

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By CHAIRMAN PETE STORY, on FEBRUARY 14,
1989, at 5:00 P.M.

ROLL CALL

Members Present:

SENATOR GARY AKLESTAD	SENATOR LOREN JENKINS
SENATOR ESTHER BENGTSON	SENATOR MATT HIMSL
SENATOR PAUL BOYLAN	SENATOR TOM KEATING
SENATOR JUDY JACOBSON	SENATOR H.W. "SWEDE" HAMMOND
SENATOR PAT REGAN	SENATOR LARRY TVEIT
SENATOR FRED VAN VALKENBURG	SENATOR DENNIS NATHE
SENATOR GREG JERGESON	SENATOR GERRY DEVLIN
SENATOR RICHARD MANNING	SENATOR SAM HOFMAN
SENATOR LAWRENCE STIMATZ	SENATOR ETHEL HARDING
SENATOR PETE STORY	

Members Excused: NONE

Members Absent: NONE

Staff Present: CURT NICHOLS, LFA; DEB THOMPSON, SECRETARY

Announcements/Discussion: NONE

HEARING ON SB 399

Presentation and Opening Statement by Sponsor:

Senator Dick Pinsoneault presented SB 399. He explained the bill as involving intermediate care facilities. He introduced Mr. and Mrs. Glen Frame from Ronan, Montana who own one of the few properties that run an intermediate care facility for the adult mentally retarded. He pointed out the problem with working with operating and property costs under rules set up by SRS. The issue addressed by SB 399 is property costs when the Frames dispose of their property, they are restricted by the rules that are in place in getting a fair return for their investment.

List of Testifying Proponents and What Group they Represent:

Judith A. Frame, Happy Acres Home
Glenn Frame
Phil Schweber, CPA - Missoula, MT

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Mrs. Judith Frame, licenced administrator of Happy Acres Home, discussed the evolvement of the facility. She explained the necessity of the service and that it was the only one like it in the state. She pointed out the favorable outcome of many of their people that have gone on to lesser restrictive living environments. The rule is not equitable with other nursing homes. The department rules places their facility in the position of not being able to get anything for their time or investment in the event of a sale. There is no incentive for the development of other similar facilities.

Mr. Phil Schweber, CPA, Missoula, MT testified in support of the bill. He discussed the inequities in the rules. In 1982 the state of Montana Medicaid program for nursing homes changed the reimbursement rate from a retrospective rate to a prospective rate. This allowed all nursing homes in the state of Montana to receive a property cost rate based on 1982 construction costs, a rate of inflation, and a fair return on their investment. The rules also guaranteed that any nursing home, no matter how old it was, would always receive some reimbursement for its property cost component and a return on the investment of that piece of property. However, the rules specifically exempted intermediate care facilities that are licensed exclusively for the mentally retarded. Those facilities receive only historical costs. Once their building is fully depreciated they will receive no additional reimbursement or return on their investment. On a subsequent sale the purchaser will also receive no reimbursement or return on their investment. A community based program like this will not be able to remain in the community. If an ICMFR facility were allowed to receive the same rate that a regular nursing home would receive under the 1982 rules this would promote and encourage investment. He pointed out the need and emphasis on establishing community based facilities. This would also result in getting mentally retarded adults out of standard nursing homes that are designed for the elderly.

Questions From Committee Members:

Senator Keating asked if the rules were changed would this

be a cheaper form of care. Mr. Schweber replied that they were cheaper than Boulder. Senator Keating asked if a rule change would enhance the value of this kind of a business and tend to create interest in more facilities. Mr. Schweber said they would and would encourage communities to establish smaller facilities that are locally based that would allow families interaction. This would save on Medicaid and some other state expenses.

Senator Regan asked why the Department did this. Was the restriction put on this facility an attempt to hold down the rate charged for a client. Mr. Schweber replied that the nursing home rules, under the retrospective system, a nursing home purchased the price did not matter because the state would reimburse. In 1982 the department switched from that system to a prospective system that said that a fair return according to current construction costs was all any owner of any nursing home would ever receive. However, they did not include nursing homes that were licensed for the mentally retarded.

Senator Jergeson pointed out the language "greater than one or the other" should be "lesser". Mr. Schweber said that was an error and "lesser" would put a cap in place.

Senator Van Valkenburg asked to wait for a member of the department to come in and answer questions.

Chairman Story scheduled a meeting at 7:30 a.m., February 17, to have executive action and give time to supply information.

Closing by Sponsor:

Senator Pinsoneault said this issue was a question of fairness. He said there was a need to allow a break on the event of a sale of the property. Senator Pinsoneault closed.

DISPOSITION OF SB 399

Discussion: Executive action on SB 399 occurred February 17, 1989 at 7:30 a.m. at a brief-20 minute meeting.

Russ Kator, chief legal counsel for SRS, said the bill amended from "greater" to "lesser" was the departments only concern. He said the bill would cause a small fiscal impact.

Amendments and Votes:

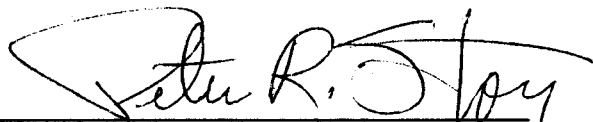
Senator Van Valkenburg moved the amendments. The question was called. The motion passed unanimously.

Recommendation and Vote:

Senator Van Valkenburg moved do pass SB 399 as amended. The question was called. The motion passed unanimously.

ADJOURNMENT

Adjournment At: 6:00 P.M.



PETE STORY, Chairman

PS/dt

FCS214

DAILY ROLL CALL

FINANCE AND CLAIMS

COMMITTEE - 1989

DATE

2-14-89

NAME	PRESENT	ABSENT	EXCUSED
Senator Gary Aklestad	✓		
Senator Loren Jenkins	✓		
Senator Esther Bengtson	✓		
Senator Matt Himsel	✓		
Senator Paul Boylan		✓	
Senator Tom Keating	✓		
Senator Judy Jacobson		✓	
Senator H.W. "Swede" Hammond	✓		
Senator Pat Regan	✓		
Senator Larry Tveit	✓		
Senator Fred Van Valkenburg	✓		
Senator Dennis Nathe	✓		
Senator Greg Jergeson	✓		
Senator Gerry Devlin	✓		
Senator Richard Manning	✓		
Senator Sam Hofman	✓		
Senator Lawrence Stimatz	✓		
Senator Ethel Harding	✓		
Senator Pete Story	✓		