

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By WM. "RED" MENAHAN, on February 8, 1991, at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Wm. "Red" Menahan, Chairman (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Rep. Dorothy Cody (D)
Rep. Chuck Swysgood (R)
Sen. Eleanor Vaughn (D)

Members Excused: Sen. Dick Manning

Staff Present: Sandra Whitney, Associate Fiscal Analyst (LFA)
Mary LaFond, Budget Analyst (OBPP)
Mary Lou Schmitz, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

EXECUTIVE ACTION ON SUPPLEMENTS

Ms. LaFond said the last time the Supplements were brought up the original amounts were not in the budget. The increases have now been included so the total amount is approved by the Budget office. Ms. Whitney said all the Supplements for Institutions total \$1,571,331.

Tape No. 1;A;18

Motion/Vote: SEN. BECK moved to accept the Montana State Prison Supplemental; \$719,417 general fund for variable costs and security for an increased inmate population. This supplemental request includes \$355,114 in personal services and \$364,303 in operating expenses. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. VAUGHN moved to accept the Swan River Forest Camp Supplemental; \$48,775 general fund for personal services and operating expenses as a result of expanding correctional populations. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. BECK moved to accept the Community Corrections Supplemental of \$25,742, general fund for 15 additional beds at three privately operated pre-release centers to alleviate the over-crowding at the prison. MOTION CARRIED UNANIMOUSLY.

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Motion/Vote: SEN. VAUGHN moved to accept Women's Corrections Supplemental of \$78,040 for personal services and operating expenses. The personal services increase is primarily for increased pay needed. Increases in operating expenses are due to costs of counseling, treatment, medical services, and other costs related to population increases. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. AKLESTAD moved not to accept the Board of Pardons Supplemental. MOTION FAILED WITH SENS. AKLESTAD AND BECK VOTING AYE AND SEN. VAUGHN, REPS. CODY AND MENAHAN VOTING NO.

Motion/Vote: SEN. AKLESTAD moved to accept \$38,000 for the Board of Pardons Supplemental. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. BECK moved to accept \$565,357 Corrections Medical Supplemental, general fund, for increased medical expenses resulting from inmate population expansion. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. VAUGHN moved to accept the Montana State Hospital Supplemental of \$96,000 for unanticipated expenditures for the drug, Clozaril, and projected expenditures for repairs. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON CENTRAL OPERATIONS

Jim Currie, Administrator, Management Services Division, said the Central Operations program is made up of the Director's Office, the Management Services Division, the Board of Pardons and the Operations Component Services Division. There are three Modifications, one of which was acted upon with the Board of Pardons. The Mod he presented has to do with the information system enhancement. Prior to 1985 the Department had very limited information system capabilities. There were no personal computers in the department at that time. They consolidated the information systems budget within the department and purchased their own mainframe computer, an IBM system 38, plus one or two personal computers. There is a need to upgrade this system and need an IBM 400 which will provide more processing power, more storage capabilities and give the department a local area networking capability which they don't have now.

The second Mod is an upgrade of the telecommunication line they currently have. This line ties together Montana Development Center, Montana State Prison, Montana State Hospital, the Board of Pardons and the Ranch Industry Program.

Tape No.1:B:18

Motion/Vote: REP. SWYSGOOD moved to accept the executive budget for \$1,670,982 FY92 and \$1,671,507 FY93. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. VAUGHN moved to accept special services

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executive budget modification \$94,950 FY92 and 89,562 FY 93.
MOTION FAILED WITH SENS. AKLESTAD AND BECK AND REP. SWYSGOOD VOTING NO.

Motion/Vote: REP. CODY moved to accept \$31,683 ongoing computer expense and maintenance as described in executive budget modification #3. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: REP. CODY moved to accept the information system enhancement; mainframe computer replacement, multi-user computers and repair/maintenance. **MOTION FAILED WITH SENS. BECK AND AKLESTAD AND REP. SWYSGOOD VOTING NO.**

Motion/Vote: REP. SWYSGOOD moved to accept Audit Fees D of A computer charges as approved by the General Government Subcommittee. **MOTION CARRIED UNANIMOUSLY.**

Motion: SEN. AKLESTAD moved to give the Department the latitude to manage their monies within the programs. **VOTE LEFT OPEN UNTIL FULL SUBCOMMITTEE MEETS.**

Motion/Vote: SEN. AKLESTAD moved to use contracted services in those areas where FTE personnel cannot be hired. **MOTION CARRIED UNANIMOUSLY.**

EXECUTIVE ACTION ON TARGETED CASE MANAGERS - MONTANA STATE PRISON
Tape No. 2;A;382

Motion/Vote: REP. CODY moved to eliminate the vehicle and give the prison 2.0 FTE, targeted case managers, Grade 13/2, \$55,276 FY92 and \$55,158 FY93 and hold these positions out of the base and review next session. **MOTION CARRIED WITH SEN. AKLESTAD AND REP. SWYSGOOD VOTING NO.**

ADJOURNMENT

Adjournment: 10:45 A.M.


WM. "RED" MENAHAN, Chair


MARY LOU SCHMITZ, Secretary

WM/mls

HOUSE OF REPRESENTATIVES
INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE

ROLL CALL

DATE 2-8-91

NAME	PRESENT	ABSENT	EXCUSED
REP. WM. "RED" MENAHAN, CHAIRMAN	✓		
SEN. DICK MANNING, VICE-CHAIRMAN			✓
REP. DOROTHY CODY	✓		✗
SEN. ELEANOR VAUGHN	✓		
REP. CHUCK SWYSGOOD	✓		
SEN. GARY AKLESTAD	✓		
SEN. TOM BECK	✓		

HR:1991
CS10DLRLCALIN&C.MAN

Instit Subcomm.

COMMITTEE PROXY

Date: 2-8-91

Mr. Chairman:

Please vote me on bills and
amendments as follows:

Yea to Fisc Budget on the pass

Yea to Mod #3 on the pass

Yea to Mod #1 on the pass

Yea to Motion to Line Item

Mental Health Budget - Community Services

Rep. Dorothy Cody

(Name)

COMMITTEE PROXY

Date: 2-8-91

Mr. Chairman:

Please vote me on bills and
amendments as follows:

Yea on Motion to Budget

for Programs

Yea on motion to replace

such as with sec 716 for

Targeted Case Managers

Rep. Dorothy A. Cody

(Name)

Instit. Subcomm

COMMITTEE PROXY

Date: 2-8-91

Mr. Chairman:

Please vote me on bills and
amendments as follows:

no to motion for
Corrections MSA & MCC
Chemical Councilors
Contract sending to the
Co.

Les Cody

(Name)

COMMITTEE PROXY

Date: _____

Mr. Chairman:

Please vote me on bills and
amendments as follows:

(Name)

Exhibit 1
2-8-91
Inst. Subcomm.
2-8-91

MEMORANDUM: Feb. 5, 1991

TO: Subcommittee on Institutions
Representative Chuck Swysgood

FROM: Jim Currie, Administrator
Management Services Division

RE: Financial Compliance Audit Recommendations; Biennium ending
6/30/88. Concerning the Reimbursement Bureau

Recommendation #1 (Potential Medicaid Recoveries; General Fund Match Documentation; Facility Reclassification)

A. Document its General Fund expenditures as additional state matching funds to maximize Medicaid reimbursements.

C. Work with SRS personnel to recover per diem costs from Medicaid for past services to the extent possible.

Medicaid funding is comprised of state/federal matching dollars. Through 6/30/89, SRS was appropriated the General Fund dollars required to draw the federal matching in sufficient amounts to fund the state institutions' Medicaid program as mandated under the State Medicaid Plan and prescribed within the SRS Administrative Rules for Nursing Home Reimbursement. The Legislative Auditors determined that for MDC and Eastmont, (ICF's-MR) the amount of the SRS state matching was not sufficient to provide for cost based Medicaid participation as allowed by federal regulation. They determined that these institutions could not recover the full cost-based rate because SRS limited increases in rates, through the administrative rules process, to nine percent a year for cost based facilities. "This was done to limit the amount of state matching funds SRS expended. As a result, the per diem rate paid was less than that to which the institutions were entitled under federal Medicaid regulations." The auditors determined that the department of institutions made "sufficient General Fund expenditure effort at each institution to match the additional federal funds that" would otherwise be available. Beginning with the 1991 biennium, the institutions' General Fund expenditures were routinely treated as state matching funds for purposes of drawing federal Medicaid Reimbursements. The federal share was transferred by SRS to the department as revenue which then was deposited into the state General Fund. The recommendation that the department could recover federal matching funds retroactive to FY 86 by documenting MDC and EHSC General Fund expenditures as the state match, was determined not permissible under the Medicaid State Plan in effect at that time. Julia Robinson, SRS Director, responded in detail to Representative John Cobb, concerning this issue on 5/19/90. The State Plan was subsequently amended for cost based facilities, and FY 89 was established in Rule as a new "base year", eliminating the 9% cap on rate increases. Beginning with FY 91, SRS will annually amend Administrative Rules to essentially provide that each year is a new "base year" for Medicaid cost based facilities. The department is anticipating substantial rate increases for MDC, EHSC, MSH (W.S., IMD Nursing Facility) from Medicaid, retroactive to 7/1/90.

Ex. 1

2-8-91

Inst. Subcomm.

B. Seek reclassification of the level of care at institutions to maximize Medicaid reimbursements.

The Long Term Care Unit (nursing home) at MSH has always been considered by the department as being apart of an "institution for mental disease". As such, federal regulations limit Medicaid participation to those persons who are over age 65 or under 22, who are residing in Medicaid certified beds. An institution or nursing home is considered an IMD if the overall character of the facility is such that more than 50 percent of the patients served have mental diseases which require inpatient treatment, regardless as to how the facility is licensed. Department personnel initiated contacts with SRS in 1988 concerning reclassification of the Warm Springs nursing home to that of an Institution for Mental Disease. By formally reclassifying to IMD status, Medicaid rates for this unit could be cost based rather than continuing as formula based under the general nursing home rules for reimbursement. Before this could be accomplished, SRS needed to amend their Administrative Rules by establishing the IMD classification. This was accomplished and became effective 7/1/90.

Recommendation # 2 Unreported Services

Direct care patient service costs in addition to the per diem are available for reimbursements to the General Fund. Legislative auditors determined that there were a number of physician visits to patients which went unreported to the Reimbursement Bureau. Because the services went unreported, the revenue potential for those services was lost. Since this audit review, the level of reported physician visit services increased to a level that is considered stable. A review of the numbers of visits reported is periodically made in order to determine consistency in reporting. Service documents continue to be received at stable levels with no substantive decline since February, 1989. The department continues its effort to ensure all documents for billing use are obtained in a timely manner. (Within 5 working days of each month) Each month, some documents must be returned for correction, while others are corrected at central office after phone discussion with medical records or the appropriate medical department personnel. All of these problems in combination, cause delays in the extremely detailed billing processes. Contacts are routinely made with appropriate persons at the institutions concerning problem areas relative to service documents. In an effort to improve this situation, Reimbursement orientation and diagnosis coding workshops were held at MSH in April, 1990.

Recommendation # 3 Insurance Billing Procedures

Late into the 1988 biennium audit, auditors identified a problem with regard to a backlog of delinquent, pending insurance claims. The Reimbursement Bureau had established procedures to correct the problem and had begun work on cleaning up the backlog when the auditors identified the problem. A Status Inquiry form had been developed and procedures written. The Bureau completed work on the insurance resubmissions backlog by January, 1989. Procedures also included that if an insurance company requests additional information after receiving the claim, or if the insurance company denies payment due to place of service, or the received payment amount is questioned, the account is responded to within 15 days. The bureau continues to monitor outstanding

COMPARISON/ISSUES 1993 BIENNIAL

AGENCY/PROGRAM FTE '93 BIENNIAL

-EXECUTIVE FTE '93 BIENNIAL

MAJOR ISSUES

DEPARTMENT OF INSTITUTIONS

		---LFA C/L--- FTE '93 BIENNIAL	---LFA C/L--- FTE '93 BIENNIAL	
Central Operations	44.00	\$3,342,489	45.00	\$3,410,159 (1.00)
Corrections	563.84	\$52,428,533	563.84	\$51,877,610 0.00
Mental Health	647.18 642.69	\$53,956,451 783.53	783.53	\$61,185,387 (136.35) (140.84)
Chemical Dependency	6.00	\$4,878,910	57.65	\$7,689,084 (51.65)
Dev. Disabilities	465.98 424.93	\$26,336,461 503.79	504.79	\$30,313,449 (38.81) (78.86)
Veteran's Home	84.89	\$5,264,811	85.89	\$5,275,899 (1.00)
Totals	1,766.35	\$146,207,655	2,039.70	\$159,751,588 (273.35)

		---LFA C/L--- FTE '93 BIENNIAL	---LFA C/L--- FTE '93 BIENNIAL	
				-EXEC OVER (UNDER) LFA- FTE '93 BIENNIAL

MONTANA STATE LIBRARY

		---LFA C/L--- FTE '93 BIENNIAL	---LFA C/L--- FTE '93 BIENNIAL	
Operations	24.50	\$4,220,762	24.50	\$3,185,079 0.00
NRIS	4.00	\$507,000	4.00	\$511,721 0.00
Totals	28.50	\$4,727,762	28.50	\$3,696,800 0.00

MONTANA HISTORICAL SOCIETY

		---LFA C/L--- FTE '93 BIENNIAL	---LFA C/L--- FTE '93 BIENNIAL	
Administration	13.50	\$1,294,538	12.00	\$1,154,999 1.50
Library	13.50	\$889,012	13.50	\$865,900 0.00
Museum	6.90	\$486,173	6.90	\$446,760 0.00
Magazine	6.88	\$1,052,946	6.88	\$992,966 0.00
Historical Sites Pres.	7.50	\$1,288,890	7.50	\$975,265 0.00
Totals	48.28	5,011,559.00	46.78	4,435,890.00 1.50

		---LFA C/L--- FTE '93 BIENNIAL	---LFA C/L--- FTE '93 BIENNIAL	
				-EXEC OVER (UNDER) LFA- FTE '93 BIENNIAL

		---LFA C/L--- FTE '93 BIENNIAL	---LFA C/L--- FTE '93 BIENNIAL	
MONTANA ARTS COUNCIL	7.97	\$1,194,311	7.97	\$1,165,992 0.00

6401 DEPARTMENT OF INSTITUTIONS
10 CENTRAL OPERATIONS
10000

DATE : 01/09/91
TIME : 16/31/00
CURRENT LEVEL COMPARISONS

Exhibit #2 2/8/91
Instit. Subcomm.

<u>Budget Item</u>	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
TE	35.00	40.00	41.00	1.00-	40.00	41.00	1.00-
Personal Services	914,865	1,221,888	1,239,844	17,956-	1,220,902	1,238,857	17,955-
Operating Expenses	229,903	273,445	284,880	11,435-	275,598	285,927	10,329-
Equipment	3,059	3,059	0	3,059	3,059	0	3,059
Debt Service	1,997	0	0	0	0	0	0
Total Expend.	\$1,149,826	\$1,498,392	\$1,524,724	\$26,332-	\$1,499,559	\$1,524,784	\$25,225-
<u>und Sources</u>							
General Fund	1,131,844	1,470,122	1,438,565	31,557	1,471,329	1,438,795	32,534
State Revenue Fund	4,296	20,595	78,484	57,889-	20,555	78,314	57,759-
Federal Revenue Fund	7,637	4,256	4,256	0	4,256	4,256	0
Proprietary Fund	6,047	3,419	3,419	0	3,419	3,419	0
Total Funds	\$1,149,826	\$1,498,392	\$1,524,724	\$26,332-	\$1,499,559	\$1,524,784	\$25,225-

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992 1993	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	4.00	4.00	4.00	.00	4.00	4.00	.00
Personal Services	139,307	134,297	135,897	1,600-	134,042	135,642	1,600-
Operating Expenses	41,306	37,589	44,117	6,528-	37,906	44,291	6,385-
Equipment	14,075	0	0	0	0	0	0
Debt Service	1,056	704	704	0	0	0	0
Total Expend.	\$195,744	\$172,590	\$180,718	\$8,128-	\$171,948	\$179,933	\$7,985-
<u>Fund Sources</u>							
General Fund	<u>195,744</u>	<u>172,590</u>	<u>180,718</u>	<u>8,128-</u>	<u>171,948</u>	<u>179,933</u>	<u>7,985-</u>
Total Funds	\$195,744	\$172,590	\$180,718	\$8,128-	\$171,948	\$179,933	\$7,985-

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Institutes

SUBCOMMITTEE

DATE

2-8-91

DEPARTMENT (S)

DIVISION

PLEASE PRINT

PLEASE PRINT

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.