FTE they had under contract and a cost analysis said they were saving \$50,000 or \$60,000 a year by having their own warehouse staff. He said the other FTE was for the nurse and utilization reviews.

Representative Grinde asked if the 2.5 FTE on the Commodities distribution. Is that the cheese, etc. He was told yes, and then asked if there wasn't a decrease in some of the commodities. Mr. Tickle said there is a decrease in the Commodities under the dairy program, but there are a lot of others coming in.

MOTION by Senator Van Valkenburg to accept the modified.

Discussion: Representative Grinde said he would like language to bring this back to look at since the farm commodities are going down he felt there would be less commodities and they would not need as much money. Senator Van Valkenburg said in the language here, if the commodities were not there, the money was not there. Chairman Bradley suggested voting on the motion first since it was an on-going program.

Recommendation and Vote: Voted, passed.

State Assumed Staff Additions: Dr. Blouke said this would be an addition of 11 FTE to the state assumed counties.

Questions from the Committee: Senator Keating asked if this had anything to do with the Senate bill that has something to do with the work programs etc. Ms. Steinbeck said these positions were originally put in the Executive budget to equalize the case loads between assumed and non-assumed

counties. Since the executive budget was put together we have become more aware of the increased work loads placed on county offices by the catastrophic health care in particular, and in part federal welfare reform.

Dr. Blouke said, Representative Cody has drafted language that would continue the flexibility for the non-assumed counties. Senator Keating asked when we would be impacted by these programs, and Ms. Steinbeck said it could be as early as July of this year. (603)

MOTION by Representative Cody to accept the modified and add the following language. "The intent of this sub-committee is to allow the Department of SRS to add FTE and necessary spending authority for personal services and travel for the Eligibility Determination Program if such a request is made by a non-state assumed county and approved by the County Commissioners from those counties. Further, the FTE and spending authority will be reduced by the appropriate budget amendment amount should that county request and be granted state assumption under the provisions of MCA 53-2-811.

Discussion: Senator Keating asked if by this we are now extending more state services to the unassumed counties. Chairman Bradley answered, only allowing it at the choice of the local government officials.

Tape 2, side B, (000) Dr. Blouke said this would allow the local governments to do this, but there is no state money, but there are county funds.

Recommendation and Vote: Voted, passed, Representatives Grinde, Cobb, and Senator Keating voting no.

(011)Continuation of Budget Amendments: Dr. Blouke explained the modified #2, page 3 of the attachment.

Discussion: Rep. Cody asked if the language in the previous motion had not taken care of this and was told these are existing positions. He said the language authorizes the positions under the budget amendment process, but they would still have to come back to the Legislature for final approval, however, he would check on that to be certain. Rep. Cody asked if we hadn't already handled that and Ms. Steinbeck said this is a modified level position and in order to be moved to a current level position they would have to have committee action.

MOTION by Representative Cody to accept the modified.

Recommendation and Vote: Voted, passed, Representative Grinde voting no.

Administrative Support: Dr. Blouke said this would add 1 FTE for

data entry operator and the funding is approximately 36% general fund and 64% federal funds.

Discussion:

Senator Van Valkenburg asked if this was people already there and Chairman Bradley answered no, they are new people. The Department said this had been discussed under current level. The Department of Administration purchasing division has transferred authority to various departments, SRS being one, that we do not have to process purchases through the state purchasing in D of A up to \$5,000. They transferred that responsibility to us and this is what the FTE would do.

MOTION: No motion was made on this modified. (049)

Chairman Bradley referred back to #1 on page 5, the Provider Rate Increase and said Dr. Blouke had handed in a calculation at 1%. She said she felt there was some confusion on this issue and asked the committee to look at the figures. EXHIBIT 5. She said it would have to be recalculated if the committee went to a 2%. The coverage is shown on the sheet for clarification, she said. Ms. Steinbeck asked that Dr. Blouke, the Department and the Budget office be allowed to recalculate the 2% based on the final action today. Dr. Blouke agreed, and explained the hand out. (133)

Representative Cody (161) asked why it was on institutions and not on Indian Health. Dr. Blouke answered Indian Health is 100% federal funds.

MOTION by Senator Van Valkenburg to accept a 2% as set out in the Executive Branch Modified.

Recommendation and Vote: Voted, passed, Representative Grinde and Cobb voting no.

OB-GYN: Dr. Blouke read the explanation for this modified.

Discussion: Senator Keating asked if this was for hands-on services, and was told by Mr. Tickle said they would estimate the amount of deliveries and increase the delivery fee they provide for OB-GYN. He said, on the assumption they provide 3400 this would be about a \$33 delivery increase. Senator Keating asked if this was only for recipients of medicaid and was told yes.

Representative Cody asked what was the total cost of deliveries. Mr. Tickell said \$659 for vaginal births, and this would raise it \$33 for the physician. Rep. Cody asked what the cost was for a normal delivery in the private sector and was told \$1,000 to \$1400.

MOTION by Representative Grinde that the committee adopt the OB-GYN modified.

Recommendation and Vote: Voted, passed, unanimous.

Discussion: Rep. Grinde asked to go back for some clarification. He asked if this area pertained to the nurse wage increases we had talked about? Ms. Steinbeck said when we were talking about the impact of OBRA, the Montana Health Care Association estimated OBRA would cost nursing homes to increase what is paid to nurses aids about a 10% pay raise. The committee did not adopt that assumption. The 2% provider rate allocates an amount of money that is put into the nursing home formula and added to the daily rate of reimbursement paid by medicaid to nursing homes for medicaid patients. She said then the nursing home can use this money however they choose. They can increase nurse aid wages, keep the money as profit, but there is nothing in OBRA or in current law that mandates nursing homes pay increased wages.

Representative Grinde asked if it was the intent of the Steven's administration that some of this money should go for wages? Ms. Steinbeck answered the Steven's Administration included a 2% provider rate increase for nursing homes. If nursing homes choose to apply that to wages, that would be their individual decision. The recommendation was consistent with the 2% increase in the Executive budget. Rep. Grinde asked Ms. Hughes if they intend to use any of this money for a wage increase and was told the wage increase they asked for was to upgrade salaries from an untrained to a trained level. The committee's action showed they did not believe we would have to upgrade nurse aid wages from untrained to trained level. She said the 2% that is going into the providers budget is a general inflationary increase. Senator Keating asked what percentage of nursing home cost is wages? (295) Ms. Hughes answered about 60%.

MOTION by Representative Cobb to increase from 2% to 3% on nursing homes.

Discussion: In answer to a question from Senator Keating, Dr. Blouke explained they would change the figure under nursing homes from 2% to 3%, and Senator Van Valkenburg said it would increase over the biennium about \$440,000 general fund.

Recommendation and Vote: Voted, passed, Representative Bradley and Senator Van Valkenburg voting no.

Representative Bradley said she also needed clarification on Senator Van Valkenburg's motion. Was it with or without the flexibility to the Department.

MOTION by Senator Van Valkenburg said, with respect to fee based providers, that the 2% increase be allocated equally to the

providers.

Discussion: Mr. Tickle said they have about 400 pages of administrative rules that show what they reimburse for each procedure or immunization, or whatever. He gathered the intent of this motion was the fee schedule pages would all be adjusted upward by 2%. Senator Van Valkenburg said yes. Mr. Tickle, in answer to the Department's position was the more specific instructions you give us, the better able we are to carry them out. (400)

Senator Van Valkenburg said his intention is when talking about people they would be treated the same. If talking about things like drugs that are costs, then you probably need some over all pot of money and you try to allocate it the best you can.

Senator Keating asked if this would be a one time 2% raise at the beginning of the biennium. Senator Van Valkenburg said when you look at the modified, it is a 2 and 2 raise. Chairman Bradley said it was assumed there was no flexibility here, since this was for people. In a question from Senator Van Valkenburg as to the complexity of the motion, Mr. Tickle (501) answered you are arriving at an over all appropriation, you add 2%. On drug reimbursement, we pay the cost of the drug itself and reimburse the physician per prescription. How would you suggest allocating the pot? Senator Van Valkenburg said you would have a total pot of 2% increase which you might allocate more than 2% or less to the drug itself, but you would be increasing 2% for personal services, then you would have an over all pot to deal with reimbursement for the rest of the costs. Dr. Blouke asked if it was the intent that the 2% voted on (example), in primary care, and that the pharmacist would get a 2% rate increase, speech therapist 2% etc., and that the "things" portion was covered by the 2% that was included in the other budgets? Senator Van Valkenburg was concerned about the amount of money backed out of the modified when doing this.

Chairman Bradley asked for a straw vote to allow the flexibility on the 2%. If the committee wants to get very specific then we can take it up Monday or Tuesday.

Recommendation and vote: Chairman Bradley said this vote had been taken, and the motion passed. The committee agreed.

STRAW VOTE for flexibility, and waiting to act on this until Mon or Tues. Only two wanted to wait. The decision was not delayed.

MOTION by Representative Cobb to allow the flexibility. (606)

Recommendation and Vote: Voted, passed, Senator Van Valkenburg voting no.

Additional Liability Investigators: Dr. Blouke explained the modified, page 6, and said it adds 4 FTE to the Audit and Program Compliance, and general funds are 50%. He said as he recalled the testimony of the Department this would save approximately \$200,000.

MOTION by Senator Keating to accept the modified, take out the amount of money saved and adjusting the figures accordingly.

Discussion: was held as to where this money should be subtracted and Eric Merdinger answered the money would be coming out. He said they make recoveries from the medicaid program.

Recommendation and Vote: Voted, passed, unanimous.

VOCATIONAL REHABILITATION PROGRAM Provider Rate Increase:

Dr. Blouke said this modified was a 2% rate increase for service providers.

Tape 3, Side A (000)

MOTION by Representative Cody to accept the modified.

Recommendation and Vote: Voted, passed, Representatives Cobb and Grinde voting no.

Supported Employment: Dr. Blouke said this would increase funding for the Supported Employment program by \$50,000 each year of federal funds to provide employment opportunities for severely disabled persons.

MOTION by Representative Cody to accept the modified.

Recommendation and Vote: Voted, passed, unanimous.

Migrant Worker: Dr. Blouke said this would continue a federally funded program.

MOTION by Representative Cody to accept the modified.

Recommendation and Vote: Voted, passed, unanimous.

VISUAL SERVICES Independent living: Dr. Blouke said this would help elderly blind or visually impaired persons. He said this is 100% federal funds.

MOTION by Senator Hofman to accept the modified.

Recommendation and Vote: Voted, passed, unanimous.

Provider Rate Increase: Dr. Blouke said this was about 12.6 percent general fund.

MOTION by Senator Hofman to accept the modified.

Recommendation and Vote: Voted, passed, unanimous.

DEPT OF SRS DD PROGRAM Early Intervention: Dr. Blouke said this was 100% general fund.

MOTION by Senator Hofman to accept the modified.

Recommendation and vote: Voted, passed, unanimous.

Intensive Care Services: Dr. Blouke said this is a request to provide funds for 3 additional group homes for DD persons who require intensive care. He said consistent with action earlier it may be appropriate to delay action on this modified until after the joint meeting with the other subcommittee.

Chairman Bradley asked if this was acceptable to the committee, and since the committee indicated it was, this modified was delayed.

Provider Rate Increase: Dr. Blouke said this is a 2% rate increase and the majority are general funds as opposed to federal funds.

Questions from the Committee: Senator Keating asked if this is included in the executive budget, and was told it is included in the Executive request. In answer to a question from Rep. Cody, Dr. Blouke said these were DD providers.

MOTION by Senator Van Valkenburg to accept the modified.

Recommendation and Vote: Voted, passed, Representative Cobb voting no.

Representative Cobb said he would like to revert back to the AFDC case loads. (750) He said we reduced the case load yesterday, and assumed it would level off to 9200 or 9300. He said as the people get off, we will have to pick them up on medicaid. Even if you reduced it to 9000 or 9100 you have them back in. The whole case load is about 9500 for each year of the biennium. He said the Department's assumptions are still based at 9800 and 10,000. He said he had assumed they could drop off 2 or 300 each year. He said he would like to make a motion that the committee set 9500 for each year instead of the 9800 and the 10,000.

Rep. Cody asked about the 9500 and Rep. Cobb said he thought there should be a base there of 9500. Rep. Cody asked Rep. Cobb, if what he was saying was that he wanted to use 9500 as a figure for the medicaid purpose, as you said 9100 and 9000 on the AFDC. Rep. Cody asked Ms. Steinbeck how this would affect the budget if Rep. Cobb was wrong on his numbers. Ms. Steinbeck said, if he was wrong on his



HOUSE SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

February 4, 1989

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numbers, she did not think there was enough money to transfer in the budget to cover the costs. We would be in for a supplemental if the AFDC approaches the Executive estimate. Rep. Cody asked if this would also apply to the 9500 in his motion. Ms. Steinbeck said it would be the same.

Rep. Cody said she would like to know how many dollars was represented here. She felt the action before was drastic, and in looking at 9,000 versus 10,000, she would like to see some totals.

Chairman Bradley said she would like to take a straw vote, and if there is a majority support for this motion then we should get more specific numbers and take it up Monday or Tuesday.

Senator Van Valkenburg said he would support the motion, but it was his interpretation that we were adding money to the budget. He said the committee had established the AFDC case load, we established what the medicaid budget would be for purposes of AFDC. Now we are adding in an additional 400 cases in the first year and 500 in the second year of the biennium in order to cover the people who get off AFDC, but are still eligible under the new welfare clause.

A straw vote showed the committee wanted the figures, and Chairman Bradley said they would get the figures and take it up Monday or Tuesday. Rep. Cody said in this request, she wanted the Executive to address dollar wise the result of Rep. Cobb's motion.

ADJOURNMENT

Adjournment At: 3:09 p.m.

  
REP. DOROTHY BRADLEY, Chairman

DB/sk

3023.min

DAILY ROLL CALL

HUMAN SERVICES

SUBCOMMITTEE

DATE \_\_\_\_\_

2/4/89

[illegible]

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

ASSISTANCE PAYMENTS PROGRAM

MODIFIED BUDGET REQUESTS

1. Food Commodities

This modified request would fund partially fund an employee working in the food commodities distribution program. Because the Food Commodities program administration is contracted, there would be no increase in the Assistance Payments program FTE level. This modified is 100 percent general fund.

	<u>FY 90</u>	<u>FY 91</u>
FTE0.000.00		
Operating Costs	<u>\$20,000</u>	<u>\$20,000</u>
TOTAL EXPENDITURES	<u>\$20,000</u>	<u>\$20,000</u>
General Fund	<u>\$20,000</u>	<u>\$20,000</u>
TOTAL FUNDS	<u>\$20,000</u>	<u>\$20,000</u>

2. TEAMS

This modified request would continue the development of the computerization of eligibility determination and verification that was begun during the 1989 biennium. The modified would add one FTE, includes no operating costs other than contracted services for computer program development. This modified is approximately 42 percent general fund and 58 percent federal funds.

	<u>FY 90</u>	<u>FY 91</u>
FTE	<u>1.00</u>	<u>1.00</u>
Personal Services	<u>\$27,549</u>	<u>\$27,560</u>
Operating (contracted Services)	<u>\$1,441,207</u>	<u>\$2,001,197</u>
TOTAL EXPENDITURES	<u>\$1,468,756</u>	<u>\$2,028,757</u>
General Fund	<u>\$612,357</u>	<u>\$ 692,315</u>
Federal Funds	<u>\$ 856,399</u>	<u>\$1,336,442</u>
TOTAL FUNDS	<u>\$1,468,756</u>	<u>\$2,001,197</u>

## INFORMATION FOR LEGISLATIVE TESTIMONY

01-24-89 DATE 2-4-89

HB

1 THE APPROPRIATION FOR TEAMS FOR FY88 WAS \$3.362 MILLION FOR PHASE 2 CONTRACT AND OTHER DEVELOPMENT EXPENSES.

2 TEAMS HAS ANOTHER \$.906 MILLION THAT WAS APPROPRIATED FOR DEVELOPMENT FOR FY89.

3 EXPENDITURES AGAINST THE APPROPRIATIONS IN [1] AND [2] ABOVE THROUGH DECEMBER, 1988 AMOUNT TO \$.870 MILLION. THIS LEAVES AN UNEXPENDED APPROPRIATION BALANCE FOR THIS BIENNIUM OF \$3.398 MILLION.

4 OUR LEGISLATIVE PROPOSAL CONTAINS STATE GENERAL FUND REQUESTS OF \$.612 AND \$.692 FOR FY90 AND FY91 RESPECTIVELY. ALL OF THE GENERAL FUND AMOUNT FOR FY90 WILL BE USED FOR DEVELOPMENT, SO THAT, SINCE THE DEVELOPMENT MATCHING RATIO IS 85% FEDERAL, 15% STATE, THE \$.612 MILLION STATE MONEY WILL GENERATE A TOTAL OF \$4.055 MILLION IN DEVELOPMENT FUNDS FOR TEAMS FOR FY90.

FOR FY91, ALL OF THE STATE MONEY (\$.692) WILL ALSO BE USED FOR DEVELOPMENT AND MATCHABLE AT 85% WITH FEDERAL FUNDS, GENERATING A TOTAL OF \$4.615 MILLION FOR DEVELOPMENT IN FY 91. (THE ASSUMPTION THAT ALL OF FY91 WILL BE DEVOTED TO DEVELOPMENT IS BASED ON OUR LATE START ON THE PROJECT.)

5 THEREFORE, IF THE LEGISLATURE WILL APPROPRIATE THE SAME AMOUNT OF STATE GENERAL FUND MONEY AS WE HAVE REQUESTED, BUT MAX OUT WHAT WE COULD GENERATE IN FEDERAL MATCHING MONEY ON THE ASSUMPTION THAT ALL ACTIVITY DURING THE NEXT BIENNIUM WILL BE DEVELOPMENTAL, THEN THE FOLLOWING FUNDING WILL BE AVAILABLE FOR TEAMS FOR THE NEXT BIENNIUM [all dollar figures are in millions]:

	DEVELOPMENTAL PROJECTS			OPERATIONAL
	total	state	federal	FUNCTIONS*
FROM FY88-89 -->	\$3.398	\$ .510	\$ 2.888	\$ 0
FROM FY90 ----->	4.055	.612	3.443	0
FROM FY91 ----->	4.615	.692	3.923	0
TOTAL FUNDS --->	\$12.068	\$1.814	\$10.254	\$ 0

\*no operational activities anticipated next biennium

6 PROJECT BUDGET CONSIDERATIONS: BASED ON INFORMATION GATHERED FROM THE RFI AND OUR INTERNAL RESEARCH AND ANALYSIS, THE TABLE BELOW SETS FORTH A PROJECTED BUDGET FOR THE TEAMS PROJECT. THE BUDGET AGREES IN ALL BUT TWO LINE ITEMS WITH THE REVISED APD BUDGET; THE DIFFERENCES RESULTED FROM OUR ANALYSIS OF THE VARIOUS RFI RESPONSES.

EXPENDITURE CATEGORY	AMOUNT (millions)	COMMENT
System development contractor	\$ 7.000	Up from \$2.5 million (RFI)
State technical and user staff	1.395	
Local office hardware	1.938	Up from \$1.07 million for possible use of intelligent workstations, LANs in local offices.
Hardware installation	.150	
State office hardware	.235	
Communications	.100	
Computer Charges (ISD)	.550	
Training of users	.100	
Supplies	.100	
Oversight contractor	.500	
Total Budget for Project	\$ 12.068	

EXHIBIT

3

DATE

2-4-89

HB

① Proposed Language For Appropriation Bill

It is the intent of the legislature that SRS develop a pilot program under which an existing Home and Community Based Waiver Case Management Team would provide personal care attendant services directly rather than through the current statewide contract. Funding for the pilot program would be derived from a reallocation of current funding for the statewide contract at an amount sufficient to provide services to 20 clients.

### 3. Rewrite Contract System

This modified request would add funds to develop computer programming to track contracts issued by the Assistance Payments Program. Funding for the modified is 50 percent general fund.

	<u>FY 90</u>	<u>FY 91</u>
Operating (Contracted Services)	<u>\$30,000</u>	<u>\$30,000</u>
TOTAL EXPENDITURES	\$30,000	\$30,000
General Fund	\$15,000	\$15,000
Federal Funds	<u>\$15,000</u>	<u>\$15,000</u>
TOTAL FUNDS	\$30,000	\$30,000

### 4. Continue OP Plan Changes

This modified request would continue changes made by SRS during the 1989 biennium through the budget amendment process. 2.50 FTE are added to the Commodities Distribution program and 1.00 FTE is added to program administration through a change in the federal match ratio.

	<u>FY 90</u>	<u>FY 91</u>
FTE	3.50	3.50
Personal Services	\$76,762	\$76,768
Benefits	<u>\$904,000</u>	<u>\$904,000</u>
TOTAL EXPENDITURES	\$980,762	\$980,768
General Fund	\$9,296	\$9,297
Federal Funds	<u>\$971,466</u>	<u>\$971,471</u>
TOTAL FUNDS	\$980,762	\$980,768



(B) Nick 65  
 12/2/88

131NCR

10/28/88  
 12:36 PM

	FY90		FY91		1% Increase FY90		1% Increase FY91	
	General	Total	General	Total	General	Total	General	Total
Medicaid: Primary Care	\$20,824,838	\$97,724,031	\$21,634,968	\$100,919,108	\$281,739	\$977,240	\$582,578	\$2,028,474
Nursing Homes	\$14,908,579	\$51,712,032	\$14,926,585	\$51,972,788	\$149,086	\$517,120	\$300,024	\$1,044,653
Institutions	\$0	\$9,862,402	\$0	\$9,877,645	\$0	\$98,624	\$0	\$198,541
Eld. Waiver	\$545,916	\$1,893,569	\$561,126	\$1,953,781	\$5,459	\$18,936	\$11,279	\$39,271
Dis. Waiver	\$416,899	\$1,446,059	\$428,528	\$1,492,090	\$4,169	\$14,461	\$8,613	\$29,991
State Medical	\$6,060,233	\$6,060,233	\$6,387,096	\$6,387,096	\$60,602	\$60,602	\$128,381	\$128,381
OBRA	\$940,047	\$3,260,656	\$937,892	\$3,265,640	\$9,400	\$32,607	\$18,852	\$65,639
MCCA	\$856,437	\$2,970,646	\$853,170	\$2,970,646	\$8,564	\$29,706	\$17,149	\$59,710
Welfare Reform	\$29,926	\$103,800	\$427,296	\$1,487,800	\$299	\$1,038	\$8,589	\$29,905
Indian Health	\$0	\$1,735,235	\$0	\$1,908,758	\$0	\$17,352	\$0	\$38,366
Totals	\$44,582,875	\$176,768,663	\$46,156,660	\$182,235,352	\$519,319	\$1,767,687	\$1,075,464	\$3,662,931

Welfare reform includes only the Medicaid extension.

Reported by [unclear] and [unclear]

[546,344  
 260,475]

EXHIBIT 5  
 DATE 2-4-89  
 HB



EXHIBIT 6  
DATE 7/4/89  
*Herman's Law Com.*

EXHIBIT 6  
DATE 2-4-89  
HB                     

# EARLY INTERVENTION SERVICES IN MONTANA

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An Annual Report to the Governor of Montana  
and the  
Secretary of the U.S. Department of Education

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1988