

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE & SAFETY

Call to Order: By Chairman Dorothy Eck, on February 8, 1991, at 1:10 p.m.

ROLL CALL

Members Present:

Dorothy Eck, Chairman (D)
Eve Franklin, Vice Chairman (D)
James Burnett (R)
Tom Hager (R)
Judy Jacobson (D)
Bob Pipinich (D)
David Rye (R)
Thomas Towe (D)

Members Excused: None

Staff Present: Tom Gomez (Legislative Council)
Christine Mangiantini (Committee Secretary)

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. These minutes contain executive action which occurred between 1:10 p.m. and 1:29 p.m. on Senate Bills' 151, 146 and 168. The chairman opened the public hearing on Senate Bills' 233 and 254 at 3:05 p.m. The chairman closed the public hearing on Senate Bill 233 at 3:40 p.m. and took executive action on the bill.

Announcements/Discussion:

EXECUTIVE ACTION ON SENATE BILL 151

Motion:

Senator Pipinich moved a 'do pass as amended'. (SB 151 was amended by executive action on February 4, 1991. The sponsor agreed to leave the bill pending in committee in order to provide additional information to members about certain aspects of the bill. See Exhibit #1 for a copy of the amendments.)

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

The SB 151 passed as amended with 6 ayes and 2 nays by Senators' Burnett and Hager.

EXECUTIVE ACTION ON SENATE BILL 146

Motion:

The chairman recognized Senator Towe who moved to adopt Amendments #1 and #2. See Exhibit #2 for a copy of the amendments.

Discussion:

The chairman explained the amendments and called upon Tom Gomez for further definition.

Amendments, Discussion, and Votes:

Senator Jacobson asked about licensed health care providers that are not covered under third party payments. Are we allowing them to collect these payments by allowing them to go into practice with a physician.

The chairman recognized Mr. Jerry Loendorf who said he did not believe that was the case because the bill did not amend the insurance codes.

The chairman recognized Mr. Stephen Browning who said they would have to be authorized by law to receive the third party payments and it is not the intent to alter the reimbursement by third parties under current law. The amendments are not intended to determine who gets paid.

Recommendation and Vote:

There being no objection Amendments #1 and #2 were adopted.

Motion:

Senator Pipinich moved a 'do pass as amended' on SB 146.

Recommendation and Vote:

There being no objection the motion carried unanimously.

EXECUTIVE ACTION ON SENATE BILL 168

Motion:

Senator Towe moved a 'do pass' on SB 168.

Discussion:

Senator Pipinich said Judy Gedrose from the Department of Health had concerns about sanitary requirements at daycare centers.

Senator Franklin said Ms. Gedrose had addressed that issue herself through the practice of hand-washing.

Mr. Tom Gomez said SB 168 directs an amendment of the Department of Health rules. If the rules are inadequate regarding proper sanitation measures, there are provisions speaking to that issue in the bill. The agency has adequate rulemaking authority under the law to make the necessary changes.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

The motion to pass SB 168 without amendments carried with 6 ayes and 2 nays from Senators' Burnett and Hager.

EXECUTIVE ACTION ON SENATE BILL 254

Motion:

Senator Towe moved a 'do pass' on SB 254.

Discussion:

None

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

There being no objection SB 254 passed unanimously without amendments.

EXECUTIVE ACTION ON SENATE BILL 233

Motion:

Senator Pipinich moved to table SB 233 pending call of the chairman.

Discussion:

Senator Hager spoke against the motion. He said he attended a health care conference where similar issues were discussed. He said the committee should allow the sponsor to continue to work on the bill.

Senator Pipinich said he did not want to kill the bill but wanted to table it until further action.

Senator Hager said he did not want the committee to forget about the measure.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

There were 7 ayes and 1 nay by Senator Hager. The motion carried and SB 233 was tabled until further notice.

HEARING ON SENATE BILL 233

Presentation and Opening Statement by Sponsor:

The chairman recognized Senator Mike Halligan who opened by saying Senate Bill 233 is an attempt by the dental association to deal with Medicaid funding problems. He said the bill sets up a voucher system. He asked the chairman to recognize the proponents of the measure who would explain the bill in detail to the committee.

Proponents' Testimony:

The first witness to testify in favor of SB 233 was Roger Tippy, representing the Montana Dental Association. He said when the Medicaid division of the Department of Social and Rehabilitation Services (SRS) attended the dentists convention in May, 1990, they heard a great deal from the dentists about the problems with filing claims through the fiscal agent. Fewer and fewer services were going to be covered through prioritization and limited funding.

The number of dental services mandated by Congress are increasing. In short, SRS publishes regulation and revises them every so often. They change the services and fee structures. The forms are complicated to fill out and frequently the providers must fill them out several times before payment is approved. Dentists have talked for years about dropping out of Medicaid as a provider and seeing the clients as charity cases. He suggested the Dental Association consider devising tax vouchers as a method of payment, which is contingent upon the federal government approving the concept as a pilot project. SRS received a letter from federal representatives recently which denied the request as a pilot project.

The proposed system would allow the welfare eligibility technician to issue to the Medicaid recipient a voucher good for dental services needed by the recipient. The number of vouchers would be limited by the formula specified in the bill. Medicaid recipients take the vouchers to the dental office. The value to be filled in by not more than the usual and customary rate. The dentist keeps the vouchers until income tax season. Sixty-percent of the value of the certificates would be claimed as a tax credit. If this generated a refund the State Auditor would issue a warrant and pay the dentist. If the Federal Government were willing to participate it would shift general fund monies from the Medicaid account which is only 28 percent general fund and 72 percent federal monies, to the Income Tax Allocation accounts which are 50 percent general fund, 8.7 percent long-range building and 41.3 percent school equalization. The Health Care Financing Administration (HCFA) has denied the request for the pilot project. They suggested redesigning the program like a health maintenance organization. HCFA said there must be a fiscal agent, an intermediary tracking the claims. This bill could give a patient and dentist the freedom to design a dental program to meet their needs. He said the bill is in no state to move forward.

The second witness to testify in favor was John Shontz, representing the Montana Dental Hygienists Association. See Exhibit #3 for a copy of his remarks.

The third witness who testified as a resource person was Nancy Ellery, administrator of Medicaid Services for SRS. See Exhibit #4 for a copy of the letter from the Health Care Financing Administration. She said when the proposal was first suggested she had the HCFA office in Denver review the concept. HCFA provides approximately 72 cents on every \$1.00 in Medicaid funds. Their main problem is the removal of the claims from the Montana Medicaid Information System, which processes about 1.5 million claims a year. This integrated system is a tracking mechanism for claims and payments. HCFA indicated a problem with the different levels of payment, providers would be treated differently.

Because eligibility changes frequently and is based upon a person's income the voucher they receive for dental services may not be valid at the time it is submitted to the dentist. A problem may also be the amount of funds available. This pilot project is not in a priority area. She said SRS is willing to work with the Dental Association and others interested in the concept.

Opponents' Testimony:

None.

Questions From Committee Members:

The chairman recognized Senator Towe who asked for clarification of the different percentages of reimbursements being proposed.

Mr. Tippy said a criticism of the bill is a deduction and a credit for the same service. A dental office has a certain amount of overhead, which are deductions. We were trying to ascertain net of greater businesses expenses in terms of claiming a credit. Tax credits claimed would reduce income tax collections. Federal matching funds in Medicaid would be used to increase the general fund and school equalization fund.

Senator Towe commented that no new money had been created.

Mr. Tippy said if the federal government approved the program they would pay 72 percent of the dental services.

The chairman asked Nancy Ellery if there were pilot projects for dental care in other states.

Ms. Ellery said they did not have any in the dental area. She said she did not know about other states. But had never heard of any scheme like this one.

The chairman asked if payments to dentists would be increased along with other providers.

Ms. Ellery responded in the affirmative. She said they have increased dental fees in the children's area from about 60 percent of charges to 79 percent of charges. The reason was access to dental care for children who need it early in life, especially in eastern Montana.

The chairman recognized Senator Towe who asked about the 60 percent and 100 percent deductions.

Mr. John Shontz responded that the deductions are in place, that credits can be taken in lieu of a certain deduction. The idea behind the 100 percent deduction, is for example, if the federal government is paying \$200,000 for services and the state is paying over \$100,000 and you increase the formula for basic reimbursement for cash and or a tax credit to reasonable and customary charges, you would increase it on a federal account which would increase the numbers and have a smaller impact on the general fund.

Closing by Sponsor:

The chairman recognized Senator Halligan to close who stated that the point was that states were trying to develop alternatives to the health care delivery system that are more efficient, more effective and are not being allowed to do it because of the federal government. He said he would continue to work on the concept.

HEARING ON SENATE BILL 254

Presentation and Opening Statement by Sponsor:

The chairman recognized Senator Thomas Keating who said this bill pertains to the certification of health care facilities by the Department of Health and Environmental Sciences. He said page 2, line 10 is the essence of the bill. This section pertains to the Joint Commission On The Accreditation of Health Care Organizations (Joint Commission), which performs thorough and detailed inspections of health care facilities, hospitals, treatment centers and similar facilities. The Joint Commission has a high rating for integrity and a reputation for issuing well done certifications for the facilities. This bill allows the Department of Health to take into consideration a facility that has been accredited by the Joint Commission by allowing the Department to issue a certification or license from the State.

Proponents' Testimony:

The first witness was Pat Melby, representing the Rimrock Foundation. He said they had asked Senator Keating to sponsor the bill. Mr. Melby went through the bill and explained the different sections. The Joint Commission certifies many different types of health care facilities. The accreditation is a long process. This bill gives the Department the discretion to consider Joint Commission accreditation for licensure purposes.

If the Department in reviewing a facility, feels the Joint Commission standards are stringent enough the Department need not go in with an annual survey and independent inspection. Rather, accept the Joint Commission accreditation for licensure purposes. The Department can go in at any time and perform an inspection. There is no fiscal impact and in fact may take pressure off of the hard-working staff at the Department of Health. He urged passage.

The second witness was Ann Bellwood, director of the Rocky Mountain Treatment Center in Great Falls. She said the facility was accredited by the Joint Commission. She felt the bill provides more consistency as well as updates the statute to reflect the trends in modern health care. The Department has always licensed hospitals based upon their Joint Commission accreditation. This bill simply allows the Department the option of considering this for other health care facilities. She urged the committees support.

Opponents' Testimony:

None.

Questions From Committee Members:

The chairman recognized Senator Towe who asked Mr. Melby if the Department may consider the facility eligible for licensure because of the Joint Commission accreditation.

Mr. Melby said all licensure procedure requirements would still apply. The bill attempts to allow the Department to accept the Joint Commission accreditation as meeting standards or the Department may adopt more stringent standards and not accept the Joint Commission accreditation.

Senator Towe asked if the facility would still go through the application and hearings process.

Mr. Melby answered in the affirmative and said the facility would still be subject to the same licensing procedures.

The chairman recognized Senator Franklin asked what conditions this bill would be helpful in.

Mr. Melby said the Joint Commission accreditation is performed once every three years. A facility is accredited for a three-year period of time. During that year the facility would have one survey by the Joint Commission team. The facility would only have to put up with the time and expense of one inspection. In the next two years the Department could accept the Joint Commission accreditation. They usually take several days at a minimum plus the preparation involved.

Senator Franklin asked if it would preclude baseline Department of Health data.

Mr. Melby said there is still an annual report required and the Department of Health can perform an inspection at any time for any reason.

The chairman asked about language on page 25 which listed the original name of the Joint Commission. She asked if the name should be changed to reflect the current one.

Mr. Melby said they did not want to involve the hospital statutes, everyone was comfortable with it.

Mr. Bob Olsen, Montana Hospital Association, said the status quo was all they were interested in maintaining. They would have no objection to cleaning up the language.

Senator Towe asked about inspections.

Mr. Melby said the Department wants the ability to perform an inspection at any time and they have no problem with that.

The chairman recognized Dale Taliaferro from the Department of Health and asked him to respond to the bill.

Mr. Taliaferro said he thinks the bill would work. There may be provisions not included in the Joint Commission accreditation and the Department wants the option of making sure the facility meets the additional requirements. He said the bill would be a great benefit because the Joint Commission has personnel the Department does not have.

Closing by Sponsor:


Senator Keating said the measure would be helpful in both the private sector and the public sector. The Department of Health can take advantage of survey's performed by the private sector. It may save time and duplication of effort. The health care providers want to provide the highest standards. He asked the committee for favorable consideration.

ADJOURNMENT

Adjournment At: 4:10 p.m.



SENATOR DOROTHY ECK, Chairman



CHRISTINE MANGIANTINI, Secretary

DE/cm

2-8-91

Executive action on SB 254 appears on page 3 of these minutes, and the hearing is on page 7.

ROLL CALL

PUBLIC HEALTH, WELFARE
AND SAFETY

COMMITTEE

Date 2/8/91

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BURNETT	X		
SENATOR FRANKLIN	X		
SENATOR HAGER	X		
SENATOR JACOBSON	X		
SENATOR PIPINICH	X		
SENATOR RYE	X		
SENATOR TOWE	X		
SENATOR ECK	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 3, 1991

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Bill No. 151 (first reading copy - white), respectfully report that Senate Bill No. 151 be amended and as so amended do pass:

1. Title, lines 8 through 10.

Following: "COVERAGE"

Strike: remainder of line 8 through "FAMILY" on line 10

Insert: "AND WHOSE WAGES ARE LESS THAN \$6,000 IN THE CALENDAR
QUARTER"

2. Page 6.

Following: line 25

Insert: "(4) "Health insurance coverage" means the provision of
health care services under a policy or contract of insurance
as provided in Title 33.

Renumber: subsequent subsections

3. Page 7, lines 8 through 10.

Following: "coverage"

Strike: remainder of line 8 through "family" on line 10

Insert: "and whose wages are less than \$6,000 in the calendar
quarter"

Signed: 
Dorothy Eck, Chairman

pp 2-8-91
Amd. Coord.

SR 2/8 2:15
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 8, 1991

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Bill No. 146 (first reading copy - white), respectfully report that Senate Bill No. 146 be amended and as so amended do pass:

1. Title, lines 6 and 7.

Following: "A" on line 6

Strike: remainder of line 6 through "COUNSELOR" on line 7

Insert: "HOSPITAL, MEDICAL ASSISTANCE FACILITY, OR OTHER LICENSED HEALTH CARE PROVIDER"

2. Page 4, lines 15 through 17.

Following: "a" on line 15

Strike: remainder of lines 15 through 17

Insert: "hospital, medical assistance facility, or other licensed health care provider. However:

(i) the partnership, agency, employment, or joint venture must be evidenced by a written agreement containing language to the effect that the relationship created by the agreement may not affect the exercise of the physician's independent judgment in the practice of medicine;

(ii) the physician's independent judgment in the practice of medicine must in fact be unaffected by the relationship; and

(iii) the physician may not be required to refer any patient to a particular provider or supplier or take any other action the physician determines not to be in the patient's best interest."

Signed: _____

Carolyn Eck
Carolyn Eck, Chairman

Identified 2-2-91
And. Coord.

52 3-8 140
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 8, 1991

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Bill No. 168 (first reading copy - white), respectfully report that Senate Bill No. 168 do pass.

Signed: _____

Dorothy Eck
Dorothy Eck, Chairman

Jan 2-8-91
Adm. Coord.

SR 2-8 2:15
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 8, 1991

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Bill No. 254 (first reading copy - white), respectfully report that Senate Bill No. 254 do pass.

Signed: _____

Dorothy Eck
Dorothy Eck, Chairman

AB 2/8/91
Amd. Coord.

OK 2/1 4:15
Sec. of Senate

Amendments to Senate Bill No. 151
First Reading Copy

Requested by Senator Dorothy Eck
For the Senate Public Health, Welfare, and Safety Committee

Prepared by Tom Gomez
February 4, 1991

1. Title, lines 8 through 10.

Following: "COVERAGE"

Strike: remainder of line 8 through "FAMILY" on line 10

Insert: "AND WHOSE WAGES ARE LESS THAN \$6,000 IN THE CALENDAR
QUARTER"

2. Page 6.

Following: line 25

Insert: "(4) "Health insurance coverage" means the provision of
health care services under a policy or contract of insurance
as provided in Title 33.

Renumber: subsequent subsections

3. Page 7, lines 8 through 10.

Following: "coverage"

Strike: remainder of line 8 through "family" on line 10

Insert: "and whose wages are less than \$6,000 in the calendar
quarter"

Amendments to Senate Bill No. 146
First Reading Copy

For the Senate Public Health, Welfare, and Safety Committee

Prepared by Tom Gomez
February 6, 1991

1. Title, lines 6 and 7.

Following: "A" on line 6

Strike: remainder of line 6 through "COUNSELOR" on line 7

Insert: "HOSPITAL, MEDICAL ASSISTANCE FACILITY, OR OTHER LICENSED
HEALTH CARE PROVIDER"

2. Page 4, lines 15 through 17.

Following: "a" on line 15

Strike: remainder of line 15 through "counselor" on line 17Insert: "hospital, medical assistance facility, or other licensed
health care provider; however:(i) the partnership, agency, employment, or joint venture
must be evidenced by a written agreement containing language to
the effect that the relationship created by the agreement may not
affect the exercise of the physician's independent judgment in
the practice of medicine;(ii) the physician's independent judgment in the practice of
medicine must in fact be unaffected by the relationship; and(iii) the physician may not be required to refer any patient
to a particular provider or supplier or take any other action the
physician determines not to be in the patient's best interest"

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 8 day of February, 1991.

Name: John Shontz

Address: PO Box 1185

H. line, MT 59624

Telephone Number: 443-7018

Representing whom?

Montana Dental Hygienists Association

Appearing on which proposal?

SB 233

Do you: Support? Amend? X Oppose?

Comments:

testimony submitted



Montana Dental Hygienists' Association

TESTIMONY BEFORE THE
SENATE COMMITTEE ON PUBLIC HEALTH, WELFARE, AND SAFETY

February 8, 1991

By John M. Shontz
443-7018

On behalf of the Montana Dental Hygienists' Association

Senator Eck and Members of the Committee:

My name is John M. Shontz. I represent the Montana Dental Hygienists Association. The Association comes to you today in support of Senate Bill 233.

The Association supports the concept of increasing preventive dental and dental hygiene services to low income Montanans. The Association wants the committee to appreciate that preventive dental and dental hygiene services are now offered across Montana to persons insured under the Medicaid program when, in many instances, the reimbursement pay by Medicaid is less than the actual cost of delivering the service.

The Association is particularly concerned that Montanans are now and, increasingly in the future may be forced to bypass preventive dental health care as providers are forced to leave the Medicaid program. As we all know, that will only lead to higher costs to the Medicaid program in the future as more serious dental health care problems develop and must be addressed.

The Association notes that the fiscal note attached to the bill is somewhat neutral. The Association wishes to point out that the bill will have a negative affect on the general fund; the bill will allow a provider to take a greater credit against the general fund than if the State reimbursed the provider under the Medicaid program. Another words, while the general fund will pay out less under this bill, it will receive an even lesser amount of revenue if the bill passes.

Please note that currently, for example, the general fund pays a provider some 30 % of Medicaid reimbursement; the federal government pays the balance. Under the bill, the provider will receive a credit valued at 60% of the full value of his charge against his state income taxes. In a sense the real fiscal beneficiary of SB 233 is the federal treasury.

The bill calls for the value of vouchers to equal the value of state and federal Medicaid payments made in calendar year 1992. The effect of the bill will be to grant cash relief to the federal treasury by reducing direct federal payments to providers under the Medicaid program. The state general fund would suffer the corresponding 'hit' by granting a tax credit granted against the value of state and federal medical funds paid.

The Association also notes that the fiscal note indicates that the act cannot be implemented in such a manner as to comply with federal requirements. Please be advised that the Association has authorized its legal counsel to work with interested parties to craft a program under this legislation that will eventually meet federal requirements; be they regulatory or statutory.

Finally, the Association encourages the Committee consider several amendments to SB 233 in order to assure that the program is speedily implemented to expand services to Montanans in need of dental services that are not now served.

First, the Association recognizes that section 2, part 3 of the bill is designed to increase dental care in an area of the state where, compared to balance of Montana, dental care delivered under the Medicaid program was diminished. The Association recommends striking reference to federal match funds from this section.

Second, the Association encourages the Committee to amend section 3 to establish that the value of the vouchers shall simply be equal to reasonable and customary charges. This will prevent a broad disparity between credits taken by providers for delivering the same services. Please note that I said reasonable and customary charges; not a percentage of reasonable and customary costs. This is also more in keeping with traditional reimbursement mechanisms and should make the proposal more receptive at the federal level. (See page 3 - line 17).

Third, the Association encourages the Committee to consider making this program available only for providing services to patients not now served under the current Medicaid program. The object of the program should be to increase utilization of preventive dental care, not merely restructure the funding mechanism for providers.

Fourth, the Association suggests that the committee consider amending section 6 to change the credit to be 100% of the state's estimated share of the cost of a service had Medicaid paid the provider's full customary and reasonable charges. The implied reference to federal funding in this section should be dropped.

The Association believes that this pilot project can go forward early in the next biennium with the suggested changes. The Association also believes that the federal requirements can be successfully addressed during the next biennium with some effort.

We encourage you to closely examine this legislation in an attempt to craft a program that will bring preventive health care to more Montanans.

Thank you.

TESTIMONY PRESENTED BY THE DEPARTMENT OF BILL NO. SB 233SOCIAL AND REHABILITATION SERVICES TO THE SENATE HEALTH, WELFARE,
AND SAFETY COMMITTEE ON SENATE BILL 233 - FEBRUARY 8, 1991

Madame Chairman, members of the committee, for the record, my name is Nancy Ellery. I am the Administrator of the Medicaid Division of the Department of Social and Rehabilitation Services. I am here today to testify on Senate Bill 233. This bill proposes to establish a pilot project to provide reimbursement of Medicaid dental services through the use of vouchers. SRS has submitted this proposed pilot project to the Denver Regional Office of the Health Care Financing Administration (HCFA). We asked that they review the information to determine whether federal financial participation would be available for this pilot project through Medicaid. Currently the federal government pays \$.72 out of every \$1 for Medicaid services.

It does not appear that Montana Medicaid would be able to get federal approval of this project unless substantial changes are made to the proposal. I have attached a copy of the letter dated 1/18/91 from HCFA for your review. A copy of this letter has been sent to the Montana Dental Association. The specific problems cited by HCFA are 1) funding for this project promises to be very limited and would have to be obtained on a competitive basis with other mandated projects; 2) we cannot bypass the Montana Medicaid information system which is the computer system that provides Medicaid data for reporting and pays claims. We currently have a

contract with a fiscal agent that goes through 7/93 with a two year option to renew. This contract was based on dental claims being processed through that contract. The federal government also questions whether the proposal requiring the client to obtain the certificate would be an undue burden on the client. Other problems include how to reconcile the prior-approval information with the post-payment information; and how to guarantee that the client is eligible on the date of service, not the date that authorization is given.

If you want to proceed with the pilot project, a better approach might be to seek changes in the federal Medicaid laws through contacts with our congressional representatives. SRS would be happy to assist in any way with these effort. This concludes my testimony.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

(MT) WA-4

JAN 18 1991

Region VIII
Federal Office Building
1961 Stout Street
Denver, CO

RECEIVED

JAN 22 1991

ADMINISTRATIVE

Julia E. Robinson, Director
Department of Social and Rehabilitation Services
Post Office Box 4210
Helena, Montana 59604-4210

Dear Ms. Robinson:

Your December 7th letter asked us to comment on the Dental Association's draft legislative proposal to develop a demonstration project for reimbursing dental services to Medicaid recipients. The pilot project proposes to test a voucher system as a means of reimbursement, permit the provider to convert the voucher certificates to income tax credits and bypass the existing claims processing system.

You have several avenues which could be pursued when considering the ideas in the Dental Association's proposal. You could consider the design and development of a 1915(b) freedom of choice waiver which would permit a locality to act as a central broker and permit you to restrict a client's access of services to the central broker (42 CFR 431.55); you could also design a program under the HMO authority in 42 CFR 434.20 as well as consider purchasing group health insurance for Medicaid clients eligible to enroll for such coverage; and you could demonstrate your project on a trial basis under section 1115 of the Social Security Act. We believe that this authority may offer the most viable approach and best fit your needs. We are available for further discussions of the feasibility of any of these current State plan options.

The first point we want to make is that the statutory authority that would provide for such a program deviation is found in section 1115 of the Social Security Act. This section makes special provisions for grants and cooperative agreements to the single State Agency that administers the Medicaid program through a solicitation process. Providing adequate funds for requests made through that process could be a problem. We have been preliminarily advised that there will be less funds available for non-mandated Congressional projects and, hence, greater competition for the non-ear-marked funds. In March, HCFA will provide a general notice in the Federal Register which will announce the availability of HCFA funding under the 1115 authority for projects focused on major issues in the financing and delivery of health care. This notice will contain information about the subject areas that will be given priority

Page 2 - Ms. Robinson

this year, as well as project requirements, application procedures and other pertinent information.

Aside from potential funding restrictions from a feasibility perspective, we believe that section 1115 would enable the State to waive elements of its State Plan which would conceivably allow Montana to limit utilization of services based on a financial ceiling, reimburse services based on a voucher system, and restrict service delivery in this demonstration to no more than four counties.

Where we foresee a problem, however, is the project's proposal to bypass the Fiscal Agent in this process. To assure continued federal financial participation for the MMIS, the State's demonstration project must provide both patient and provider information profiles for program management and utilization review purposes as prescribed in the SURS and MARS subsystems. One of our many concerns would relate to the necessity that dental information for the provider and the client must be integrated into MMIS to assure that the system could provide individual notices to the client to assure that information on probable fraud and abuse is obtainable and that, in general, the system is a complete informational retrievable system for all of the Medicaid program.

From an operational perspective, this proposal raises innumerable questions that are perceived as potential barriers: for instance, the extent to which a client acts as his/her own shuttle service between the provider's office, and the Department office in securing prior approval for services as well as a certificate; the fact that a certificate may never be redeemed for actual provider services or provider tax credits; reconciling the prior-approved certificate information with the post-payment certificate information; and the fact that the client may become ineligible for Medicaid between receiving the certificate and receiving the dental services, etc.

The regional office continues to be available for any assistance at a future date if you decide to pursue this demonstration project. For your information, grant applications may be requested from:

Paul McKeown, Grants Officer
HCFA, Office of Budget and Administration
Office of Acquisitions and Grants
Rm 364, East High Rise
6325 Security Blvd.
Baltimore, Maryland 21207-5187

Telephone number: 301-966-5157

Page 3 - Ms. Robinson

If you have any questions regarding this correspondence, please contact Bernadette Quevedo-Mendoza on 303-844-6216, extension 373.

Sincerely,

Chuck Crowley, Acting

Gary Wilks
Associate Regional Administrator
Division of Medicaid

ROLL CALL VOTE

1109 -

SENATE COMMITTEE PUBLIC HEALTH, WELFARE & SAFETY

Date February 8, 1991 Senate Bill No. 151 Time 1:10 p.m.

NAME	YES	NO
SENATOR BURNETT		X
SENATOR FRANKLIN	X	
SENATOR HAGER		X
SENATOR JACOBSON	X	
SENATOR PIPINICH	X	
SENATOR RYE	X	
SENATOR TOWE	X	
SENATOR ECK	X	

Christine Manziantini
Secretary

Chairman

Motion: Senator Pipinich moved a 'do pass as amended' on
Senate Bill 151. There being 6 ayes and 2 nays the motion
carried. See Exhibit #1 for a copy of amendments which were
adopted during executive session on February 4, 1991.

ROLL CALL VOTE

SENATE COMMITTEE PUBLIC HEALTH, WELFARE & SAFETY

Date February 8, 1991 S Bill No. 146 Time 1:21 p.m.

NAME	YES	NO
SENATOR BURNETT	X	
SENATOR FRANKLIN	X	
SENATOR HAGER	X	
SENATOR JACOBSON	X	
SENATOR PIPINICH	X	
SENATOR RYE	X	
SENATOR TOWE	X	
SENATOR ECK	X	

Secretary

Chairman

Motion: Senator Towe moved adoption of amendments 1 & 2
(Exhibit #2). There being no objection the motion carried.

ROLL CALL VOTE

SENATE COMMITTEE PUBLIC HEALTH, WELFARE & SAFETY

Date February 8, 1991 Senate Bill No. 146 Time 1:22 p.m.

NAME	YES	NO
SENATOR BURNETT	X	
SENATOR FRANKLIN	X	
SENATOR HAGER	X	
SENATOR JACOBSON	X	
SENATOR PIPINICH	X	
SENATOR RYE	X	
SENATOR TOWE	X	
SENATOR ECK	X	

Secretary

Chairman

Motion: Senator Pipinich moved a do pass as amended. There
being no objection the motion carried unanimously.

ROLL CALL VOTE

1109 -

SENATE COMMITTEE PUBLIC HEALTH, WELFARE & SAFETY

Date February 8, 1991 Senate Bill No. 168 Time 1:24 p.m.

NAME	YES	NO
SENATOR BURNETT		X
SENATOR FRANKLIN	X	
SENATOR HAGER		X
SENATOR JACOBSON	X	
SENATOR PIPINICH	X	
SENATOR RYE	X	
SENATOR TOWE	X	
SENATOR ECK	X	

Secretary

Chairman

Motion: Senator Towe moved do pass without amendments on

SB 168. The motion carried with 6 ayes and 2 nays.

ROLL CALL VOTE

1109 -

SENATE COMMITTEE PUBLIC HEALTH, WELFARE & SAFETY

Date February 8, 1991 Senate Bill No. 254 Time 3:59 p.m.

NAME	YES	NO
SENATOR BURNETT	X	
SENATOR FRANKLIN	X	
SENATOR HAGER	X	
SENATOR JACOBSON	X	
SENATOR PIPINICH	X	
SENATOR RYE	X	
SENATOR TOWE	X	
SENATOR ECK	X	

Secretary

Chairman

Motion: Senator Towe moved do pass without amendments on
Senate Bill 254. The motion prevailed unanimously.

ROLL CALL VOTE

1109 -

SENATE COMMITTEE PUBLIC HEALTH, WELFARE & SAFETY

Date February 8, 1991 Senate Bill No. 233 Time 3:40 p.m.

NAME	YES	NO
SENATOR BURNETT	X	
SENATOR FRANKLIN	X	
SENATOR HAGER		X
SENATOR JACOBSON	X	
SENATOR PIPINICH	X	
SENATOR RYE	X	
SENATOR TOWE	X	
SENATOR ECK	X	

Secretary

Chairman

Motion: Senator Pipinich moved to table SB 233. There being
7 ayes and 1 nay the motion carried.

DATE Friday, Feb. 8, 1991

COMMITTEE ON

VISITORS' REGISTER

SB 233- Halligan
SB 254- Keating

[illegible]