

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING**

**Call to Order:** By CHAIRMAN JOHN COBB, on January 21, 1993, at 9:20 A.M.

#### **ROLL CALL**

**Members Present:**

Rep. John Cobb, Chairman (R)  
Sen. Mignon Waterman, Vice Chairman (D)  
Sen. Chris Christiaens (D)  
Rep. Betty Lou Kasten (R)  
Sen. Tom Keating (R)  
Rep. David Wanzenried (D)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Lisa Smith, Legislative Fiscal Analyst  
Lois Steinbeck, Legislative Fiscal Analyst  
Connie Huckins, Office of Budget & Program Planning  
John Huth, Office of Budget & Program Planning  
Billie Jean Hill, Committee Secretary

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

**Committee Business Summary:**

Hearing: INPATIENT TREATMENT FOR INDIVIDUALS  
UNDER AGE 21  
Executive Action: NONE

**Mr. Charles Briggs, Director, Area IV Agency on Aging, appeared before the committee. EXHIBITS 1 and 2**

#### **HEARING ON INPATIENT TREATMENT FOR INDIVIDUALS UNDER AGE 21**

Tape No. 1:Side 1

**Ms. Nancy Ellery, Administrator, Medicaid Services Division, introduced Ms. Pat Palm, Supervisor, Medical Support Services Section. Ms. Palm manages the utilization review contract for the children's program. EXHIBIT 3**

**Mr. Hank Hudson, Director, Department of Family Services, spoke to the committee. EXHIBIT 4**

BUDGET ITEM OPTION #1 - MAKE NO CHANGES TO THE "FAMILY OF ONE" RULES

Tape No. 1:Side 1

BUDGET ITEM OPTION #2 - ELIMINATE THE "FAMILY OF ONE" ELIGIBILITY RULES FOR INPATIENT PSYCH HOSPITALS AND RESIDENTIAL TREATMENT CENTERS AS A SEPARATE COVERAGE GROUP:

BUDGET ITEM OPTION #3 - AMEND THE "FAMILY OF ONE RULES" TO REQUIRE THE INCLUSION OF PARENTAL INCOME AND RESOURCES IN THE FIRST MONTH THAT A CHILD/YOUTH IS ADMITTED TO A PSYCHIATRIC HOSPITAL OR RESIDENTIAL TREATMENT CENTER:

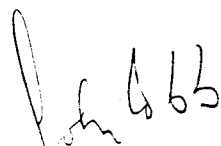
BUDGET ITEM OPTION #4 - AMEND THE RULES TO LIMIT MEDICAID ELIGIBILITY FOR ONLY THOSE INPATIENTS OF RESIDENTIAL TREATMENT FACILITIES

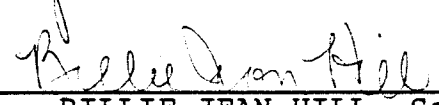
Mr. Robert Olsen, Vice-President, Montana Hospital Association; Dr. Joseph Rich, Psychiatrist, Deaconess Hospital, Director, Psychiatric Facility, Billings; Mr. Pat Melby, representing Rivendell of Butte and Billings; Mr. Dan Shea, Montana State Low-Income Coalition; Mr. Glenn McFarlane, President, Montana Association of Homes and Services for Children and Yellowstone Treatment Center; Mr. Jim Smith, Montana Association of Homes and Services for Children; Mr. Keith Colbo, representing Galen-Warm Springs Task Force; and Mr. Jack Casey, Administrator, Shodair Children's Hospital and Shodair Residential Center, appeared before the committee to discuss options.

The following people discussed In-home Health Care, previously presented to the committee: Ms. Maureen O'Reilly, Personal Care Attendant Program Director for the State and with Westmont Home Health Care; Ms. Debbie Reimnitz, Case Management Nurse, Kalispell, and Carol Elkins, Program Manager, Kalispell.

ADJOURNMENT

Adjournment: 12:00 Noon

  
\_\_\_\_\_  
JOHN COBB, Chairman

  
\_\_\_\_\_  
BILLIE JEAN HILL, Secretary

# HOUSE OF REPRESENTATIVES

HUMAN SERVICES

SUB-COMMITTEE

ROLL CALL

DATE

1-21-73

NAME	PRESENT	ABSENT	EXCUSED
REP. JOHN COBB, CHAIRMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEN. MIGNON WATERMAN, VICE CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEN. CHRIS CHRISTIAENS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEN. TOM KEATING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REP. BETTY LOU KASTEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REP. DAVID WANZENRIED	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**MONTANA AGING SERVICES OVERVIEW  
HUMAN SERVICES APPROPRIATIONS  
SUB-COMMITTEE  
CHARLES BRIGGS, DIRECTOR  
AREA IV AGENCY ON AGING  
JANUARY 20, 1993**

Chairman Cobb, Members of the Committee: It is, indeed, a privilege for me to address you on behalf of the Montana Association of Area Agencies on Aging. This represents an opportunity to share with you the community service system, provided statewide through the eleven "planning & service" areas.

I am Charles Briggs, Director of the Area IV Agency on Aging, which encompasses six counties. These include: Lewis & Clark, Broadwater, Gallatin, Jefferson, Meagher and Park. The area spans from Augusta to West Yellowstone. The agency is based at the Rocky Mountain Development Council (one of the state's twelve Human Resource Development Councils), in Helena. You recently received a presentation from Gene Leuwer, the Executive Director, concerning the Community Services Block Grant, among others.

There are six multi-county and four single county areas, and one which covers six of seven tribal reservations (the seventh having chosen to reside within a multi-county agency).

You should each have received a packet prepared for you, providing: an overview of the network I've just referred to; its organizational structure, as directed by the Federal Older Americans Act; the goals and objectives of the Act; a Montana demographic profile (courtesy of AARP); a copy of the Montana Older Americans Act of 1987; as well as services provided, numbers served in Montana, 1987-91. Also, to help frame the problem, we have included a graphic analysis of the the fastest growing segment of Montana's population, by selected counties.

Let me add, that we understand, Mr. Chairman, you have invited us to speak in the context of the Committee's reviewing appropriate, less costly community alternatives to nursing home care. I wish to remind the Committee that the State Office on Aging is based in the Department of Family Services (not S.R.S.), yet much that we do involves close, working coordination with SRS and DFS staff at the local level. It is our hope that, as well, we will help lay the groundwork for the service system, which Mr. Hank Hudson will review in a couple weeks when you hear the DFS Budget, and Mr. Charles Rehbein will discuss in the segment related to the Governor's Office on Aging.

As you will note from the enclosed materials, there are a wide array of services currently being provided across the state through area agencies on aging. My remarks wish to address those which impact long-term care: Home-Delivered (and Congregate) meals; and in-home services, such as home chores & repairs, homemakers, home health, personal care, skilled nursing, medical transportation, respite, telephone reassurance, and physical therapy.

The problem quite simply is that we (like other parts of the country) are experiencing a significant expansion of the population over age-seventy-five (75). In the example provided, the numbers (#1 through #15) correspond to the counties identified. While it is perhaps difficult to follow the lines, you will note that, for example, that in Cascade County (#2) there were 2,807 adults over age-75 in the 1970 Census. The number in the 1980 Census only rose to 3,205 - only a 14.2% increase. But in 1990, that increase rose to 4,215 - an increase of 31.5%!

Likewise, Yellowstone County (#15) had 2,950 age-75+ in 1970, increased to 3,673 in '80 (25% increase), but then increased to 5,848 in '90, constituting almost a 60% increase! Again, Lewis & Clark County (#8) had 1,388 age-75+ in 1970; 1,603 in '80 (15% increase), but 2,332 in '90 (45% increase). And Flathead County tracked a 50% increase in '90 over '80. Furthermore, while a number of smaller counties witnessed an actual decrease from 1970 to the '80 Census (e.g., Blaine/1, Choteau/3, Deer Lodge/6, et.al.), we discover a sizable increase (even over the 1970 Census) in '90. McCone dropped 34% in '80 over '70's Census - but increased 59% by '90!

The relevance of this is that while Montanans age 75-plus constitute something less than ten percent (10%) of the population at-large, they consume nearly sixty percent (60%) of Montana's Medicaid long-term care dollars. It is for this reason that we place a premium on targeting not only the federal Older Americans Act funds to "at-risk", frail older adults, but also have allocated State General Funds for In-Home Services, which are directed toward the kinds of services I indicated earlier (and which are enumerated in your folder).

These in-home services compliment the Home/Community Services Medicaid "Waiver" whose assets are limited, at best, and would otherwise spend down - or else deteriorate more quickly due to scarce private-pay resources, and then require more costly skilled nursing care. Let me remind you that one of the intents of Congress in establishing the Older Americans Act was that these community services would undergird/supplement, not supplant, the informal neighborhood and family support system, helping the client to remain part of the community longer, and stretch those resources, as well.

But, again, these funds have not even begun to keep pace with the aging of the population. The State Aging In-Home Services Appropriation was first funded at \$250,000 for the 1982-83 Biennium. By the 1990-91 Biennium, that appropriation had risen to only \$632,000 for the Biennium. However, the Legislature in its wisdom increased that \$100,000 for the '92-'93 period. In the Special Session that followed, efforts were made to return to the '90-91 level, but the Legislature put the \$100,00 back. Now, in the Governor's '94-'95 Budget, we learn that DFS has the amount reduced back to the '90-'91 level.

We respectfully request this Committee to to amend the appropriation and reinstate that level. In addition, you need to be aware that H.B. 31 has been introduced, due to the increased need, which will add an additional amount for the '94-'95 Biennium.

Another in-home option lies in the arena of home-delivered meals (what some call "meals-on-wheels"). Between 1987 and 1991, the number of home-delivered meals provided by the area agencies on aging increased twenty-three percent (23%), while the number of clients served increased sixteen percent (16%). Yet, federal funding has increased only five percent (5%), state funding increased only two percent (2%). Of the overall cost of this service, state funds average only one percent (1%).

We have made significant head-way in recent years through local agreements, to enable access of Medicaid "Waiver" funds to pay for these meals for eligible clients. Previously, Title XIX regulations in Montana often required that Medicaid would be the "last dollar" used, placing the burden in those instances upon the aging service funds. Nonetheless, several municipal areas in the aging network have begun to develop "waiting lists" due to the lack of adequate resource alternatives for home-delivered meals. It should further be noted, that overall, the federal portion is virtually matched by the senior contribution levels. But it is not enough to keep pace with the demand.

The last area relates to a recommendation from the area agencies concerning the nursing home resident "utilization fee" (or "bed tax"), which must now apply to all residents, including those providing private pay. It is recommended that the bed fee appropriation be increased sufficient to provide \$120,000 per year to pay for the federal and state statutory requirements placed upon the Montana Long-Term Care Ombudsman Program. Montana's Elder Abuse Prevention Act has placed a primary intervention role concerning such allegations in certain long-term care facilities, primarily nursing homes. Yet, Montana has never appropriated any State General Funds to meet this obligation. There has been only approximately \$19,000 of Federal Older Americans Act Funds that are allocated for direct ombudsman services.

EXHIBIT 1  
DATE 1/21/93  
SB                     

Local ombudsmen (some thirty-five of them) - as agents of the State through the area agencies - are knowledgeable in the care requirements these facilities must meet. They also provide on-going accountability through monthly facility visitation. Thus, ombudsmen represent an effective means of ensuring resident needs are being met. Using some of the unappropriated bed tax funds for these services could help ensure all residents, and their families, get their monies worth.

I have touched briefly on the aging services network, identifying our perception of the need of increased appropriations for community, in-home services, and specific funding for home-delivered meals. While today you are focusing upon alternatives to nursing home care, we nonetheless wanted to inform you of the need (and the means) to provide adequate nursing facility visitation.



EXHIBIT 1  
DATE 1-21-93  
SB                     

Montana Area Agencies on Aging Association

*"The Aging Advantage"*

P.O. Box 687 - Helena, MT 59624  
406/443-4936

### AGING MONTANA TODAY

- :: One in six Montanans - 120,000 people - are over the age of 60.
- :: By the year 2025 one in four Montanans will be over 60.
- :: More than 23 people each day join the ranks of the elderly in Montana.
- :: The 85-plus population is the fastest growing portion of our society, and will increase seven times by the middle of the next century.

### MONTANA'S AGING SERVICES NETWORK

It is the policy of the State of Montana, through the Aging Services Network, to provide a wide range of services to enable older Montanans to

- :: maintain an independent lifestyle
- :: avoid unnecessary institutional care, and
- :: live in dignity

### AREA AGENCIES ON AGING

Montana's 11 Area Agencies on Aging (AAA) are "grass roots" administrators of programs and services for seniors. The AAAs are charged with

- :: planning at the local level for services for older persons
- :: coordinating service delivery
- :: making full use of existing resources and services
- :: developing new or additional resources

Services provided through Montana's 11 Area Agency on Aging offices include:

Home-delivered meals  
Congregate meal service  
Escort service  
Friendly visiting service  
Home health and health aide services  
Homemaker service  
Information and referral service  
Legal services  
Community outreach  
Speech therapy  
Ombudsman service

Health screening service  
Medical transportation  
Personal care attendant service  
Physical therapy  
Respite care  
Senior centers  
Shopping assistance  
Home chore service  
Skilled nursing service  
Telephone reassurance  
Outreach to individuals



MONTANA'S AREA AGENCIES ON AGING  
January 1993

Lori Brengle, Director  
Area I Agency on Aging  
111 West Bell  
Glendive, MT 59330  
365-3364

Karen Erdie, Director  
Area II Agency on Aging  
343 Main Street  
Roundup, MT 59072  
323-1320

Rhonda Wisner, Director  
Area III Agency on Aging  
323 S. Main Street  
Conrad, MT 59425  
278-5662

Chuck Briggs, Director  
Area IV Agency on Aging  
Box 1717  
Helena, MT 59624  
442-1552

Jane Anderson, Director  
Area V Agency on Aging  
115 E. Pennsylvania  
Anaconda, MT 59711  
563-3110

Duane Lutke, Director  
Area VI Agency on Aging  
12 5th Ave. East, #1  
Polson, MT 59860  
883-6211

Darrell LaMere, Director  
Area VII Agency on Aging  
P. O. Box 21838  
1445 Ave. B  
Billings, MT 59102  
252-4812

Randy Barrett, Director  
Area VIII Agency on Aging  
P. O. Box 202  
Black Eagle, MT 59414  
761-1919 or 761-7860

Jim Atkinson, Director  
Area IX Agency on Aging  
723 Fifth Ave. East  
Kalispell, MT 59901  
756-5656 or 752-5300

Evelyn Havskjold, Director  
Area X Agency on Aging  
2 West Second Street  
Havre, MT 59501  
265-5464

Susan Kohler-Hurd, Director  
Area XI Agency on Aging  
227 West Front  
Missoula, MT 59802  
728-7682



EXHIBIT 1  
DATE 1/21/93  
SB \_\_\_\_\_

Montana Area Agencies on Aging Association

*"The Aging Advantage"*

P.O. Box 687 - Helena, MT 59624  
406/443-4936

### INFORMATION & REFERRAL NETWORK

More than 50 paid and volunteer technicians around the state

- :: provide information about senior services
- :: refer people to appropriate service programs and agencies
- :: maintain a current directory of service providers
- :: regularly visit local nursing homes and long-term care facilities
- :: serve as outreach workers in their communities

### OMBUDSMAN and LEGAL SERVICES

The Seniors Office of Ombudsman and Legal Services provides needed advocacy for seniors in nursing homes and long-term care facilities, as well as develops legal services for Montana's elderly.

The State Long-Term Care Ombudsman investigates complaints about abuse and/or quality of care and life of Montana's seniors who live in nursing homes and long-term care facilities.

Montana's Legal Services Developer provides training for seniors and their family members and develops pro bono and local legal services and training events.

Contact: Citizen Advocate 444-4676 or 444-2404.

### GOVERNOR'S ADVISORY COUNCIL ON AGING STATE AGING COORDINATOR

The Governor's Office on Aging and an 11-member Advisory Council advise the Governor through the Coordinator on Aging on the planning and operation of programs within state government that affect older Montanans.

Council members, appointed by the Governor, provide local input to the managers and developers of services. The Council also sponsors the annuals Governor's Conference on Aging.

The Coordinator on Aging provides leadership in the development of cooperation among the various state agencies to encourage responsiveness to the needs of older Montanans. The Coordinator is also a policy advisory to the Governor.

Contact: Citizen Advocate, 444-4676 or the Governor's Office on Aging 444-3111

## Part 5

### Montana Older Americans Act

#### Part Cross-References

Montana Access to Food and Nutrition Act,  
Title 50, ch. 49, part 1.

**52-3-501. Short title.** This part may be cited as the "Montana Older Americans Act".

**History:** En. Sec. 1, Ch. 67, L. 1987; Sec. 53-5-701, MCA 1989; redev. 52-3-501 by Code Commissioner, 1991.

**52-3-502. Definitions.** In this part, the following definitions apply:

- (1) "Department" means the department of family services.
- (2) "Older Montanan" means a resident of this state who is at least 60 years of age.

**History:** En. Sec. 2, Ch. 67, L. 1987; amd. Sec. 64, Ch. 83, L. 1989; Sec. 53-5-702, MCA 1989; redev. 52-3-502 by Code Commissioner, 1991.

**52-3-503. Purpose and policy.** (1) The legislature finds that older Montanans constitute a valuable resource of this state and that their competence, experience, and wisdom must be used more effectively for the benefit of all Montanans.

(2) The legislature further finds that a complete range of services is not available in all areas of the state and that many Montanans lack access to the services that are available.

(3) The legislature declares that it is the policy of this state, subject to available funding, to provide a wide range of coordinated services to enable older Montanans to maintain an independent lifestyle, avoid unnecessary institutional care, and live in dignity.

(4) It is the intent of the legislature that available federal, state, regional, and local resources be used to strengthen the economic, social, and general well-being of older Montanans and that the state:

- (a) develop appropriate programs for older Montanans;
- (b) coordinate and integrate all levels of service, with emphasis on the whole person; and
- (c) promote alternative forms of service that will create options for older Montanans.

**History:** En. Sec. 3, Ch. 67, L. 1987; Sec. 53-5-703, MCA 1989; redev. 52-3-503 by Code Commissioner, 1991.

**52-3-504. Services to be provided.** Subject to available funding, the department, in conjunction with other state, local, and private agencies and

#### to existing services:

- (1) a directory of available services;
- (2) transportation that provides access to services;
- (3) housing, nutrition, education, homemaker, escort, respite, hospice, and other programs that facilitate self-care;
- (4) physical and mental health care, including inpatient and outpatient services, screening, appliances and supplies, and home health care;
- (5) placement in adult day care, foster care, personal care, supervisory care, and nursing homes;
- (6) protective advocacy and legal programs;
- (7) job training, job development, and income maintenance;
- (8) adult education; and
- (9) training and research in aging.

**History:** En. Sec. 4, Ch. 67, L. 1987; Sec. 53-5-704, MCA 1989; redev. 52-3-501 by Code Commissioner, 1991.

**52-3-505. Role of department.** The department shall develop a plan to coordinate the services identified in 52-3-504, facilitate cooperation among agencies, avoid duplication, and increase efficiency.

**History:** En. Sec. 5, Ch. 67, L. 1987; Sec. 53-5-705, MCA 1989; redev. 52-3-505 by Code Commissioner, 1991.

**52-3-506. Coordination with federal legislation.** Nothing in this part shall be construed to prevent the department from complying with the rules and regulations promulgated by the U.S. department of health and human services pursuant to the "Older Americans Act of 1965", as amended.

**History:** En. Sec. 6, Ch. 67, L. 1987; Sec. 53-5-706, MCA 1989; redev. 52-3-506 by Code Commissioner, 1991.

## Part 6

### Ombudsman Services

**52-3-601. Purpose.** The legislature finds that many disabled and elderly Montana citizens reside in long-term care facilities in Montana and because of their isolated and vulnerable condition are dependent on others for care and protection. It is the intent of the legislature that, contingent on receipt of federal funds for the purpose, the office of legal and long-term care ombudsman services:

- (1) monitor the quality of care and life for residents of long-term care facilities;
- (2) develop and coordinate legal services for elderly citizens; and
- (3) through necessary investigations, reports, and corrective action, ensure that a good quality of care and life be maintained for residents of long-term care facilities.

EXHIBIT 1  
DATE 1-21-93  
B

	State	U.S.
Demographics		
Total population, 1990 (in thousands)	799	248,710
Percent age 65+, 1990	13.3	12.5
Percent nonwhite, 1990	7.3	19.7
Percent in rural areas, 1990	76.1	22.5
Percent receiving Social Security, 1990	17.2	15.6
Percent below poverty, 1990	16.3	13.5
Personal income per capita, 1989	\$14,078	\$17,596

	State	U.S.
Health Status		
No. of infant deaths per 1000 live births annually, 1986-1988	9.4	10.1
Percent of births of low birth weight, 1989	5.5	7.0
Percent of children under 12 who are hungry, 1989	14.7	12.8
Percent of population that smokes, 1989	24.1	N/A
Cumulative no. of AIDS cases reported, Mar. 1992	86	211,337
No. of deaths per 100,000 population, 1989	838.1	866.3
Pounds of toxic chemicals released or transferred, 1989 (in thousands)	39,103	5,677,542

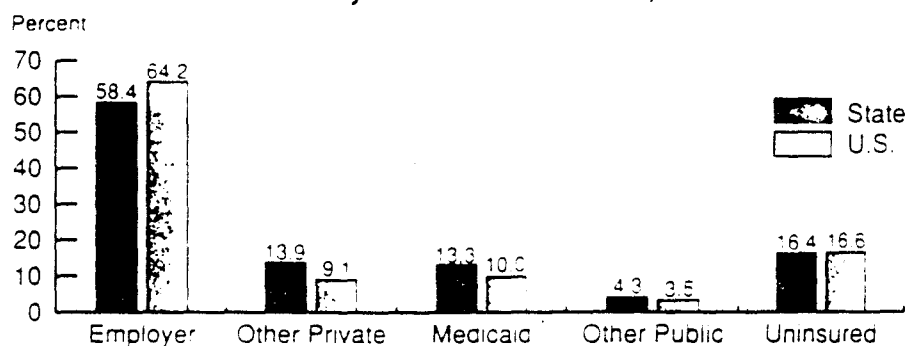
	State	U.S.
Utilization of Services		
Hospital admissions per 1000 population, 1990	142.7	135.8
Occupancy rate of urban hospitals, 1990	62.6	69.4
Occupancy rate of rural hospitals, 1990	60.7	57.6
No. of substance abuse treatment admissions per 1000, FY 1990	12.3	7.6
Emergency unit visits per 1000, 1990	320.2	370.2
Outpatient hospital visits per 1000, 1990	963.7	1,110.1
Occupancy rate of nursing homes, 1989	94.9	95.1
No. of Medicare home health visits per patient served, 1989	24.2	27.0

Resources  
Available

	State	U.S.
No. of MDs in patient care per 100,000 population, 1990	152	198
Percent of MDs and LLPs participating in Medicare, 1991	24.8	47.6
No. of RNs per 100,000, 1990	676	690
No. of nurse practitioners, 1992	135	32,167
No. of physician assistants, 1991	58	19,421
No. of hospital beds per 100,000, 1990	623.7	487.8
No. of community hospital closures, 1980-1990	7	558
No. of SNF/ICF beds per 100,000, 1989	857.4	655.0
No. of home health agencies per 100,000, 1991	9.3	4.9
Percent of population unserved by:		
Primary care MDs, 1991	8.9	4.8
Dentists, 1991	1.5	2.3
Psychiatrists, 1991	14.7	11.4

## Coverage

Nonelderly insurance status, 1990



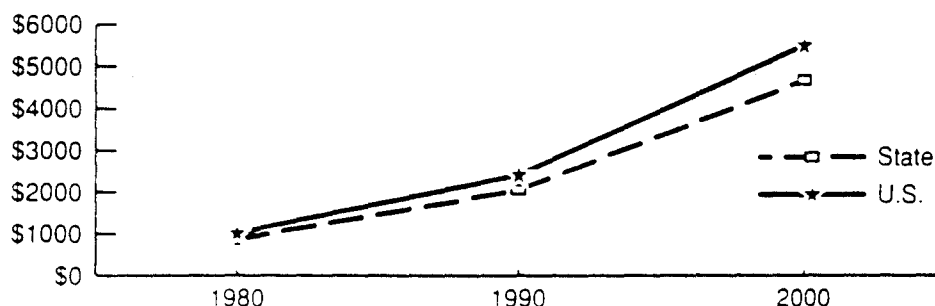
	State	U.S.
Percent of uninsured adults with full-time/full-year employment, 1988	28	35
Percent of eligible elderly without Qualified Medicare Beneficiary coverage, 1992	67	47
Maximum income for Medicaid eligibility:		
AFDC, 1992 (as % of poverty)	40.4	43.6
Medically needy, 1992 (as % of poverty)	45.9	53.3
SSI, 1991 (as % of poverty)	73.8	N/A
Ratio of Medicaid recipients compared to population below poverty, 1990	0.47	0.71

## Administration and Quality

	State	U.S.
Number of MDs and DOs acted against by state medical boards, 1991	6	2,361
Health insurance overhead expenses, 1988 (as a % of claims)	39.2	33.5
Percent of Medicare charges paid on assignment, 1991	54.8	86.1
Physician payment: Medicaid as a % of Medicare for office visit, 1989	71	N/A
Hospital payment as a share of costs: Medicaid to Medicare ratio, 1989	1.04	0.85

## Expenditures and Financing

Personal health costs per capita, 1980 - 1990 - 2000



	1980	1990	2000
State costs	\$ 859	\$2,059	\$4,686
U S costs	\$1,016	\$2,425	\$5,515

	State	U.S.
Avg. health spending by families, 1991		
As a % of average family income	10.8	11.7
Out-of-pocket costs per family	\$1,459	\$2,101
Percent of health plan premium paid by state government retirees, 1992	100.0	N/A
Average cost per day in a nursing home, 1989	\$53.70	\$54.45
Medicaid payment per recipient, FY 1990	\$2,793	\$2,700
Federal medical assistance percentage (Medicaid match), FY 1993	70.9	N/A
Health as percent of all state and local expenditures, FY 1990	2.9	2.5

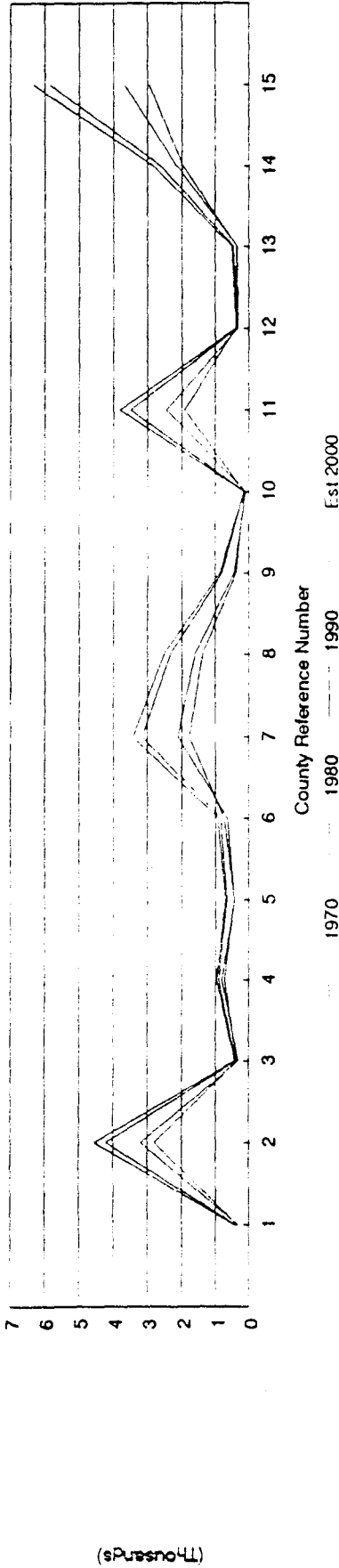
Health Care Reform

Access-related committee established, 1991	No
Publicly financed universal health proposal, 1991	No
Certificate of need program and threshold for capital, 1991	Yes \$1,500,000
High-risk insurance pool program and no. of persons enrolled, 1991	Operational 1987 304
Tax incentives for small employer coverage, 1991	Yes
Insurance market reforms, 1991	No
No. of mandated health benefits, 1991	25
Mandate waiver laws, 1991	Yes
Comprehensive regulation of utilization review, 1992	Yes
Hospital discharge data maintained, 1991	N/A
Ambulatory data maintained, 1991	N/A
Nursing home patient data maintained, 1991	N/A
Office of rural health, 1992	Yes
Living will recognized, 1991	Yes
DPA or proxy allowed for life-sustaining treatment decisions, 1991	No
Prescription format encourages generic substitution, 1991	Yes
	State U.S.
Percent increase in nonelderly Medicaid costs to expand to all nonelderly poor, 1989	N/A* 85
Percent enrolled in HMOs, 1990	0.8 14.6

AARP Membership

	State	U.S.
Total number of AARP members, 1992	110,481	33,042,114*
Percent of population age 50+ comprised of AARP members, 1992	54.2	51.9*
Health and long-term care priorities of State Legislative Committee, 1992:	None Identified	

# Montana 75+ Population Population use by Decade

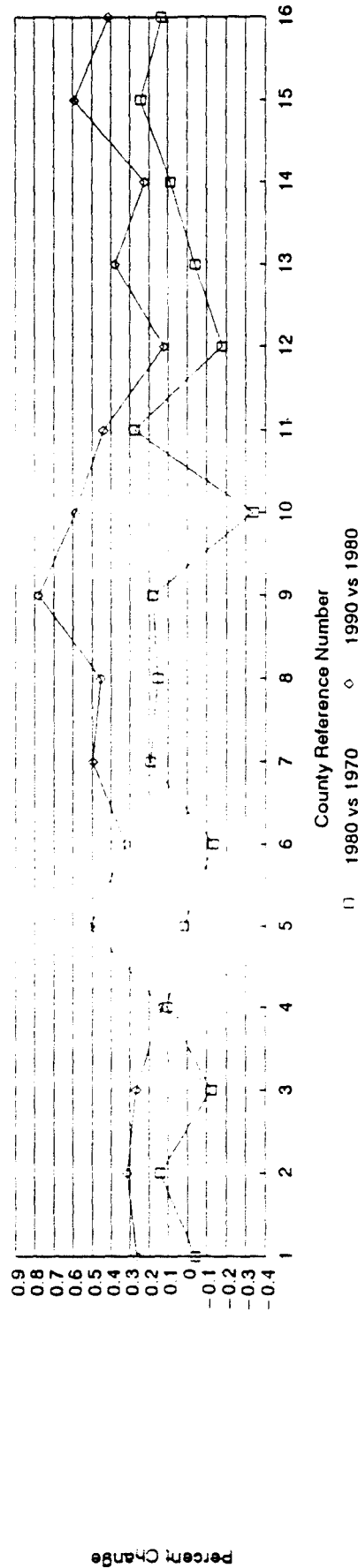


## 75 plus populations

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Blaine	Cascade	Chouteau	Custer	Dawson	Deer Lodge	Flathead	Lewis & Clark	Lincoln	McCone	Missoula	Philips	Sheridan	Silver Bow	Yellowstone	Total	
1970	343	2,807	357	716	420	733	1,775	378	1,36	1,015	387	353	1,967	2,950	16,825	
1980	329	3,205	313	790	427	635	2,115	447	90	2,447	318	339	2,138	3,673	18,869	
1990	416	4,215	397	897	645	839	3,161	796	143	3,521	357	468	2,617	5,848	26,652	
Est 2000	450	4,561	430	971	698	908	3,421	861	155	3,810	386	506	2,832	6,328	28,841	

EXHIBIT 1  
DATE 1/21/93  
SB

## Montana 75+ Population Percent Change Over Prior Decade



## Percent Change Over Prior Year

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Blaine	Cascade	Chouteau	Custer	Dawson	Deer Lodge	Flathead	Lewis & Clark	Lincoln	McCone	Missoula	Philips	Sheridan	Silver Bow	Yellowstone	Total	
1980 vs 1970	-4.1%	14.2%	-12.3%	10.3%	1.7%	-13.4%	19.2%	15.5%	-33.8%	27.8%	-17.8%	-4.0%	8.7%	24.5%	13.5%	
1990 vs 1980	26.4%	31.5%	26.8%	13.5%	51.1%	32.1%	49.5%	45.5%	58.9%	43.9%	12.3%	38.1%	22.4%	59.2%	41.2%	

Year 2000 data projections from NPA DATA SERVICES, INC



## Program Expenditures - Summary

page 2

20-May-92

02:06 PM

	1987	1988	1989	1990	1991
Admin	572,760	617,897	648,529	690,843	765,094
Soc Services	2,173,052	2,376,544	2,525,894	2,636,163	2,724,033
Cong Meals	3,195,254	3,253,516	3,427,555	3,410,170	3,660,420
HDM's	1,280,790	1,423,078	1,574,944	1,670,754	1,722,440
IIID In Home			31,340	32,255	39,106
I & R	140,087	138,963	140,787	123,409	309,172
State Prog	238,650	256,957	193,311	200,372	187,740
IHS	218,207	231,666	120,945	124,592	131,262
Total	7,818,800	8,298,621	8,663,305	8,888,549	9,539,267

	1987	1988	1989	1990	1991
Admin	7.33%	7.45%	7.49%	7.77%	8.02%
Soc Services	27.79%	28.64%	29.16%	29.66%	28.56%
Cong Meals	40.87%	39.21%	39.56%	38.37%	38.37%
HDM's	16.38%	17.15%	18.18%	18.80%	18.06%
IIID In Home			0.36%	0.36%	0.41%
I & R	1.79%	1.67%	1.63%	1.39%	3.24%
State Prog	3.05%	3.10%	2.23%	2.25%	1.97%
IHS	2.79%	2.79%	1.40%	1.40%	1.38%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Total FundingChanges Over Prior Year

Funding Change	6.14%	4.39%	2.60%	7.32%
Clients Change	4.54%	3.43%	11.45%	8.21%
Units Change	7.06%	5.28%	8.41%	6.03%

<b>Clients Served</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>
Comm. Outreach	11,108	6,295	20,372	17,901	23,430
Congregate Meals	35,574	38,980	39,091	43,544	45,036
Escort	46	29	51	52	35
Friendly Visiting	415	143	335	1,517	1,220
Health Screening	6,340	7,952	7,705	8,336	6,574
Home Chore	495	562	695	802	576
Home Del Meals	6,138	7,093	6,501	7,258	7,250
Home Health Aide	387	319	284	281	287
Homemaker	3,509	3,297	3,274	4,404	4,615
Indv. Outreach	1,695	1,724	1,218	1,269	901
Legal Assistance	793	747	1,844	1,508	1,390
Med. Transport	196	186	254	190	1,548
Omsbudsman	753	499	562	1,694	334
Personal Care	694	1,103	1,056	958	657
Physical Therapy	65	48	35	168	66
Respite Care	63	59	30	45	28
Senior Center	37,618	41,101	41,762	43,925	45,095
Shopping Assist	57	89	84	32	33
Skilled Nursing	907	394	392	379	373
Spec. Ins & Tax	132	78	28	66	72
Speech Therapy	1				
Tel Reassurance	318	358	586	908	425
Training	253				
Transportation	22,314	11,710	8,012	7,919	17,122
Health Main			2,341	2,146	2,005
I & R			966	3,329	27
Blood Pressure					1,427
Flu Shots					969
<b>Total</b>	<b>129,871</b>	<b>122,766</b>	<b>137,478</b>	<b>148,631</b>	<b>161,495</b>

Figures do not include State funded I&R

Units of Service	1987	1988	1989	1990	1991
Comm. Outreach	17,157	8,935	92,043	122,383	121,862
Congregate Meals	1,112,983	1,220,022	1,284,107	1,324,502	1,374,550
Escort	944	843	614	1,077	725
Friendly Visiting	6,756	4,406	7,300	4,625	5,578
Health Screening	36,574	37,982	30,017	37,255	29,662
Home Chore	5,842	6,812	11,299	11,091	7,682
Home Del Meals	468,916	501,492	535,371	567,238	604,456
Home Health Aide	7,478	8,391	3,915	4,730	4,924
Homemaker	93,776	93,478	92,933	92,351	96,981
Indv. Outreach	3,974	3,554	4,821	3,960	3,112
Legal Assistance	1,125	1,486	2,459	2,047	1,950
Med. Transport	3,092	3,718	1,618	2,793	2,578
Omsbudsman	5,791	1,990	446	813	827
Personal Care	11,492	12,543	16,937	16,421	15,076
Physical Therapy	218	97	96	257	268
Respite Care	3,156	3,079	881	1,020	499
Senior Center	21,168	23,567	24,556	31,262	26,274
Shopping Assist	1,473	1,287	594	326	344
Skilled Nursing	2,486	2,527	2,502	2,918	2,450
Spec. Ins & Tax	132	78	94	66	72
Speech Therapy	1				
Tel Reassurance	18,015	17,326	22,485	26,649	24,446
Training	21				
Transportation	311,964	319,375	317,821	345,918	344,620
Health Main			8,150	7,782	11,510
I & R			7,038	9,397	707
Blood Pressure					15,697
Flu Shots					969
Total	2,134,534	2,272,988	2,468,097	2,616,881	2,697,819

Figures do not include State funded I&R

Program Data CSD-95's

20-May-92

04:00 PM

SUAAAA2

Average Units Per Client	1987	1988	1989	1990	1991
Comm. Outreach	1.5	1.4	4.5	6.8	5.2
Congregate Meals	31.3	31.3	32.8	30.4	30.5
Escort	20.5	29.1	12.0	20.7	20.7
Friendly Visiting	16.3	30.8	21.8	3.0	4.6
Health Screening	5.8	4.8	3.9	4.5	4.5
Home Chore	11.8	12.1	16.3	13.8	13.3
Home Del Meals	76.4	70.7	82.4	78.2	83.4
Home Health Aide	19.3	26.3	13.8	16.8	17.2
Homemaker	26.7	28.4	28.4	21.0	21.0
Indv. Outreach	2.3	2.1	4.0	3.1	3.5
Legal Assistance	1.4	2.0	1.3	1.4	1.4
Med. Transport	15.8	20.0	6.4	14.7	1.7
Omsbudsman	7.7	4.0	0.8	0.5	2.5
Personal Care	16.6	11.4	16.0	17.1	22.9
Physical Therapy	3.4	2.0	2.7	1.5	4.1
Respite Care	50.1	52.2	29.4	22.7	17.8
Senior Center	0.6	0.6	0.6	0.7	0.6
Shopping Assist	25.8	14.5	7.1	10.2	10.4
Skilled Nursing	2.7	6.4	6.4	7.7	6.6
Spec. Ins & Tax	1.0	1.0	3.4	1.0	1.0
Speech Therapy	1.0	ERR	ERR	ERR	ERR
Tel Reassurance	56.7	48.4	38.4	29.3	57.5
Training	0.1	ERR	ERR	ERR	ERR
Transportation	14.0	27.3	39.7	43.7	20.1
Health Main	ERR	ERR	3.5	3.6	5.7
I & R	ERR	ERR	7.3	2.8	26.2
Blood Pressure	ERR	ERR	ERR	ERR	11.0
Flu Shots	ERR	ERR	ERR	ERR	1.0
Total	16.4	18.5	18.0	17.6	16.7

Figures do not include State funded I&R

Expenditures

20-May-92

11:17 AM

SUAAAA

AAA I	1987	1988	1989	1990	1991
Admin	56,170	60,131	61,979	71,476	69,358
Soc Services	525,849	506,956	533,229	559,738	585,310
Cong Meals	382,892	353,120	374,442	381,293	409,453
HDM's	203,187	233,312	217,240	221,446	213,493
IIID In Home			6,001	5,005	7,142
I & R	13,890	12,319	13,293	15,406	33,299
State Prog					
IHS					
Total	1,181,988	1,165,838	1,206,184	1,254,364	1,318,055
% Total	15.1%	14.0%	13.9%	14.1%	13.8%

AAA II	1987	1988	1989	1990	1991
Admin	73,443	74,544	81,622	88,736	95,212
Soc Services	425,411	607,084	635,623	676,020	685,813
Cong Meals	664,873	671,710	707,015	680,423	718,043
HDM's	142,956	195,741	221,883	252,158	245,691
IIID In Home			5,155	6,107	7,224
I & R	23,226	23,489	21,777		51,830
State Prog	59,490	59,490			
IHS	92,379	92,379			
Total	1,481,778	1,724,437	1,673,075	1,703,444	1,803,813
% Total	19.0%	20.8%	19.3%	19.2%	18.9%

AAA III	1987	1988	1989	1990	1991
Admin	46,689	49,698	43,254	43,657	50,601
Soc Services	132,934	131,157	160,570	184,816	189,771
Cong Meals	348,774	355,601	378,653	395,918	450,334
HDM's	77,085	81,134	91,623	92,339	97,638
IIID In Home			2,096	2,375	2,702
I & R	6,781	6,858	10,294	7,758	15,373
State Prog	23,238	21,522			
IHS	22,301	21,979			
Total	657,802	667,949	686,490	726,863	806,419
% Total	8.4%	8.0%	7.9%	8.2%	8.5%

AAA IV	1987	1988	1989	1990	1991
Admin	62,307	52,714	51,757	52,301	56,045
Soc Services	200,223	209,977	213,934	212,620	228,228
Cong Meals	480,765	492,439	521,190	488,587	505,795
HDM's	209,221	235,442	241,337	254,284	272,412
IIID In Home			5,784	3,598	4,228
I & R	25,338	26,167	22,598	25,729	48,817
State Prog					
IHS					
Total	977,854	1,016,739	1,056,600	1,037,110	1,115,525
% Total	12.5%	12.3%	12.2%	11.7%	11.7%

AAA V	1987	1988	1989	1990	1991
Admin	24,077	27,260	30,868	30,597	37,727
Soc Services	207,090	205,110	207,897	198,314	209,174
Cong Meals	327,455	337,274	349,799	314,544	340,049
HDM's	184,833	206,321	241,713	259,523	224,954
IIID In Home			3,116	3,699	4,366
I & R	13,916	14,075	14,074	15,320	31,970
State Prog	28,163	30,175	30,175	30,448	31,283
IHS	34,287	37,748	37,748	38,363	36,901
Total	819,821	857,963	915,390	890,808	916,424
% Total	10.5%	10.3%	10.6%	10.0%	9.6%

AAA VI	1987	1988	1989	1990	1991
Admin	77,089	65,451	73,088	77,607	80,097
Soc Services	194,854	202,615	214,971	232,700	247,724
Cong Meals	371,764	392,312	415,236	455,248	462,971
HDM's	131,608	141,864	146,196	167,283	189,694
IIID In Home			2,703	3,340	3,959
I & R	12,899	13,045	14,284	15,071	28,287
State Prog					
IHS					
Total	788,214	815,287	866,478	951,249	1,012,732
% Total	10.1%	9.8%	10.0%	10.7%	10.6%

AAA VII	1987	1988	1989	1990	1991
Admin	51,114	48,799	47,097	56,762	64,371
Soc Services	44,703	46,268	59,915	60,121	69,648
Cong Meals	89,293	92,209	69,150	88,995	129,585
HDM's	32,297	31,452	38,378	23,120	22,027
IIID In Home			1,308	1,760	2,094
I & R	6,891	6,969	6,969	6,976	16,110
State Prog	12,760	13,671	13,671	13,471	14,744
IHS	16,454	18,691	18,866	18,892	19,037
Total	253,512	258,059	255,354	270,097	337,616
% Total	3.2%	3.1%	2.9%	3.0%	3.5%

AAA VIII	1987	1988	1989	1990	1991
Admin	56,604	51,418	57,960	57,756	63,334
Soc Services	142,848	131,099	131,869	128,877	131,724
Cong Meals	185,552	193,894	217,989	212,531	227,172
HDM's	85,011	92,375	112,977	111,647	124,019
IIID In Home			1,738	2,153	2,758
I & R	10,540	10,660	13,365	14,420	20,806
State Prog	58,424	61,753	62,231	64,497	71,488
IHS	25,168	28,591	28,515	29,950	32,296
Total	564,147	569,790	626,644	621,831	673,597
% Total	7.2%	6.9%	7.2%	7.0%	7.1%

AAA IX	1987	1988	1989	1990	1991
Admin	3,233	57,440	74,323	73,737	99,991
Soc Services	179,904	205,945	215,970	227,944	248,619
Cong Meals	98,392	104,468	128,336	144,432	136,778
HDM's	86,782	76,399	99,470	110,136	108,090
IIID In Home			1,249	1,547	1,883
I & R	7,081	7,086	7,162	7,862	27,283
State Prog					
IHS					
Total	375,392	451,338	526,510	565,658	622,644
% Total	4.8%	5.4%	6.1%	6.4%	6.5%

AAA X	1987	1988	1989	1990	1991
Admin	25,347	28,847	23,518	27,740	50,603
Soc Services	46,954	46,873	52,723	71,305	53,206
Cong Meals	152,964	145,623	127,719	124,315	142,304
HDM's	28,434	21,439	40,518	36,171	63,399
IIID In Home			865	1,026	739
I & R	2,237	2,262	2,282	2,396	5,519
State Prog	4,582	4,849	4,849	4,880	4,930
IHS	9,388	11,568	15,106	17,002	22,641
Total	269,906	261,461	267,580	284,835	343,341
% Total	3.5%	3.2%	3.1%	3.2%	3.6%

AAA XI	1987	1988	1989	1990	1991
Admin	96,687	101,595	103,063	110,474	97,755
Soc Services	72,282	83,460	99,193	83,708	74,816
Cong Meals	92,530	114,866	138,026	123,884	137,936
HDM's	99,376	107,599	123,609	142,647	161,023
IIID In Home			1,325	1,645	2,011
I & R	17,288	16,033	14,689	12,471	29,878
State Prog	51,993	65,497	82,385	87,076	65,295
IHS	18,230	20,710	20,710	20,385	20,387
Total	448,386	509,760	583,000	582,290	589,101
% Total	5.7%	6.1%	6.7%	6.6%	6.2%

Grand Total	7,818,800	8,298,621	8,663,305	8,888,549	9,539,267
-------------	-----------	-----------	-----------	-----------	-----------



CHAIRMAN  
Mr. Gene Quenemoen  
606 Frank Road  
Belgrade, MT 59714  
(406) 388-6982

VICE CHAIRMAN  
Mrs. LeDean B. Lewis  
6425 Timber Trail  
Helena, MT 59601  
(406) 458-6195

SECRETARY  
Mr. Robert J. Souhrada  
915 - 13th Street West  
Columbia Falls, MT 59912  
(406) 892-4642

Bringing lifetimes of experience and  
leadership to serve all generations.

**Montana AARP State Legislative Committee  
1992 Position Paper**

***IN-HOME SERVICES***

---

**POSITION:** The Montana AARP State Legislative Committee will continue to support adequate funding for in-home services in an effort to serve the many Montanans, young and old, who need these services to remain independent and living in their own homes as long as possible.

---

**PROBLEM:** Montana demographics tend toward an older population which will require a demand for in-home services or premature placement in nursing homes. In-home service funds were initiated in 1980, but due to the lack of funds and increased demand for services, the Area Agencies on Aging network that administers the program has been unable to provide services to all eligible Montanans. There is funding for in-home care that is targeted to the Medicaid eligible, but the majority of Montanans are not eligible for these services.

**SOLUTION:** Providing in-home services help people live independently, maintain self-sufficiency and remain a vital part of their community. Additional funds to expand the current in-home services program would enhance the mix of services and provide an alternative to expensive nursing home care which will help in holding Medicaid costs down.

In-home services would help provide the community-based support services such as Home Delivered Meals, Home Health Care, Homemaker Services, Chore Services, Telephone Reassurance-Friend Visiting, Emergency Response Systems, Energy Assistance - Weatherization, Adult Day Care and Transportation. The funding for these in-home services must be appropriated from the General Fund and not depend on unstable dedicated sources.

**CONTACT:** Mrs. LeDean B. Lewis, State Legislative Committee Vice Chair  
6425 Timber Trail, Helena, MT 59601  
(406) 458-6195



3  
Presentation Date: 01/21/93

SRS Staff: Nancy Ellery, John Chappuis, Dave Thorsen

Committee: Human Services Appropriation Subcommittee

Inpatient and Residential Treatment for Individuals Under Age 21

I. Current Program:

In 1987, Medicaid began reimbursing for inpatient psychiatric services in freestanding psychiatric hospitals for individuals under the age of 21. Prior to that time, individuals were treated in the Children's Unit at Warm Springs or remained in their communities. Rivendell of Billings and Shodair Hospital became the first in-state providers, followed by Rivendell of Butte in 1988. Rivendell of Utah and Northwest Passages Hospital in Idaho enrolled as out-of-state providers. In July, 1990, Medicaid began reimbursing for residential psychiatric treatment in response to the 1989 legislative intent to provide this service. Yellowstone Treatment Center became the sole in-state provider. In 1992, Shodair opened a residential treatment center (RTC). Once this facility receives Joint Commission on Health Care Organizations (JCHCO) accreditation, Medicaid may begin reimbursing for medically necessary services.

In 1991, in response to the Department of Family Services' (DFS) request and the Department of Health and Environmental Sciences' (DHES) licensing approval, Medicaid began reimbursing for residential treatment services at Northwest Children's Home in

Lewiston, Idaho. Out-of-state providers who meet Montana's licensing criteria for inpatient psychiatric facilities and residential treatment centers, may enroll in the Montana Medicaid program. As a result, there are now five new out-of-state residential treatment providers: Rivendell of Utah RTC and Provo Canyon School in Utah; and Southwood RTC, Rancho Park RTC, and Vista San Diego Center in California.

As Medicaid is a federal entitlement program, individuals cannot be denied medically necessary services. Montana does not reimburse for medical services out-of-state if the service is available within the state. However, if an individual needs treatment and a bed is not available or the specific treatment needs cannot be met in the in-state facilities, Medicaid will reimburse for the treatment out-of-state.

Program Growth/Cost Increases:

The number of recipients served yearly in inpatient psychiatric hospitals has grown from 63 in FY87 to 678 in FY92 while Medicaid costs increased from \$.91 million to \$10.61 million (see Chart #1). In July, 1990 Medicaid began contracting with Mental Health Management of America, Inc. (MHMA) for utilization review and Medicaid expenditures dropped from \$9.34 million in FY90 to \$7.33 million in FY91. Steady controlled growth in the program has resulted in an increase in expenditures to \$10.61 million in FY92.

Expenditures in Residential Treatment Centers have also followed a steady growth pattern since July, 1990 (see Chart #2). The number of clients grew from 40 in FY91 to 141 in FY92. Medicaid payment for residential treatment has grown from \$.99 million in FY91 to \$3.53 million in FY92.

Even though there has been a steady increase in the number of recipients served, close utilization review has been able to control the average length of stay in the respective facilities, thereby controlling cost. Demand for both hospital and residential treatment services will continue to increase until an adequate number of community based services are available.

Reimbursement:

Medicaid reimbursement for services to inpatient psychiatric providers is based upon a percentage of allowable costs. Providers located within the state are reimbursed on an interim basis during the provider's fiscal year. The interim rate is a percentage of allowable charges as determined by the department. At the end of each facility fiscal year, total interim payments are compared to the allowable costs for that year and over or under payments are calculated. Allowable costs are calculated based on the provider's base year costs, with an allowance for increased costs limited to the TEFRA inflation rate. Following are the current reimbursement percentages for billed charges:

<u>Facility Name</u>	<u>Reimbursement Percentage</u>	<u>Billed Charges</u>	<u>Medicaid Rate</u>
Rivendell of Billings	46.8%	\$ 840.00	\$ 393.12
Rivendell of Butte	52.4%	\$ 900.00	\$ 471.60
Shodair Hospital	100%	\$ 535.00	\$ 535.00

Out-of-state providers are reimbursed a percentage of charges based on their most recently audited cost report. The percentage of charges paid is intended to approximate cost. No cost settlement is performed for out-of-state providers.

Utilization Review:

As previously mentioned, the Department has contracted with MHMA since July, 1990, to provide preadmission and continued stay reviews, annual Inspections of Care (IOC) and participate in the appeals process for the Under 21 program. MHMA was awarded the contract through the competitive bid process, and the Department has renewed the yearly contract twice, with the current contract due to expire June 30, 1993. The contract meets the federal requirements regarding utilization review for this program.

During the first year of the contract (FY91), MHMA conducted reviews in four in-state facilities - 3 hospitals and 1 residential treatment center (RTC) and two out-of-state hospitals. Through intensive review, MHMA shortened the average length of stay at discharge in the psychiatric hospitals from approximately 51 days to 45 days (at an average reimbursed rate of \$350/day) and

established an ALOS at discharge for the RTC (at approximately 140 days at an average reimbursed rate of \$170/day). MHMA determined 32,080 days to be medically necessary and reviewed 562 admissions. As a result, MHMA saved over \$1,000,000 for the Department.

During FY92, MHMA conducted reviews in an additional out-of-state residential treatment facility (total 6 facilities under active review). The average length of stay in hospitals was reduced from 45 days to 38.75 days and the average length of stay for RTCs increased from 140 days to 188 days. MHMA continues to slow the overall growth of the program, while assuring that admissions and continued stays were medically necessary.

Department of Family Services:

In July 1991, DFS became responsible for the general fund portion of this program. The decision was made by the respective Department Directors that budget authority and responsibility for the program should go together. The idea was that by giving DFS all the funding for psychiatric care for youth, it would be possible for DFS to complete the development of a complete continuum of care for children. The utilization review (UR) function and contract management remained with SRS-Medicaid. The Department has recommended for the past year that this function be transferred to DFS so they can fully manage the program. As a Request for Proposal (RFP) for this contract will need to be issued this Spring in accordance with the State's procurement laws, DFS

3  
DATE 1/21/93  
SB

will be involved in the RFP process and assume management of the new contract on July 1, 1993.

II. Expenditures:

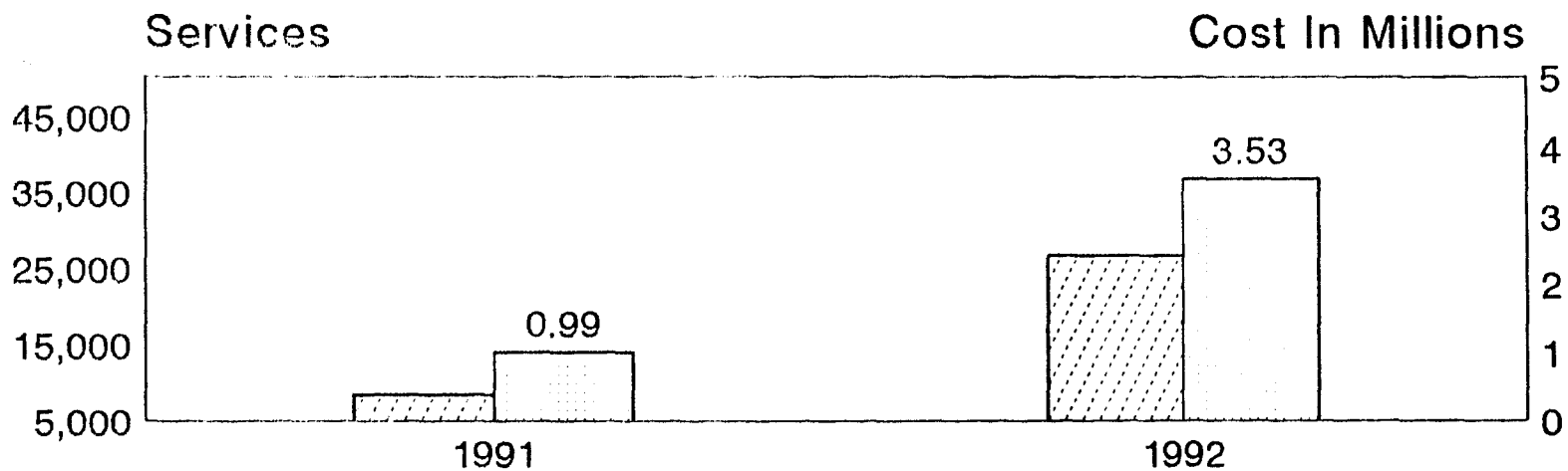
(see Medicaid One-Pagers, Pages 9 and 10)

III. Program Options:

Hank Hudson, DFS Director will be discussing the options for controlling costs in this program.

Chart 1

## Chart 2 Residential Psychiatric Services



Clients	40	141
Servies	8,341	26,674
\$ Per Client	24,750	25,040

▨ Servies    ▤ Cost

4  
January, 1993

INPATIENT PSYCHIATRIC ELIGIBILITY RULES  
(Commonly referred to as the "Family of One" rules.)  
ARM 46.12.4002, 46.12.4004 and 46.12.4006

CURRENT SITUATION: Medicaid funding is currently available for all individuals under the age of 21 who are admitted to a Free-standing Psychiatric Hospital and/or Residential Treatment Center (RTC) which has been licensed by the Department of Health and Environmental Sciences (DHES) and is enrolled in the Montana Medicaid Program. As of January, 1993, Montana Medicaid providers of inpatient psychiatric services for individuals under the age of 21 consist of:

- 3 - In-state Psychiatric Hospitals
- 2 - In-state Residential Treatment Centers
- 3 - Out-of-state Psychiatric Hospitals
- 6 - Out-of-state Residential Treatment Centers

Two years ago there were 4 Montana Medicaid Inpatient Psych Providers (the 2 Rivendells, Shodair Hospital and Yellowstone Treatment Center). In the past two years, the number of Montana Medicaid Inpatient Psych Providers has more than tripled, going from 4 to 14 providers.

The General Fund costs for these services have increased proportionally to the increase in the total costs for these services. General Fund costs for inpatient psychiatric services were approximately \$264,000 in 1987 and \$3,076,000 in 1992. To date, 1993's costs have increased 33% over 1992's cost. If this increase continues the 1993 general fund costs for inpatient psychiatric services will be \$4,091,000.

This will require an increase of \$590,000 in the current supplemental request.

The General Fund costs for residential psychiatric services have increased from approximately \$287,000 in 1991 to approximately \$1,023,000 in 1992. To date 1993's projected costs for providers in existence in 1992 have more than doubled 1992's expenditures. Additionally, six more providers have enrolled in the Montana Medicaid Program as providers of residential psychiatric services. As of January 15, 1993 these six new providers are serving 47 patients. At this time we anticipate increased general fund expenditures of \$962,000 for these new providers. This will result in projected general fund expenditures of \$3,511,000 for residential psychiatric services in 1993, 3.5 times the amount expended in 1992.

This will require an increase of \$2,200,000 in the current supplemental request.



January, 1993  
INPATIENT PSYCHIATRIC ELIGIBILITY RULES  
Page 2

SRS and DFS have developed <sup>✓</sup> options for the Appropriation Sub-Committee's consideration. Actions needed and fiscal impact are provided for each option.

**OPTION # 1: MAKE NO CHANGES TO THE "FAMILY OF ONE" RULES**

ACTIONS NEEDED: None

FISCAL IMPACT: (STATE GENERAL FUND)

The Department estimates expenditures for inpatient psychiatric services for 1993 will increase 33% over 1992's expenditures from \$3,076,000 to \$4,091,000. The Department also estimates 1993 expenditures for residential psychiatric services will increase 3.5 times the 1992 expenditure level from \$1,023,000 to \$3,511,000. It can be anticipated this trend of increased expenditures will continue since there is an amply supply of beds to serve these patients and new providers continue to enroll in the Montana Medicaid Program. It would seem the only limit to these expenditures is the population of children in need of the service. Attached is a chart which compares the number of children served from July through November of 1992 and 1993.

Given the trend of increased cost in this program, the Department anticipates an additional \$5,800,000 will be needed for the 1995 biennium budget. Please see attached chart.

**OPTION # 2: ELIMINATE THE "FAMILY OF ONE" ELIGIBILITY RULES FOR INPATIENT PSYCH HOSPITALS AND RESIDENTIAL TREATMENT CENTERS AS A SEPARATE COVERAGE GROUP.**

All children receiving this service would have to be otherwise eligible for Medicaid.

ACTIONS NEEDED:

1. ARM amendments
2. Medicaid State Plan changes
3. Changes to the SRS Family Assistance Eligibility Policy Manual

FISCAL IMPACT (STATE GENERAL FUND):

Based upon a sample of the paid claims data on file, the

January, 1993  
INPATIENT PSYCHIATRIC ELIGIBILITY RULES  
Page 3

Department estimates approximately 30% of the patients receiving inpatient psychiatric services and 16% of the patients receiving residential psychiatric services qualify for Medicaid coverage under the "family of one rule".

Based upon the initial OBPP budget request, implementation of this option would reduce general fund expenditures by \$2,755,000 in inpatient psychiatric and \$710,000 in residential psychiatric for the biennium.

**OPTION # 3: AMEND THE "FAMILY OF ONE RULES" TO REQUIRE THE INCLUSION OF PARENTAL INCOME AND RESOURCES IN THE FIRST MONTH THAT A CHILD/YOUTH IS ADMITTED TO A PSYCHIATRIC HOSPITAL OR RESIDENTIAL TREATMENT CENTER.**

**ACTIONS NEEDED:**

1. ARM amendments
2. Development of additional steps to evaluate/verify parent's income during the eligibility determination process.
3. Enhancements to The Economic Assistance Management System (TEAMS). This would require an impact statement and may be quite costly.
4. Changes to SRS Family Assistance Policy Manual.

**FISCAL IMPACT: (STATE GENERAL FUND)**

The Department estimates implementation of this option would have no fiscal impact. The savings in benefits paid would be expended to implement and administer the program.

**OPTION # 4: AMEND THE RULES TO LIMIT MEDICAID ELIGIBILITY FOR ONLY THOSE INPATIENTS OF RESIDENTIAL TREATMENT FACILITIES.**

**ACTIONS NEEDED:**

1. ARM amendments - both eligibility and Medicaid services.
2. State Plan changes - both eligibility and Medicaid services.
3. Policy Manual changes: eligibility; Medicaid services; and provider manuals.

**FISCAL IMPACT: (STATE GENERAL FUND)**

EXHIBIT 4  
DATE 1-21-93  
SB                     

January, 1993  
INPATIENT PSYCHIATRIC ELIGIBILITY RULES  
Page 4

Based upon the initial OBPP budget request the \$9,184,736 general fund expenditures budgeted for the inpatient psychiatric services would be a savings for DFS. However, some of these children would be served in the psychiatric unit of acute care hospitals which would require additional general fund monies for the Department of Social and Rehabilitative Services.

(1/15/93)

**MONTANA MEDICAID (MT MA)  
INPATIENT PSYCHIATRIC FACILITIES  
FOR INDIVIDUALS UNDER THE AGE OF 21**

EXHIBIT 4  
DATE 1-21-93  
SB \_\_\_\_\_

HOSPITALS	# OF BEDS	# MA PATIENTS	PLACEMENT	TOTAL
1. Rivendell of America Butte, MT	52	3 3	DFS Private Roll-on MA	6
2. Rivendell of Billings Billings, MT	60/licensed 46/actual	15 10 5	Generic MA DFS, Youth Courts Private Roll-on MA	30
3. Rivendell of Utah West Jordan, UT	16	0		0
4. Shodair Hospital Helena, MT	22	4 4	DFS-Court Orders Private Roll-on MA	8
5. Southwood Hospital Chula Vista, CA	64	0		0
6. Rancho Park Hospital El Cajon, CA	30	0		0
TOTAL				44
RESIDENTIAL TREATMENT CENTERS (RTC)	# OF BEDS	# MA PATIENTS	PLACEMENT	TOTAL
1. Yellowstone RTC Billings, MT	104	22 22 19 11	Probation DFS Generic MA Private Roll-on MA	74
2. Northwest Childrens Home. Lewiston, ID	67*	15 9	DFS, Probation Private Roll-on MA	24
3. Southwood RTC Chula Vista, CA	44	2	Probation	2
4. Rancho Park RTC El Cajon, CA	56/licensed 36/actual	3	Probation	3
5. Charter Provo Canyon RTC Provo, UT	210	6 11	DFS Private Roll-on MA	17
6. Vista San Diego RTC San Diego, CA	32	0		0
7. Rivendell of Utah RTC West Jordan, UT	60	3 1 1	DFS Probation Mental Health Center	5
8. Shodair RTC** Helena, MT	24	3 12	DFS Private Roll-on MA	20
TOTAL				145

\* Includes 12 beds at Napa, Idaho Campus

\*\* Joint Commission Accreditation expected after February 1993, with MA eligibility retroactive to November 1992.

DEPARTMENT OF FAMILY SERVICES  
Residential Psychiatric Services  
clients served\*

EXHIBIT 4  
DATE 8-21-93  
SB \_\_\_\_\_

Month	1992	1993
July	0	0
August	19	46
September	27	58
October	20	55
November	28	60
December	39	74
Total	133	293

\*Based upon paid claims information

DEPARTMENT OF FAMILY SERVICES  
Comparison of Actual and Budget Request

EXHIBIT 4  
DATE 1-21-93  
SB \_\_\_\_\_

Inpatient Psychiatric Services

<u>Year</u>	<u>projected</u>	<u>budget request</u>	<u>Difference</u>
1992	3,076,000		
1993**	4,091,000		
1994	4,868,290	4,226,517	(641,773)
1995	5,598,533	4,958,219	(640,314)

-----

Residential Psyciatric Services

<u>Year</u>	<u>projected</u>	<u>budget request</u>	<u>Difference</u>
1992	1,023,000		
1993**	3,511,000		
1994	4,178,090	2,083,548	(2,094,542)
1995	4,804,800	2,355,115	(2,449,685)

-----

Projected shortfall 1995 biennium (5,826,314)

\*\*Base upon DFS projection not the current budget.

**PROVIDING FOR  
EQUITABLE MEDICAID REIMBURSEMENT FOR  
PSYCHIATRIC HOSPITAL SERVICES FOR YOUTH**

**Introduction**

Currently, Medicaid reimbursements for psychiatric hospital services for persons under age 21 are paid differently according to whether the patient is being served in a general hospital or in a free-standing psychiatric facility. Services provided to youth in general hospital psychiatric units are effectively reimbursed at a lower rate and for a shorter period of time than those provided in free-standing facilities. The purpose of this request is to eliminate this inequitable treatment of general hospitals by the Medicaid reimbursement system and thereby improve the quality of psychiatric services provided to affected patients.

**The Problem**

The Montana Medicaid program is a joint federal-state system administered by the Department of Social and Rehabilitation Services (SRS). Under the program, medical assistance to be provided includes "inpatient psychiatric hospital services for persons under 21 years of age."

Currently, SRS rules and regulations provide for higher reimbursement for such services when they are provided by institutions devoted exclusively to providing psychiatric services to youth, even though there is no such limitation imposed by federal statute or regulation and even though such facilities are not necessarily better equipped than general hospital programs to provide youth treatment services.

In Montana, free-standing psychiatric facilities are the only ones in the state devoted exclusively to providing psychiatric services to youth. Under SRS regulations, they are reimbursed at a higher daily rate for providing psychiatric services to youth than are general hospitals. In addition, they are paid this higher daily rate for as long as the youth is in the facility.

In contrast, general hospitals with psychiatric care units are reimbursed according to the DRG system which pays a lump sum for treatment of the under 21 patient. This lump sum covers the entire period of hospitalization without regard to the length of treatment which may be required. These general hospital psychiatric programs provide excellent care and treatment to their patients and typically provide it on the same basis and in the same setting as free-standing youth treatment centers.

This reimbursement system prohibits excellent youth treatment programs in general hospitals from being able to provide adequate treatment to patients under 21 and forces them to provide only emergency care. In fact, youth initially admitted to general hospital psychiatric facilities often must be transferred to free-standing facilities in order to make certain that the patient receives the appropriate period of treatment because it may exceed the length of time for which the hospital can be reimbursed under the DRG system.

This approach is highly disruptive to emotionally disturbed youth and requires them to "start over" when transferred from the general hospital to the free-standing facility. It places a difficult burden on both the free standing and general hospital facilities in that it seriously impedes the development of an effective treatment approach for the patient.

It is obviously also inequitable to general hospitals in terms of their ability to compete with free standing centers and in terms of their ability to provide efficient and effective psychiatric care and treatment to patients under age 21.

EXHIBIT 4  
DATE 1/21/93  
SB \_\_\_\_\_

### **Proposed Change**

The proposed change would remove the basis for discriminatory treatment of general hospital psychiatric programs by stipulating that youth psychiatric services can be provided by *any* psychiatric hospital, general or free-standing, which meets the federal requirements for providing such services and that all such providers will be reimbursed under the Medicaid program in the same manner and at the same rates.

It would have the effect of substantially improving the overall quality of hospital psychiatric services provided to individuals under the age of 21 and would make it easier for both free standing and general hospital facilities to deal with such patients in an effective manner.

*To correct this problem, it is proposed that language be added to HB 2 which mandates equitable Medicaid reimbursement for inpatient psychiatric hospital services for persons under 21 years of age, regardless of whether those services are provided by general hospitals or free standing psychiatric facilities.*



**HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER**

Human Services COMMITTEE BILL NO. \_\_\_\_\_

DATE 1-21-93 SPONSOR(S) \_\_\_\_\_

**PLEASE PRINT**

**PLEASE PRINT**

**PLEASE PRINT**

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Charlie Ruff	MHA (Aging Agencies)		
Wilbur Johnson	Johnson Advocates Service		
Jan-Neil Macpherson	MHAM / JFS		
Sheresa Sanders	Intern		
Kelly W. D. [unclear]	WCLA		
Tommy [unclear]	Yellowstone Trout Hatchery		
Glenn McFarlane	Yellowstone Trout Hatchery		
Carol Eking	HRDC Kalamazoo		
Lib Reimnitz			
Diana Dowling	AARP		
Bob Klotz	Nisei [unclear]		
Judith Carlson	HRDC NAEW		
Joseph Rich MD	Billings Sagehen Medical Center		
Theresa O'Brien	WFSM [unclear]		

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

HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

Human Services

COMMITTEE

BILL NO. \_\_\_\_\_

DATE 1-21-93

SPONSOR(S) \_\_\_\_\_

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Kate Cholewa	MT Women's Lobby		
Dan Shea	MLIC		

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