MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION

JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **REP. JOHN COBB, CHAIRMAN**, on November 19, 1993, at 8:00 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
Doug Schmitz, Office of Budget & Program Planning
Alberta Strachan, Committee Secretary

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

Committee Business Summary:

Hearing: **CHAIRMAN COBB** stated that the agenda would consist of testimony from the Department of Social and Rehabilitation Services, Department of Family Services and executive action.

Dr. Peter Blouke, Director, Department of Social and Rehabilitation Services, spoke on how the National Health Care Reform will affect Montana. The National Benefit Plan under the Health Security Act includes impatient and outpatient hospital,

physician, prescription drug, lab and x-rays, and clinics. These include acute care; cash-eligible population and the non-cash eligible population. **Dr. Blouke** also supplied the committee with a copy of a letter written to **REP. JOHN MERCER** regarding provider specific tax on hospitals. **EXHIBITS 1, 2, 3**

TESTIMONY ON THE NURSING PROPERTY DELAY

Dr. Blouke stated that to delay implementation of property reimbursement changes and provide no increase in property reimbursement for FY95 would result in no rebasing of the reimbursement. The property adjustment would be delayed until FY 96. The department had planned to implement changes to the property reimbursement system based upon a property study performed by consultants in December 1992. However, the department has not yet developed a final plan to change the reimbursement methodology that would incorporate adjustments to the property component or establish final rates for fiscal 1995.

Kelly Williams, Department of Social and Rehabilitation Services, stated that there were several components in the reimbursement act, one of which is property.

Rose Hughes, Executive Director, Montana Health Care Association, said that this cut in the budget is described as a delay in the implementation of property reimbursement changes and as a cut in rebasing of the property portion of the reimbursement formula. There are a number of important issues surrounding this proposal: the nursing home tax; delay of increase; property increase; cost shift and legal issues. Regarding the nursing home and waiver special income limit, this proposal implements a special income level for nursing homes and ICF-MR eligibility. It is estimated to affect 170 individuals currently in nursing homes. These 170 nursing home residents have income which exceeds $1302 per month, but they have insufficient funds to pay for their nursing home care which averages $2500 per month. Under this proposal, these individuals are expected to figure out how to come up with the additional funds to pay for their own care. Establishing a continuum of care and pursuing the recommendations included in the Moses study deal with long term solutions by addressing systemic problems. It is important to resist the temptation to make immediate but inappropriate cuts and to instead pursue long term solutions to Medicaid funding problems. **EXHIBIT 4.**

Jim Ahrens, Montana Hospital Association, said that one of the greatest fears of the hospital tax is that a deal is not a deal. The money is supposed to go to one place and is going somewhere else.

Sharon Armhold, Administrator, Bozeman Care Center, stated that her facility receives 3/4 of their income from Medicaid. During the last year the Medicaid rates have risen slightly.

TESTIMONY ON NURSING HOME AND WAIVER SPECIAL INCOME LIMIT

Dr. Blouke stated that Montana's Medically Needy Program includes nursing home care as a covered service. Residents who apply for medically needy coverage in nursing homes are eligible if their

monthly income does not exceed the nursing home rate paid by private payers. The statewide average rate paid by private payers or insurance companies is $2,340 per month. As an alternative to medically needy coverage, states have the option of covering persons needing nursing home care under the 300 percent rule. Under this rule persons are eligible if their income does not exceed 300 percent of the SSI Federal Benefit Rate. The FBR increases each year and will be $446 effective in January 1994. This change would impose a special income limit for nursing home eligibility of $1,302 per month in '93 and $1,338 in '94. Individuals with income above this limit would no longer be eligible for Medicaid reimbursement for nursing home or ICF-MR care. Under this option, there are approximately 170 people who would lose nursing home eligibility and five who would lose ICF-MR eligibility. Nursing home expenditures account for over one third of the entire Medicaid budget, and costs for the medically needy nursing home population is one of the fastest growing items of the budget. There are 170 participants in nursing homes and one in the HCS waiver with 90 provider institutions.

Linda VanDiest, Medicaid Eligibility, Department of Social and Rehabilitation Services, said that if an individual had an income for example, of $2,400.00 that person would be ineligible for Medicaid nursing home coverage because they have adequate income to cover the private care.

Rose Hughes, Executive Director, Montana Health Care Association, said that nursing facilities are better off to accept this program. The fact is that out of 170 patients, SRS has only identified 20 who can be cared for someplace else. There are 150 individuals who need the intensive level of care of a nursing home. These are not people who can go out and defend themselves.

Ann Patrick, Director, Bozeman Care Center, said that of the current 16 people in the program, one person falls into this category. The first three months of a traumatic brain injury accident wipes out this persons assets. Acute rehabilitation is extremely expensive. **Ms. Patrick** stated that she was advocating for the individuals who would fall into this category.

Sharon Hoff, Executive Director, Montana Catholic Conference, stated that it is important to look at the individuals who can afford to pay and who do have assets, but the people who have nothing are at a standstill.

Charles Briggs, Director, Rocky Mountain Area Agency on Aging, stated there was a wide array of services currently being provided by area agencies on aging. Those which address community long-term care needs include: home delivered meals; in home services such as home chores and repairs; homemaker, home health and personal care services; skilled nursing; medical transportation; respite care; telephone reassurance and physical therapy. **EXHIBIT 5**

HEARING ON THE DEPARTMENT OF FAMILY SERVICES

Hank Hudson, Director, Department of Family Services, stated that the Department has proceeded with four initiatives identified as top priorities. They include foster care system reform and refinancing to focus greater resources on family support and preservation; development of a case support and management information system to provide crucial data, reduce gaps in information, and free employees from burdensome paperwork; provide coordinated, community based, and least restrictive services to seriously emotionally disturbed youth in an affordable manner; and reduce the state's over reliance on secure facilities for delinquent youth while strengthening community based corrections service. **EXHIBIT 6. Mr. Hudson** then spoke of the Big Brothers and Big Sisters Program.

Jim Smith, Big Brothers and Big Sisters Program, stated that he was a proponent of this organization and opposed the cuts to the program.

Linda Lafavour, Big Brothers and Big Sisters Program, stated that the program was a significant resource for Montana. **She** then gave a synopsis of the of the children under the program. The program makes a difference and does save lives. The cost of caring for these children if they had not had the Big Brothers and Big Sisters Program and were left to society to control would have been approximately $589,000.00 in a state facility. There was a 44% increase in the number of children that participated in the program last year. **Ms. Lafavour** then presented cost savings vs. out-of-home state facilities, **EXHIBIT 7;** the reasons for current level funding, **EXHIBIT 8;** and statements from case histories and match evaluations, **EXHIBIT 9.**

Tim Callahan, Juvenile Probation Officer, spoke of the assets of the Program and encouraged the funding to remain the same.

Jack Lynch, Butte Silver Bow Big Brothers and Big Sisters, stated that this program works and that money will be saved in the long run.

Kathy Ramirez, United Way, stated her support of the program.

Cinda Young, Lewis and Clark County Big Brothers and Big Sisters, stated her support of the program.

Troy Vigon, Lewis and Clark County Big Brothers and Big Sisters, stated that in his youth he did have a big brother. That changed his life and he supports the program.

Brenda Kneeland, Executive Director, Southeastern Montana Big Brothers and Big Sisters, stated that the state needs social service agencies such as Big Brothers and Big Sisters. Should state funding cease, the reality is the closure of such agencies

and the discontinuation of all services to the children in Eastern Montana.

Larry Dahl, a Big Brother in Helena, said that he had seen first hand the benefits of the program and supported the program.

Chez Kentland, Executive Director, Lake County Big Brothers and Big Sisters, spoke of one of his cases and his support for the program.

Lina Schindel, a Billings resident, stated that she was a little sister and that with the help of her big sister had gone through some difficult times.

Candy Wimmer, Helena Board Member of the Big Brothers and Big Sisters, said that she could not think of a better way to spend money than on this program.

Ingrid Callahan, Cascade County Department of Family Services, stated that program does not cost the department any money, but saves money. Most of the social workers in the field would have that same opinion.

Pat Palagie, a Billings resident, said she enjoys the program and feels that the children need the adult support and also the new experiences which the program opens up to them.

John Wilkinson, Administrator, Intermountain Children's Home, said that he was one of the first to establish the Big Brothers and Big Sisters program in Helena because that is the need. He talked about the incredible effects this program has had with children and the ability to divert these children from higher price programs. Society is changing; one in four children are born into poverty in Montana now and 60-70 percent of them will experience at one time during their lives living in a single parent family. The investment the State of Montana makes in these children not only causes Big Brothers and Big Sisters to continue to prioritize public sector children but it provides an investment against the trend with respect to the changes in families.

Edie Hill, Program Manager, Bozeman Big Brothers and Big Sisters, sees a benefit. Intervention is the key.

Belinda Story, Director, Livingston Big Brothers and Big Sisters, said that there is a tremendous impact on children who participate in the program.

Danette Rector, Director, Great Falls Big Brothers and Big Sisters, receives more referrals to the program from children who needed services. Sixty percent of the children who are referred are done so by the Department of Family Services.

Peggy Owens, Executive Director, Bozeman Big Brothers and Big

Sisters, said that there was a 30% increase in the number of matches last year and the funding is very important.

Cathy Malone, President of the Board, Bozeman Big Brothers and Big Sisters, encourages the continuation of the program because it really works the best for our children in Montana.

Doug Brown, Director, Helena Big Brothers and Big Sisters, stated his support of the program.

Lavern Peterson, Director, Billings Big Brothers and Big Sisters, stated that continued funding of the program is imperative.

Ann Courtney, Executive Director, Butte Big Brothers and Big Sisters, said that over the past ten years she has worked with the program. If her organization did not have the money provided by the Department of Family Services, it would have been impossible for their agency to have existed.

Harley Warner, Montana Association of Churches, said that he was testifying also for **Sharon Hoff, Montana Catholic Conference,** he said both of their groups feel that anything which prevents children from entering the juvenile justice system needs support. There is no better program that is pro-family and pro-children than this program. Funding from the state to the program comes with a lot of free labor. The number of volunteers that provide this service is tremendous.

HEARING ON THE CLOTHING ALLOWANCE

Mr. Hudson spoke on the clothing allowance for foster parents and foster children which was raised from $300 to $400. When the department began to implement this change, they realized that the clothing allowance was also set in statute. Since the statute overrides HB2, currently, the department is not able to pay $400 which it was budgeted to pay. Consequently, the department requests that the committee sponsor a bill to change the statute from $300 to $400. The amending of HB2 and legislation to raise the appropriation to $399.00 is suggested.

TESTIMONY OF THE TIMBER INCOME APPROPRIATION

SEN. WATERMAN then stated she wished to discuss the timber income.

Lois Steinbeck, Legislative Fiscal Analyst, stated that instead of depositing timber income in the school trust account where it would earn interest, it would be transferred into the income account where it would be appropriated each year. Reference was then made to the budget. The income vacillates extensively from a low of $7,000 to $201,000 over five years. State Lands administers the school lands do not often know two years in advance what will be offered in terms of timber sales on school lands. During the regular session, the legislature passed a

similar bill for school trust lands where all timber income for K-12 on school lands is deposited as income to the account rather than deposited in the trust where it earns interest. One of the fundamental differences between the two is that if the FCA runs short of funds, it can directly appropriate money from the General Fund. If the timber income that the committee chooses to appropriate as annual income vacillates and if this income comes back as $6,000 the second year of the biennium, this program cannot come in and ask for supplemental appropriation. The executive committee must make a plan to reduce expenditures to live within the appropriation. Timber income is very difficult to estimate because it has varied widely over the last five years; schools cannot come back for a supplemental. If the legislature wants to include timber income as an annual revenue source rather than putting it into the trust, this does not help get the General Fund to offset this biennium. The income could be held for two years to appropriate the actual amount of income for the following biennium.

TESTIMONY ON THE CORRECTIONS DIVISION

Al Davis, Administrator, Juvenile Corrections Division, Department of Family Services, stated that the juvenile justice system realizes that in order to react appropriately to the needs of youth entering the system, it is necessary to integrate the various components of the total juvenile justice system. He then offered a flow chart to clarify in understanding the system. **EXHIBIT 10**

Pete Surdock, CASSP Project Director, Mental Health Division, Department of Corrections and Human Services, presented a managing resources overview of the correctional facilities. **EXHIBIT 11**

Written testimony was supplied by **Jim Pellegrini, Office of the Legislative Auditor, EXHIBIT 12;** and **Mark O'Keefe, State Auditor and Insurance Commissioner, EXHIBIT 13.**

EXECUTIVE ACTION

Tape No. 4A000

Motion/Vote: SEN. KEATING MOVED TO ACCEPT THE EXECUTIVE PROPOSAL TO ELIMINATE THE FUNDING FOR THE SILICOSIS PROGRAM. Motion failed 2-4 with REP. KASTEN AND SEN. KEATING voting yes.

Motion/Vote: REP. COBB MOVED TO PROVIDE $60,000 BIENNIAL APPROPRIATION FOR BUTTE WATER SYSTEM OPERATOR TRAINING. Motion carried unanimously.

Motion/Vote: REP. WANZENRIED MOVED TO MAKE RURAL PHYSICIANS RESIDENCY PROGRAM A LOAN PROGRAM. Motion failed 3-3 with REPS. COBB, KASTEN and WANZENRIED voting yes.

Motion/Vote: SEN. WATERMAN MOVED TO RESTRICT THE USE OF RURAL

PHYSICIANS RESIDENCY PROGRAM, EXPAND MIAMI AND ESRD TO PURPOSE DESIGNATED BY LEGISLATURE; THAT CAN'T BE TRANSFERRED OUT OF APPROPRIATION, THAT VACANCY SAVINGS TO THESE APPROPRIATIONS; AND THAT ALL UNSPENT FUNDS MUST REVERT TO THE GENERAL FUND. Motion carried unanimously.

Motion/Vote: SEN. WATERMAN MOVED TO INCREASE THE FY95 APPROPRIATION FOR EXPANSION OF MIAMI PROGRAM BY $94,500 (NO CHANGE IN FY94). Motion carried 5-1 with REP. KASTEN voting no.

Motion/Vote: REP. WANZENRIED MOVED TO ELIMINATE ESRD LESS ANY AMOUNT ALREADY SPENT IN FY94. Motion failed 1-5 with REP. WANZENRIED voting yes.

Motion/Vote: REP. KASTEN MOVED TO ELIMINATE THE APPROPRIATION FOR THE HEALTH CARE AUTHORITY $750,000/YEAR LESS EXPENDITURES TO DATE. Motion failed 2-4 with REP. KASTEN and SEN. KEATING voting yes.

Motion/Vote: SEN. WATERMAN MOVED TO REDUCE HEALTH CARE AUTHORITY APPROPRIATION BY $100,000, $50,000 FOR EACH YEAR. Motion failed 3-3 with SEN. WATERMAN, SEN. CHRISTIAENS and REP. WANZENRIED voting yes.

Motion/Vote: SEN. CHRISTIAENS MOVED TO REDUCE HEALTH CARE AUTHORITY APPROPRIATION BY $150,000, $50,000 IN FY94 AND $100,000.00 IN FY95. Motion failed 3-3 with SEN. WATERMAN, SEN. CHRISTIAENS and REP. WANZENRIED voting yes.

Motion/Vote: SEN. WATERMAN MOVED TO REDUCE HEALTH CARE AUTHORITY APPROPRIATION BY $50,000.00 IN FY94 AND $100,000 IN FY95. Motion carried with REP. KASTEN voting no.

Motion/Vote: REP. KASTEN MOVED TO ELIMINATE STATE SUPPORT FOR BIG BROTHERS AND BIG SISTERS. Motion failed 1-5 with REP. KASTEN voting no.

Motion/Vote: REP. COBB MOVED TO STRIKE CHILD SUPPORT ENFORCEMENT LANGUAGE. Motion carried unanimously.

Motion/Vote: REP. COBB MOVED THE WELFARE REFORM LANGUAGE WITH CHANGES. Motion carried unanimously.

Motion/Vote: SEN. WATERMAN MOVED ASSISTED LIVING (see attached explanation). Motion failed 3-3 with REP. COBB, REP. KASTEN and SEN. KEATING voting no.

Motion/Vote: REP. COBB MOVED TO REDUCE $4 MILLION OF THE GENERAL FUND FOR MEDICAID ($2 MILLION FY94 and $2 MILLION FY95). Motion failed 4-2 with REPS. COBB and KASTEN voting yes.

Motion/Vote: REP. COBB MOVED THAT THE MEDICALLY NEEDY FUND FOR PREVENTIVE AND PRIMARY CARE BE REDUCED TO $7.5 MILLION. Motion failed 4-2 with REP. COBB and REP. KASTEN voting yes.

Motion/Vote: SEN. WATERMAN MOVED TO LIMIT ADULT PODIATRY SERVICES AND FOOT CARE. Motion failed 3-3 with REP. COBB, REP. WANZENRIED and SEN. KEATING voting no.

Motion/Vote: SEN WATERMAN MOVED THAT EYEGLASS SERVICE FOR ADULTS BE PROVIDED EVERY 4 YEARS. Motion failed 3-3 with REP. COBB, and REP. WANZENRIED and SEN. KEATING voting no.

Motion/Vote: SEN. WATERMAN MOVED TO LIMIT OF ADULT DENTURE SERVICES TO EXTRACTIONS. Motion failed 2-4 with SEN. WATERMAN and SEN. CHRISTIAENS voting yes.

Motion/Vote: REP. KASTEN MOVED TO REDUCE ADULT OCCUPATIONAL, SPEECH AND PHYSICAL THERAPY SERVICES. Motion failed 1-5 with REP. KASTEN voting yes.

Motion/Vote: REP. COBB MOVED TO REDUCE PERSONAL CARE SERVICES TO 35 HOURS. Motion failed 2-4 with REP. COBB and REP. KASTEN voting yes.

Motion/Vote: REP. KASTEN MOVED THE CO-PAYMENT ON BRAND NAME DRUGS. Motion passed 4-2 with SEN. KEATING and REP. WANZENRIED voting no.

Motion/Vote: REP. COBB MOVED FAMILY CO-PAYMENT LIMIT AT $300.00 PER YEAR. Motion failed 3-3 with REP. COBB and REP. KASTEN and SEN. WATERMAN voting yes.

Motion/Vote: REP. COBB MOVED COPAYMENT LIMIT TO $200.00 PER YEAR PER FAMILY. Motion passed 4-2 with SEN. KEATING and REP. WANZENRIED voting no.

Motion/Vote: REP. COBB MOVED THE CO-INSURANCE ON PATIENT HOSPITAL STAY. Motion failed 2-4 with REP. COBB and REP. KASTEN voting yes.

Motion/Vote: REP. COBB MOVED THE REDUCTION OF OUTPATIENT HOSPITAL STAY. Motion failed 1-5 with REP. COBB voting yes.

Motion/Vote: SEN. WATERMAN MOVED TO CAPITATE ALL MENTAL HEALTH SERVICES TO ADULTS. Motion passed 4-2 with REP. COBB and SEN. KEATING voting no.

Motion/Vote: REP. KASTEN MOVED THE SPECIAL INCOME LIMIT. Motion failed 1-5 with REP. KASTEN voting yes.

Motion/Vote: REP. COBB MOVED $1 MILLION OF THE GENERAL FUND AND MATCHING FEDERAL FUNDS FOR ASSISTED LIVING WAIVER/HOME HEALTH. Motion passed 4-2 with REPS. KASTEN and WANZENRIED voting no.

Motion/Vote: REP. COBB MOVED FTE AND OPERATING COSTS TO FUND HMO AND MENTAL HEALTH MANAGED CARE. Motion passed 4-2 with REPS. KASTEN and WANZENRIED voting no.

MOTION/VOTE: **SEN. WATERMAN MOVED TO RESTORE FUNDING FOR THE MIAMI PROGRAM. Motion passed 4-2 with REP. KASTEN voting no.**

ADJOURNMENT

Adjournment: 4:50 P.M.

REP. JOHN COBB, Chairman

ALBERTA STRACHAN, Secretary

JC/AS

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. KEATING MOVED TO ACCEPT THE EXECUTIVE PROPOSAL TO ELIMINATE THE FUNDING FOR THE SILICOSIS PROGRAM.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED		X

HR:1993
wp:rlclvots.man
CS-12

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO PROVIDE $60,000 BIENNIAL APPROPRIATION FOR BUTTE WATER SYSTEM OPERATOR TRAINING

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED	X	

Amend HB2

1. Page B-4,
Following line 5(h).
Insert: i. Operator Training

	State Special Revenue	Total
FY 1994	$60,000	$60,000

2. Page B-7
Following Item 10
Insert: Item 5i is a biennial appropriation.

This amendment will add $60,000 of authority in the State Special Revenue Fund to fund an operator training program for the biennium.

HB2AMED1.HES

3

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. WANZENRIED MOVED TO MAKE RURAL PHYSICIANS RESIDENCY PROGRAM A LOAN PROGRAM

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED	X	

HR:1993
wp:rlclvots.man
CS-12

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED TO RESTRICT USE OF RURAL PHYSICIANS RESIDENCY PROGRAM, EXPAND MIAMI AND ESRD TO PURPOSE DESIGNATED BY LEGISLATURE, CAN'T TRANSFER FUNDS OUT OF APPROPRIATION, CAN'T APPLY VACANCY SAVINGS TO THESE APPROPRIATIONS AND ALL UNSPENT FUNDS MUST REVERT TO THE GENERAL FUND.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED	X	

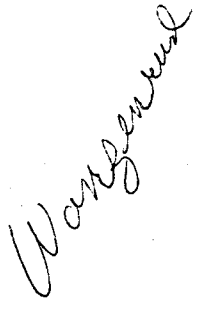
Amendment to House Bill 2

1. *Page B-7*
   Following: "It is the intent of the legislature that the department coordinate services provided by items 6a and 6d with the health care commission, contingent on passage and approval of Senate Bill No. 285."

   Insert: "Funds in the fiscal 1995 appropriation in item 6e must be used for loans. Funds loaned to the rural physicians residency program shall be repaid to the department according to a repayment schedule agreed upon by the department and the rural physicians residency program."

This amendment makes the fiscal 1995 general fund appropriation for the rural physicians residency program a ***loan*** *that must be repaid and deposited to the general fund.*

AMEND1



HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN TO INCREASE THE FY95 APPROPRIATION TO EXPAND THE MIAMI PROGRAM BY $94,500 (DO NOT CHANGE FY94).

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED	X	

Amend HB2

1. Page B-4, Number 6(f),
Strike: "264,590, 264,590"
Insert: "309,090, 359,090"

FY 95 only
do not Δ FY 94 approp.

This amendment will increase the general fund for the MIAMI Project($~~45,000~~ FY94 and $94,500 FY95) within the Department of Health and Environmental Sciences to allow for implementing the MIAMI Project in all areas of the State that meet the requirements for the project.

44,500 FY94

HB2AMED2.HES

passes

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. WANZENRIED MOVED TO ELIMINATE ESRD LESS ANY AMOUNT ALREADY SPENT IN FY94.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED	X	

Amendment to House Bill 2

1. *Page B-4*
   Following: "Item 6. g. End-Stage Renal Disease"
   Strike: "125,000" fiscal 1994 "125,000" fiscal 1995
   Insert: "0" fiscal 1994 "0" fiscal 1995

This amendment eliminates funding for the End-Stage Renal Disease program.

AMEND2

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. KASTEN MOVED TO ELIMINATE THE APPROPRIATION FOR THE HEALTH CARE AUTHORITY $750,000.00/YEAR, LESS EXPENDITURES TO DATE

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

SUBSTITUTE
MOTION: SEN. WATERMAN MOVED TO REDUCE HEALTH CARE AUTHORITY APPROPRIATION BY $100,000.00 ($50,000 EACH YEAR.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

SUBSTITUTE MOTION: SEN. CHRISTIAENS MOVED TO REDUCE HEALTH CARE AUTHORITY APPROPRIATION BY $150,000, $50,000 IN FY94 AND $100,000 IN FY95.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED	X	

HR:1993

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

SUBSTITUTE MOTION: SEN. WATERMAN MOVED TO REDUCE HEALTH CARE AUTHORITY APPROPRIATION BY $50,000 IN FY94 AND $100,000 IN FY95.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED	X	

HR:1993

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. KASTEN MOVED TO ELIMINATE THE STATE SUPPORT OF BIG BROTHERS AND BIG SISTERS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO STRIKE CHILD SUPPORT ENFORCEMENT LANGUAGE.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED	X	

HR:1993

1. Page B-17, line 7.
Following: "paid."
Strike: "The legislature intends that, during the 1995 biennium, the department collect at least $1.15 for each $1 expended for administrative and operational costs from the account."

This amendment removes the requirement to collect at least $1.15 for each $1 expended for the child support enforcement program.

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED THAT THE WELFARE REFORM LANGUAGE WITH CHANGES.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED	X	

HR:1993

Amendment to Chapter 623, Montana Session Laws 1993
(1993 Appropriations Act, House Bill 2)

(Re: SRS authority to spend benefit savings to fund development of welfare reform initiative)

1. Montana Session Laws 1993, Chapter 623, p. 2627
Paragraph beginning "No later than September 1993 . . ."
and ending ". . . implementation of the federal waivers."

Following: ". . . implementation of the federal waivers."

Insert: **"The department is authorized to expend any general fund savings from existing benefit programs up to a maximum of $162,750 general fund during the 1995 biennium for costs of development of a Montana welfare reform initiative."**

Rationale: This amendment grants the department of SRS limited authority to expend any savings from benefit program appropriations (for example from case load growth which is slower than projected) to fund the costs of development of a Montana welfare reform initiative to be implemented July 1, 1995. This authority is needed to provide resources to develop an initiative to implement the findings and recommendations of the Governor's Welfare Reform Advisory Council, after approval of the Governor and approval of necessary waivers by the federal government.

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED THE ASSISTED LIVING LANGUAGE (SEE ATTACHED EXPLANATION).

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED	X	

HR:1993

1. Page B-17, line 19.
Following: "primary care,"
Strike: "medicaid nursing care,"

2. Page B-12, line 18.

Strike:	"45,409,383	6,287,934	151,007,912	49,690,580	6,407,123	158,067,125"
Insert:	"25,721,389	6,287,934	102,759,416	29,231,290	6,407,123	109,172,889"

3. Page B-12, following line 18.
Insert: "a. Medicaid Skilled Nursing Care (Restricted)

19,661,043	general fund fiscal 1994
48,182,447	federal funds fiscal 1994
20,404,420	general fund fiscal 1995
48,763,106	federal funds fiscal 1995

b. Assisted Living

26,951	general fund fiscal 1994
66,049	federal funds fiscal 1994
54,870	general fund fiscal 1995
131,130	federal funds fiscal 1995"

Renumber subsequent sections.

4. Page B-18, line 5.
Following: biennium.
Insert: "Contingent on passage and approval of LC ___ (transfer of assets and medicaid lien law), the department shall transfer excess authority from item 6a (Medicaid Skilled Nursing Care) to item 6b (Assisted Living) to develop assisted living and other home- and community-based services. The department may transfer funds from item 6a (Medicaid Skilled Nursing Care) to item 6b (Assisted Living)."

This amendment directs the department to use savings in long-term care to fund assisted living and other community-based services. The savings are expected due to implementation of restrictions on illegal transfer of assets to gain medicaid eligibility and collections from liens against property owed by deceased medicaid recipients. The language prohibits use of excess authority from long-term care appropriations anywhere but in the development of community-based services.

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO REDUCE $4 MILLION OF THE GENERAL FUND ($2 MILLION FY94 AND $2 MILLION FY95).

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

6

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO LIMIT MEDICALLY NEEDY TO PREVENTIVE AND PRIMARY CARE AT A REDUCTION OF $7.5 MILLION.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED TO LIMIT ADULT PODIATRY SERVICES AND FOOT CARE.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

17

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED TO LIMIT EYEGLASS SERVICE TO ADULTS EVERY FOUR YEARS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED TO LIMIT ADULT DENTURE SERVICES TO EXTRACTIONS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. KASTEN MOVED TO REDUCE ADULT OCCUPATIONAL, SPEECH AND PHYSICAL THERAPY SERVICES.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HR:1993

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO REDUCE PERSONAL CARE SERVICES TO 35 HOURS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. KASTEN MOVED THE COPAYMENT ON BRAND NAME DRUGS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED THE FAMILY COPAYMENT LIMIT AT $300.00 PER YEAR.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED THE COPAYMENT LIMIT TO $200.00 PER FAMILY PER YEAR.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED ON THE COINSURANCE ON PATIENT HOSPITAL STAY.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO REDUCE OUTPATIENT HOSPITALS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED TO CAPITATE ALL MENTAL HEALTH SERVICES TO ADULTS.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED	X	

1. Page B-18.
Following line 7.
Insert: "The departments of social and rehabilitation services and corrections and human services may develop a capitation contract for the delivery of and payment for mental health services in Montana. The departments shall develop the contract in consultation with an advisory council. The advisory council shall consist of representatives from mental health services clients and their family members, community mental health centers, private mental health services providers, the departments, the State Hospital, Montana hospitals, and other appropriate groups."

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. KASTEN MOVED FOR A SPECIAL INCOME LIMIT.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN		X
SEN. MIGNON WATERMAN, VICE CHAIRMAN		X
SEN. CHRIS CHRISTIAENS		X
REP. BETTY LOU KASTEN	X	
SEN. THOMAS KEATING		X
REP. DAVID WANZENRIED		X

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED THE ASSISTED LIVING WAIVER FOR HOME HEALTH TO $1 MILLION FROM THE GENERAL FUND AND MATCHING FEDERAL FUNDS

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED		X

1. Page B-13
Following: line 6.
Insert: "k. Assisted Living (Biennial)
1,000,000 general fund
2,~~345,601~~ 450,656 federal funds"

2. Page B-18.
Following: line 17.
Insert: "The appropriation in item 6k (Assisted Living) is contingent on passage and approval of LC_____ (transfer of assets and medicaid lien law)."

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: REP. COBB MOVED TO ADD FTE AND OPERATING COSTS TO TO FUND HMO AND MENTAL HEALTH MANAGED CARE.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED		X

MONTANA MEDICAID MANAGED CARE OPTIONS
ADMINISTRATIVE COSTS
AND PROJECTED SAVINGS

Summary:

FY 94:

	Total	GF	FFP
1 FTE for HMO option(1/2 year)	$ 19,277	9,638	9,638
Acturial/consultant contract	500,000	250,000	250,000
TOTAL COSTS	519,277	259,638	259,638

FY95:

2 FTE for HMO option	68,106	34,053	34,053
1 FTE for mental health program	35,553	17,777	17,777
Actuarial consultant costs	50,000	25,000	25,000
MMIS revisions	150,000	15,000	135,000
TOTAL COSTS	303,659	91,830	211,830

FY96:

Projected savings from capitating mental health services net of any contract administrative cost	622,789	186,837	435,952
Actuarial consultant costs	50,000	25,000	25,000
Projected savings from managed care options (HMO) net of any contract administrative cost	3,806,561	1,141,968	2,664,593
TOTAL SAVINGS	4,379,350	1,303,805	3,075,545

FY97:

Projected savings from capitating mental health services net of any contract administrative cost	701,628	210,488	491,140
Actuarial consultant costs	(50,000)	(25,000)	(25,000)
projected savings from managed care options (HMO) net of any contract administrative cost	4,347,093	1,304,128	3,042,965
TOTAL SAVINGS	4,998,720	1,489,616	3,509,105

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING SUB-COMMITTEE

ROLL CALL VOTE

DATE NOV. 19, 1993

MOTION: SEN. WATERMAN MOVED TO RESTORE FUNDING FOR THE MIAMI PROGRAM.

NAME	AYE	NO
REP. JOHN COBB, CHAIRMAN	X	
SEN. MIGNON WATERMAN, VICE CHAIRMAN	X	
SEN. CHRIS CHRISTIAENS	X	
REP. BETTY LOU KASTEN		X
SEN. THOMAS KEATING	X	
REP. DAVID WANZENRIED	X	

Amend HB2

1. Page B-4, Number 6(f),
   Strike: "264,590, 264,590"
   Insert: "309,090, 359,090"

This amendment will increase the general fund for the MIAMI Project($~~45,000~~ FY94 and $94,500 FY95) within the Department of Health and Environmental Sciences to allow for implementing the MIAMI Project in all areas of the State that meet the requirements for the project.

44,500 FY94

HB2AMED2.HES

EXHIBIT 1
DATE 11-19-93
SB HUMAN SERVICES

HOW WILL NATIONAL HEALTH CARE REFORM AFFECT MONTANA?

The National Benefit Plan under the Health Security Act (HSA) includes inpatient and outpatient hospital, physician, prescription drugs, lab and x-rays, and clinics.

ACUTE CARE

- HSA plan would cover most, but not all of acute care services currently covered under Medicaid.
- Medicaid Disproportionate Share (DSH) program would be phased out.

CASH-ELIGIBLE POPULATION

- State would make premium payments to health alliances on behalf of those eligible for cash assistance (AFDC and SSI). These individuals would no longer receive their acute care services through Medicaid. They would choose a health plan through the alliance.
- Medicaid would continue to provide "wraparound benefits" to this group to cover current medicaid benefits that are <u>not</u> included in National Plan. (e.g. adult dental, eyeglasses, etc.)
- Federal match for wraparound would continue according to established levels.
- State premium payment to alliance is calculated using FFY93 as base year. Amount spent in base year for services covered in national plan (excluding DSH) would be inflated between base year and year before health reform implementation then multiplied by the national increase in Medicaid cash assistance expenditures.
- After reform, premiums equal 95% of inflated baseline cost multiplied by state FMAP. Premiums increase annually by general health care inflation factor.

NON-CASH ELIGIBLE POPULATION

- Persons that qualify for <u>Medicaid only</u> would also select a plan through the alliance.
- After reform, states make annual lump sum maintenance of effort (MOE) payment to alliance to cover costs of National Plan.

- A new federal program for all children currently eligible for Medicaid would be created. Children would be eligible for a set of wraparound services in addition to the National Plan. The wraparound services would include all acute care services currently provided under Medicaid. The wraparound for non-cash program would be 100% federally funded with no state MOE requirement.

- State MOE payment to alliance would be based on cost of providing National Plan services for entire non-cash population in FFY93 trended forward by national average growth in non-cash population and national average growth in cost of providing National Plan.

- After reform implementation, MOE would increase by the health care inflation factor multiplied by growth in under-65 population.

EX 1
11-19-93
HUMAN SERV
AGING

LONG TERM CARE

Medicaid Long Term Care (LTC) includes nursing facility services, ICF/MRs, home health care, personal care and home and community based care.

The HSA would modify coverage rules for institutional care and create a new community based care program for the severely disabled.

LTC/INSTITUTIONAL

- The new program would revise institutional care coverage by requiring that states:

  1) establish a medically needy program for residents of nursing homes and ICF-MRs

  2) allow residents to keep $70 per month personal needs allowance (PNA) instead of the current $30 per month minimum (Montana PNA is $40). (Feds pick up 100% of costs associated with increasing PNA - states can't reduce current PNA.)

  3) inform nursing facility and ICF/MR applicants and residents of the community based services available in the state

- States have option to increase resource limit from current limit of $2000 to $12,000.

- HSA also includes new standards to improve private long term care insurance, tax incentives to encourage purchase of long term care insurance, tax incentives to help the disabled work, a new demonstration program to integrate models of acute and long term care services and a performance review of the reformed long term care system.

LTC/COMMUNITY BASED CARE

- HSA would create a new program to provide community based care to severely disabled individuals regardless of income or eligibility for the current Medicaid program.

- The federal government would provide most of the additional funding for the new program. States would be required to spend what they currently spend for this population in Medicaid and state-only programs.

EX 1
11-19-93
HUMAN SERVICES

- Current Medicaid home and community based care programs would continue essentially unchanged. States could elect to serve severely-disabled Medicaid eligibles under the new or existing Medicaid program.

- States are required to ensure that no person receiving Medicaid community based care immediately prior to enactment of the new program would be made worse off as a result of participation in the new program.

- Eligibility for the new program would be limited to severely disabled individuals who (1) require assistance with at least three activities of daily living (ADLs); (2) present evidence of severe cognitive or mental impairment; (3) have a profound mental retardation; and (4) children below age six who otherwise would require hospital or institutional care for a severe disability or chronic condition.

- Individuals (except for mental retardation) must require assistance for a period of at least 100 days to be eligible for the new program.

- States have broad discretion in defining the benefit package but are required to include both agency-administered and consumer-directed personal care.

- States must guarantee that the percentage of low-income participants in the new program is not less than the percentage of the state population as a whole that are low-income individuals.

- Aggregate federal spending would be capped each year. A national budget for the new program will be based on national estimates of the cost of providing this care. Each state would be allotted a share of the national budget based on its share of persons with severe disabilities.

- Federal matching rate would range from 75% to 95% based on a new federal matching formula. Feds will pay 90% of costs associated with eligibility determination, needs assessment and design and development of claims processing systems. Remaining administrative costs are matched at 50%.

- Eligible individuals would be required to pay co-insurance for all services they receive under the new program. States have options to impose nominal co-insurance or no co-insurance if income is less than 150% of federal poverty level. Maximum co-insurance is 25% if income over 250% of poverty.

MIAMI Expansion plans and funding status

Questions were posed to DHES staff about the plans for MIAMI expansion and funding during the biennium and in the future.

The intent of MIAMI is to provide care coordination services from public health nurses, social workers and dieticians to high risk pregnant women statewide. The services are provided by local providers, on a contract basis, and are developed according to individual community needs. In Fy 1993, services were provided in 10 communities; in FY 1994, 19 communities, and with development, in FY 1995, 32 communities.

There are 9 communities that would be targeted by MIAMI for future expansion, due to their pregnancy numbers, and other factors. The plans for those communities, including cost, are speculative, as no proposals are yet available.

	TOTALS	MIAMI project General fund	MIAMI project MCH Funds	MIAMI project general funds for expansion	Special session general fund proposal	Accessible to % of population **
FY 1993	$248,600	$168,636	$79,964	-0-	-0-	64%
FY 1994 (Current)	$452,190	$170,454	$123,146	$158,590	-0-	83%
FY 1994 (committee restoration)	$452,190	$170,454	$78,146	158,590	45,000	83%
FY 1994 (as funded in regular session)	$501,690	$170,454	$ 78,146	$264,590	-0-	90%*

* Contingent on expanding to areas that have not responded to RFPs to date. Cost estimates are based on existing MIAMI services. Target communities may not have infrastructure in place. Funds identified are for local projects only, and do not include consultants and administrative staff required to manage existing plus additional sites.

** Except for the 1993 figures, the accessibility rates are extrapolations, based on the latest available county specific pregnancy numbers (calendar year 1991).

11/18/93:jd

DATE 11-19-93
SB Human Services

Nancy 3
EXHIBIT
DATE 11-19-93
SB HUMAN SERVICES

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MARC RACICOT
GOVERNOR

PETER S. BLOUKE, PhD
DIRECTOR

STATE OF MONTANA

P.O. BOX 4210
HELENA, MONTANA 59604-4210
(406) 444-5622
FAX (406) 444-1970

RECEIVED
JUL 06 1993
MEDICAID SERVICES

July 2, 1993

JC
copy Dave K

Mr. John Mercer, Speaker
Montana House of Representatives
Capitol Station
Helena, Montana 59604

Dear Representative Mercer:

My staff and I have prepared this memo as a brief summary of issues associated with a provider-specific tax on hospitals. As you know we explored this issue in detail prior to the last session of the legislature.

Within federal regulations, states are allowed to impose taxes upon certain provider classes and use tax revenues as state match for Medicaid expenses. Currently Montana imposes a bed fee (tax) of $2.00 per nursing home bed day in the state. Proceeds of this tax are appropriated under HB 333 to the Medicaid program and used as state match for nursing home expenses. At a minimum, the following seven issues would have to be addressed pursuant to consideration of a provider tax on the hospital industry in Montana:

1. What to tax? A tax can be imposed on any number of activities in the hospital. It could be imposed on bed days, services, gross revenues, net revenue, net income, etc. The Department recommends that any hospital tax be based on gross revenue minus allowable deductions such as cash discounts or uncompensated care. This would minimize the administrative burden on the provider and the Department of Revenue.

2. What is the impact on patients? For Medicaid patients there would be no effect. Medicaid represents an average of 10% of hospital bed days. For Medicare (40% of hospital bed days) the impact would be limited. For private pay patients the effect would most likely be an increase in charges to compensate for the tax. The impact could also be seen in increases in insurance rates because very few people pay their hospital bill personally.

3. Medicaid reimbursement: The federal/state ratio of funding for Medicaid reimbursement is approximately 71% federal funds and 29% nonfederal funds. Therefore, every dollar generated by a provider tax would generate about 2.5 additional federal

dollars, if the tax revenue were used for Medicaid reimbursement purposes.

Federal regulations limit the level of reimbursement the state is allowed to make to hospitals for provision of Medicaid services. Any plan to reimburse hospitals through Medicaid rate increases for the amount of taxes paid is limited. The state may not use Medicaid funds for reimbursement over and above the actual costs of Medicaid services provided. For Medicaid reimbursement purposes, only the portion of the tax attributable to Medicaid patients would be an actual Medicaid cost. Medicaid limits hospital reimbursment rates to no more than 100% of acutal costs. Because hospitals are currently reimbursed for about 90% of actual Medicaid costs, and because Medicaid reimbursement accounts for less than 10% of total hospital revenues, unless the tax rate was extremely low it would not be possible to reimburse hospitals for the total amount of taxes paid on all hospital revenues.

Further, a tax/reimbursement system that provides any type of "hold harmless" consideration for individual hospitals is prohibited under federal regulations. Federal regulations set forth a complicated set of guidelines to determine whether hold harmless provisions exists. Within these limits Medicaid reimbursement can be adjusted for some of the effects of the tax, and the hospitals as a class could be reimbursed for the Medicaid share of the tax, but not for the tax attributable to Medicare, private paying or other patients. Given the low Medicaid utilization of hospitals, it is unlikely hospitals could be reimbursed by the state for most of the tax.

4. Broadbasing: Under federal guidelines inpatient hospital services are recognized as a class of services for purposes of imposing a provider-specific tax. Therefore, any tax would have to imposed uniformly on all services or items within the class. The state could not tax only selected items or services under inpatient hospital care. Further, the state would be required to tax at least all non-Medicare and non-Medicaid business, for example, private paying patients.

5. 25% Limitation: Federal guidelines impose a limitation on the amount of provider taxes that a state can use as match for its Medicaid program. This limitation is 25% of the total state share of all Medicaid expenses (Inpatient hospital, nursing homes, mental health, etc). The total state share of Medicaid expenses anticipated for FY 1994 is approximately $87 million. The 25% limit on revenue that can come from provider taxes is therefore approximately $21.7 million. The nursing home bed tax already amounts to $4.5 million in provider taxes. Licensure fees are also subject to the tax limit and

EX 3
11-19-93
HUMAN SERVICES - AGING

represent approximately $1 million. Thus, it is theoretically possible for the state to generate as much at $16.2 million in FY94 through new provider taxes, and still remain within federal guidelines.

6. Potential proceeds from a hospital tax: The hospital revenue base for taxpayers for hospitals (per MHA) in 1991 totaled $592,304,871. Projected for FY94, this base is estimated to be $721,500,000. If a .75% tax were imposed on all hospitals in the state, collections would total approximately $5.4 million. This could be matched, if used for Medicaid, by $13.3 million in federal funds for a total of $18.7 million. Similarly in terms of general fund, a 1% tax would generate approximately $7.2 million, a 1.5% tax would generate $10.8 million, a 2% tax would generate $14.4 million. Please note that the higher the tax, the greater the impact on private pay patients in hospitals. As noted in #3 above, Medicaid reimbursement is limited in the amount it can use to increase hospital reimbursement under Medicaid.

7. Exemption of rural hospitals: Previous hospital tax proposals exempted the most rural, isolated hospitals in Montana from a provider tax. HCFA has informed us that a rural exemption from a provider tax must be based on Medicare's definition of rural. Since there are only four hospitals in Montana that are not considered rural by Medicare, the rural hospital exemption from the tax would not be practical. There are 26 very small, isolated facilities that are not paid under the same prospective system as the rest of the hospitals in Montana. These 26 are paid on a retrospective cost basis. It would not be possible to raise their rates to compensate for the effect of a provider tax, except as that tax related to Medicaid revenue. These very small facilities would be particularly disadvantaged by a hospital tax.

would

This summary outlines the major issues surrounding provider taxation related to Medicaid. Any new provider tax would be a major undertaking and would require a great deal of planning and effort to develop. Your interest in this program is greatly appreciated. If you have any questions or need further information, please call me at 444-5622.

Sincerely,

Peter

Peter Blouke, Ph.D.
Director

EXHIBIT 4
DATE 11-19-93
SB HUMAN SERVICES

MONTANA
HEALTH
CARE
ASSOCIATION

36 S. Last Chance Gulch, Suite A · Helena, Montana 59601
Telephone (406) 443-2876 · FAX (406) 443-4614

JOINT APPROPRIATIONS SUBCOMMITTEE

ON HUMAN SERVICES

November 19, 1993

For the record, I am Rose Hughes, Executive Director of the Montana Health Care Association, an organization representing 80 of Montana's 97 nursing facilities. I offer this testimony on behalf of our member facilities.

Nursing Property Delay

This cut is described as a "delay" in the implementation of property reimbursement changes and as a cut in rebasing of the property portion of the reimbursement formula.

The effect of these cuts is to reduce the FY 95 Medicaid rate from $80.33 to $79.20 per patient day. This is a $1.12 per patient day decrease, amounting to nearly $1.6 million, $466,682 of which is state general fund.

There are a number of important issues surrounding this proposal.

1. Nursing home tax. The increases proposed to be cut were funded by broad-basing the tax to include private pay patients and increasing the tax from $2 per patient day to $2.80 per patient day effective July 1, 1994. General fund was not used to fund these increases. They were funded from a special revenue account created to assure that the nursing home tax would be used to improve Medicaid rates to nursing homes. The user fee was supported by MHCA and senior organizations based on the premise that it would be used to fund improvements to the nursing home reimbursement system and reduce the shifting of costs to private pay residents.

The rate increase now proposed to be cut was funded from an increase in the nursing home bed tax, which goes from $2 per patient day in FY 94 to $2.80 per patient day in FY 95. Approximately $.20 of the $.80 increase in the tax is attributable to the improvements in property reimbursement. Thus, we are increasing the tax on the frail and sick elderly in nursing homes, --not to match with additional federal dollars and improve nursing home funding--but simply to help balance the budget.

2. "Delay of increase." The proposal leads you to believe that this recommendation is simply a "delay" of the property rate increase. However, this is misleading. If this were a "delay", the appropriation from the special revenue

account would be reduced, but state general fund would not be reduced. Then the money would be available to implement the increase in FY 96 and beyond. However, by spending the special revenue that was earmarked to pay for this increase, and by decreasing the general fund, the money will be spent on other programs and will not be available to pay for the increase. If this is merely a "delay", in FY 96 the legislature will have to come up with new general fund to replace what has been diverted under this proposed cut.

*3. **Property increase.*** It is somewhat misleading to refer to this proposal as a delay in the property rate increase. This increase was part of a written settlement agreement entered into between SRS and MHCA in settlement of our Boren amendment lawsuit. And, both parties acknowledged that the increase could be used for a property rate increase or it would be used for improvements in the operating or nursing components of the reimbursement system. The reason for this was a realization that there was a need to increase the total rate (regardless of whether it was the operating, nursing or property component) to bring the rate closer to the cost of providing care. What is important is the total rate, not the individual components. If the property rate doesn't cover the actual costs of property, the costs still have to be paid, and the funds available for nursing services and other operating expenses are reduced. Thus, this cut affects nursing services and other operational expenses. There is really no way to segregate property costs from other expenses.

*4. **Cost Shift.*** This proposal increases the cost shift to our private pay residents and to those counties that subsidize county nursing home operations with taxpayer dollars. The cuts being considered amount to about $1.12 per patient day in reduced reimbursements to nursing homes for Medicaid patients. Since Medicaid does not pay the full costs associated with the care provided, private pay residents currently make up the difference. Because there are nearly two Medicaid residents for every private pay resident, private pay residents will be expected to pick up an additional $1.93 per patient day in costs not paid by Medicaid. This is in addition to the increases in the nursing home tax. So, effective July 1, 1994, our private pay residents will be asked to pay an increased bed tax from $2.00 to $2.80 per patient day, plus to pay an increased cost shift of $1.93 directly related to this proposed cut.

The following rate vs. cost information should help clarify the issues discussed:

	Rate	Cost	Difference	Cost Shift
FY93	$67.23	$76.09	($8.86)	$15.23
FY94	$74.65	$79.89	($5.24)	$ 9.01
FY95	$80.33	$85.24	($4.91)	$ 8.44
FY95 W/CUTS	**$79.20**	**$85.24**	**($6.04)**	**$10.39**

It is not appropriate for the Medicaid program to continue to shift costs to the sick and frail elderly paying for their own nursing home care. The purpose of the reimbursement improvements agreed to by MHCA and SRS and the purpose of the increased nursing home tax was to bring Medicaid rates closer to costs, reduce and stabilize the cost shift, and assure continued quality care. Nursing home residents are paying a nursing home bed tax which will be increased on July 1, 1994, to help achieve those goals. That tax should be used to continue to support those goals--not to balance the state budget.

*5. **Legal issues.*** The increases agreed to as part of the Boren Amendment lawsuit were designed to bring the Medicaid rates paid to nursing homes closer to compliance with the Boren Amendment standard. The agreement represented progress toward that goal. However, it should be pointed out that even with the increased reimbursements provided for FY 93 and FY 94, the FY 94 rates (by the Dept. of SRS's own calculations) paid the actual costs of only approximately 40% of all of the facilities (51 of 96 facilities have a rate that is less than actual costs). The rate increases scheduled for FY 95 under the agreement only slightly improved the difference between cost and rate. By cutting the agreed-upon FY 95 rate increases, the gap between cost and rate increases and the number of facilities with rates that cover actual costs decreases, putting the State in a position where its compliance with the Boren Amendment continues to be in question. There is no question that we will file a state plan challenge with the federal government if these cuts are made and we will have no alternative but to give serious consideration to a Boren amendment challenge.

In addition, SRS entered into a written settlement agreement with MHCA in which they agreed to vigorously pursue and support the specific rate increases that they are now asking you to cut. We believe SRS is guilty of a legal breach of contract for failing to carry out its responsibilities under the signed settlement agreement entered into resolving our Boren amendment litigation. Proposing these cuts puts the administration in a position of doing exactly the opposite of what was agreed to in the legally binding settlement agreement.

Nursing Home and Waiver Special Income Limit.

This proposal implements a special income level for nursing home and ICF-MR eligibility. It is estimated to affect 170 individuals currently in nursing homes.

These 170 nursing home residents have income which exceeds $1302 per month but have insufficient funds to pay for their nursing home care which averages $2500 per month. Under this proposal, these individuals are expected to figure out how to come up with the additional funds to pay for their own care.

Interestingly enough, SRS researched the care needs of these nursing home residents and determined that 25 or 30 of the 170 might be able to be served in the community. It is doubtful, however, that these people could afford to pay for the services in the community, since the $1302 income would have to cover housing, food and other necessities in addition to medical care.

And, the other 140 to 145 nursing home residents are by SRS's own determination individuals who could not be cared for outside the nursing home.

Many of these residents will not even understand what is happening when facilities inform them that they are no longer Medicaid eligible. Many have no families. These are some of the most vulnerable people receiving Medicaid services.

We are totally at a loss to know what will happen to these people. We know we will be in the unenviable position of attempting to discharge these residents for non-payment of services while knowing full well that there is no place to discharge them to.

Continuum of Care and Medicaid Eligibility Issues

Instead of making the short-sighted cuts proposed in the Governor's budget, we should look at the long term solutions available to us. Establishing a continuum of care and pursuing the recommendations included in the Moses study deal with long term solutions by addressing systemic problems.

How can we consider eliminating services to individuals whose total income is $1302 per month, while allowing wealthy individuals who have hired lawyers and accountants to shelter their assets to remain on Medicaid?

And, how can we successfully establish the needed continuum of care, including appropriate community services, while cutting services to those in community settings?

It is important to resist the temptation to make immediate but inappropriate cuts and to instead pursue long term solutions to Medicaid funding problems.

EXHIBIT 5
DATE 11-19-93
SB HUMAN SERVICES

LONG-TERM CARE AND COMMUNITY BASED SERVICES
HUMAN SERVICES APPROPRIATIONS SUB-COMMITTEE

PRESENTER: CHARLES BRIGGS, DIRECTOR
ROCKY MOUNTAIN AREA IV AGENCY ON AGING
AUGUST 10, 1993

Chairman Cobb and members of the Committee: I am Charles Briggs, Director of the Rocky Mountain Agency on Aging, encompassing the six counties of: Lewis & Clark, Broadwater, Gallatin, Jefferson, Meagher and Park.

I had the privilege to provide an overview of the aging service delivery system to this committee last January. There are a wide array of services currently being provided by area agencies on aging. Those which address community long-term care needs include: home-delivered (as well as congregate) meals; and in-home services, such as home chores and repairs; homemaker, home health and personal care services; skilled nursing; medical transportation; respite care; telephone reassurance; and physical therapy.

In that presentation I identified some changing service needs, as well as specific problem areas facing the aging population. Today, I want to, first, focus on a central fact of the changing needs of the senior population; and, second, review one state's model which has served to help deal with mushrooming expenses for long-term care.

Quite simply, Montana (like other parts of the country) is experiencing a significant expansion of the population over age seventy-five, (and, perhaps, more with those eighty-five age and over). In Attachment #1, the numbers (#1-15) correspond to the counties identified. While it is perhaps difficult to follow the lines, you will note that, for example, 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 (a 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 (a 15% increase), but 3,322 in '90 (a 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 the 1970 to the '80 Census (e.g., Blaine/1, Choteau/3, Deer Lodge/6, et.al.), we, nonetheless, discover a sizable increase (even over the '70 Census) in 1990. McCone dropped 34% in '80 over the '70

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 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. These are directed toward the services I indicated earlier. The upshot is that you need to be aware any reductions you pose in services, such as the Medically Needy Program, will have a direct impact (an increase) on service demand in these programs, some of whom already have waiting lists due to lack of funding.

What I propose to members of this committee, and the legislature in general, is: rather than categorical service reductions, which will probably only exacerbate the problem, consider diverting a greater share of service dollars to less-costly community options.

Now, I would like to spend some time reviewing what one state, Oregon, did to try and deal with their financial hemorrhaging due to long-term care increases. I need, however, to preface my remarks by reviewing some patterns that helped bring us to this predicament.

The present system of long-term care in Montana and throughout the United States has been created by private industry chasing the Medicaid dollar. Since 1967, the only federal funding available in sufficient quantities for long-term care has been Title XIX of the Social Security Act, or Medicaid. From 1967-81, Medicaid was generally available only for medical or quasi-medical services. Over ninety percent (90%) of these available dollars were invested in nursing home care, and all states made nursing homes their primary long-term care services. Since 1981, Medicaid dollars have been available for community based services, but unfortunately not in large quantities, and it remains a fact today that over ninety percent of Medicaid long-term care funds are spent on nursing homes.

This situation has caused long-term care to be viewed by government, professionals, providers and the general public as a medical problem, and to provide most services under the "medical model" of care. This has caused some general failures in the national long-term care system and created general dissatisfaction with that system.

While the medical model works well for short-term acute medical care, it generally fails for long-term, chronic care for the following reasons:

1) The medical model emphasizes the disabilities of the patient & tends to minimize their capabilities.

2) The medical model emphasizes the safety of the patient even if it results in loss of some of that patient's personal freedom or dignity.

3) The medical model usually results in the loss of privacy & control over the environment for patients.

Loss of functional abilities to perform the activities of daily living are insufficient reason to invoke the medical model of care. Medical problems that require complex nursing care usually best cared for under the medical model, but the percentage of persons requiring these medical services is small (estimates range from 20-40%). It would appear that a move away from the medical model for the majority of persons receiving, or in risking of receiving, long-term care is in the best interest of those persons, and I suggest that it would be more cost-effective as well. Allow me to explain.

If Montana were to make nursing home the placement of "last resort" rather than first, we would need to establish a system that, first, met the needs and preferences of the client to the maximum extent feasible; and second, met the needs of the Montana taxpayers.

Oregon became the first state to receive a Medicaid 1915 waiver (sub-section 1915 of the SSA), allowing Medicaid dollars to be spent on home and community care services, as well as nursing care. Without reviewing the history, let me say, Oregon established two key elements to their system: a) a "pre-admission screening" measure, to ascertain if nursing home care was the most appropriate; and b) the use of a uniform, coordinated case management system to facilitate the plan of care.

They have established a long-term care system composed of six categories of service:

A) Home & Community Based Social Services - These constitute a mix of funding sources for a wide variety of in-home care, client companionship, and home-delivered meals.

B) "Alternative" Community Care - Adult foster homes, residential care facilities (or personal care facilities in Montana), assisted living facilities; personal care (under physician authorization after RN assessment); home health care.

C) Social Services - Adult Protective Services, information & assistance, and a unique program, "risk intervention", to use case management to discover other community resources other than public funded services.

D. Nursing Facility Program - essentially skilled nursing facility care.

E. Medicaid Major Medical Services - includes durable and

miscellaneous medical services; state medical.

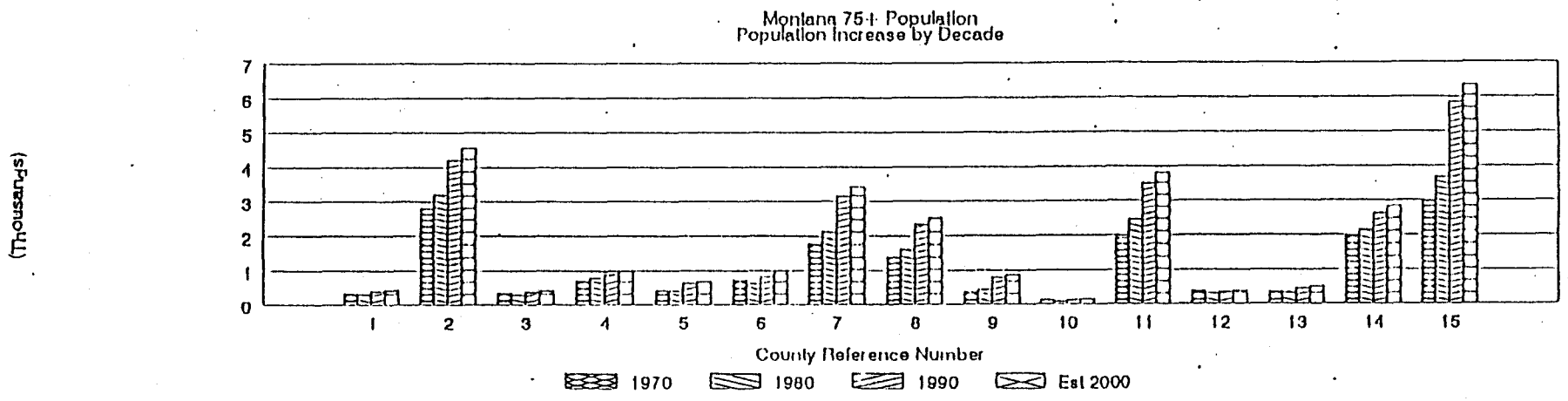
F. Local services, in conjunction with other services, such as senior companions, and others funded through the Older Americans Act and local resources.

Based on 1992 payments in Montana, nursing homes constituted twenty-seven percent (27%) of total Medicaid expenditures; home & community service waiver funds were two percent (2%). How can diverting funds into community based care provide effective savings?

A comparison was made by the Senior & Disabled Services Division in Oregon, between 1979 and 1986 actual expenditures (Attachment #2). Their conclusion was that without the development and expansion of community alternatives to nursing homes, conservatively Oregon could have expected nursing homes to have grown at the same rate as their primary users (the over age-75 population), in which case average nursing home bed monthly occupancy would have risen from 8,079 to 10,030. But the actual average monthly nursing home cases in 1986 was 7,590 - twenty-four percent (24%) less! Those people were being served in other community alternatives, I indicated earlier.

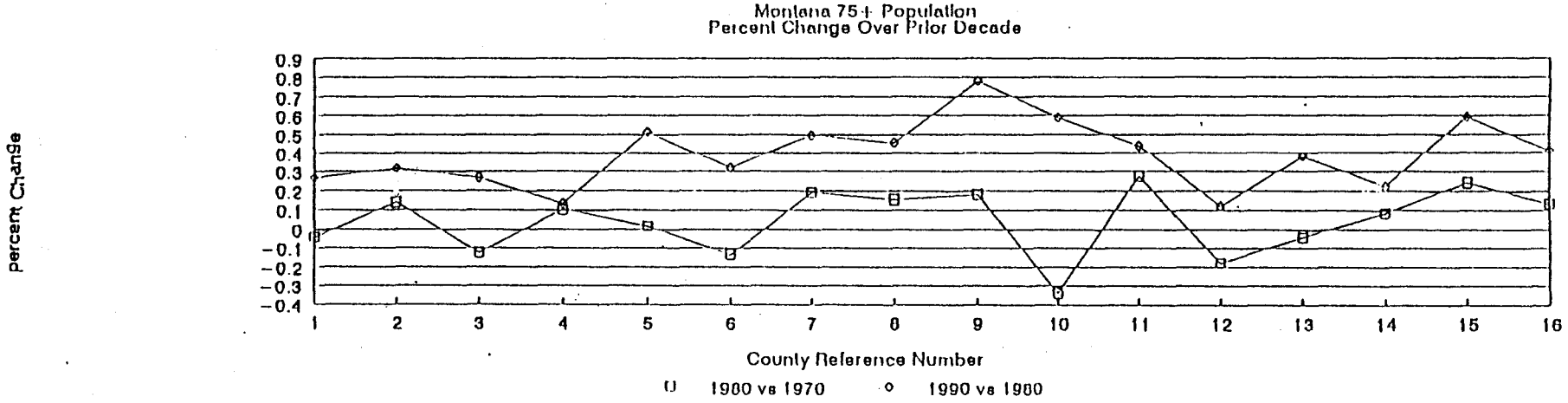
House Bill 2 charged SRS to develop a plan for meaningful alternative services and report its recommendations to the 1995 Legislature. The study will have to examine how other states, like Oregon,are grappling with this issue. This represents a promising step born of a dire necessity.

(Attachment 1)



75 plus populations

(County Reference #)	1 Blaine	2 Cascade	3 Chouteau	4 Custer	5 Dawson	6 Deer Lodge	7 Flathead	8 Lewis & Clark	9 Lincoln	10 McCone	11 Missoula	12 Phillips	13 Sheridan	14 Silver Bow	15 Yellowstone	16 Total
1970	343	2,807	357	716	420	733	1,775	1,388	378	136	1,915	387	353	1,967	2,950	16,625
1980	329	3,205	313	790	427	635	2,115	1,603	447	90	2,447	318	339	2,138	3,073	18,869
1990	416	4,215	397	897	645	839	3,161	2,332	796	143	3,521	357	468	2,017	5,848	26,052
Est 2000	450	4,561	430	971	698	908	3,421	2,524	861	155	3,810	386	506	2,832	6,328	28,841



Percent Change Over Prior Year

(County Reference #)	1 Blaine	2 Cascade	3 Chouteau	4 Custer	5 Dawson	6 Deer Lodge	7 Flathead	8 Lewis & Clark	9 Lincoln	10 McCone	11 Missoula	12 Phillips	13 Sheridan	14 Silver Bow	15 Yellowstone	16 Total
1980 vs 1970	−4.1%	14.2%	−12.3%	10.3%	1.7%	−13.4%	19.2%	15.5%	18.3%	−33.8%	27.8%	−17.8%	−4.0%	8.7%	24.5%	13.5%
1990 vs 1980	26.4%	31.5%	26.8%	13.6%	51.1%	32.1%	49.5%	45.5%	78.1%	58.9%	43.9%	12.3%	38.1%	22.4%	59.2%	41.2%

Year 2000 data projections from HPA DATA SERVICES, INC

(Attachment 2)

TABLE 1

Comparison of Actual and Expected* Growth
in the Oregon Long-Term Care System for the
Elderly and Physically Disabled
1979 to 1986

Program	Actual Expenditures in 1979 and 1986			Actual Expenditures in 1979 and Expected Expenditures in 1986 Without Intervention		
	Monthly Average Cases	Monthly Average Cost Per Each Case	Total Expenditures	Monthly Average Cases	Monthly Average Cost Per Each Case	Total Expenditures
1979						
Nursing Homes	8,079	$ 550.33	$ 53,353,393	8,079	$ 550.33	$ 53,353,393
Federal - State Supported Community Based Care	3,412	123.02	5,036,931	3,412	123.02	5,036,931
State Only Community Based Care	2,750	51.32	1,693,565	2,750	51.32	1,693,565
Total	14,241	$ 351.59	$ 60,083,889	14,241	$ 351.59	$ 60,083,889
1986						
Nursing Homes	7,590	869.13	$ 79,160,599	10,030	825.67	$ 99,377,641
Federal - State Supported Community Based Care	6,084	271.96	19,855,566	4,236	258.36	13,132,956
State Only Community Based Care	3,650	75.62	3,312,258	3,414	71.84	2,943,141
Risk Intervention Care	900	-0-	-0-	--	--	--
Total	18,224	$ 467.92	102,328,423	17,680	$ 544.18	$115,453,738

* Expected equals the growth rate of the population age 75+, and assumes the cost per each case would have been 5% less than the 1986 activity and represents an estimate of conditions that probably would exist in 1986 and not interventions been made in the Oregon long-term care system.

EXHIBIT 5
DATE 11-19-93
SB HUMAN SERVICES

Rocky Mountain Development Council

A Multi-County Community Action Agency
P.O. Box 1717 • 201 South Last Chance Gulch
Helena, Montana 59624-1717

November 12, 1993

Gene Leuwer
Executive Director

Programs

- Area IV Agency on Aging
- Child & Adult Care Feeding Program
- Commodity Distribution
- Daily Dinner Club
- Energy Share
- Family Planning Clinic
- Foster Grandparents
- Head Start
- Low Income Energy Assistance
- Meals on Wheels
- Preschool Day Care
- Project Work
- Retired Senior Volunteer Program
- Senior Citizen Center
- Senior Companions
- Senior Transportation
- The Summit Project
- Visually Impaired Program
- Weatherization
- Youth & Older Worker Programs

Mr. Peter Blouke, Director
Montana Department of Social
& Rehabilitative Services
P.O. Box 4210
Helena, MT 59604

Dear Peter:

I want to convey to you some responses that I have to the long-term care study recently completed on behalf of SRS, by Mr. Stephen A. Moses and company, entitled, LONG-TERM CARE IN MONTANA: A Blueprint for Cost-Effective Reform.

SRS is to be commended for its effort to get a handle on the Title XIX/Medicaid access by more affluent citizens, so that available public resources may assist those most in need. The necessity to control divestiture of assets, as well as recover assets from citizens with "sheltered" resources is vital in stewarding public resources and containing costs, especially to the Montana General Fund.

Further, I believe Mr. Moses has done an excellent job in proposing statutory and administrative measures to restrict asset transfers, imposing liens on property, and in regard to estate recovery. He is also correct in asserting that "Montana has a very generous Medicaid nursing home eligibility benefit" (p.2).

However, I take issue with him on his analysis of home and community-based Medicaid services (p. 30ff.); and his conclusion that long-term care insurance is the "only viable private alternative" to meet the demands of long-term care financing (p. 31).

First, he asserts that "research shows" home and community care "increases overall social cost of long-term care rather than reducing it"(p. 30). We all know that one can find research conducted to reinforce any position that you hold. But the citations he provides (e.g., Wiener & Hanley; Manton; Rice, et.al.) is, in my view, inadequate, and selective, at best. Based on my experience working in Oregon's long-term care system four years, this was not the case.

I have enclosed a copy of the remarks I delivered to the Human Services Appropriations Sub-Committee in August. The second attachment in that piece contains a cost-analysis done in Oregon, comparing 1979 expenses to those in 1986. You will note that with the waiver, yes, Medicaid caseload did increase by 1986 over 1979; and total expenditures increased from $60 million to $102 million. But it is noteworthy there was a net reduction in average monthly nursing home cases.

Also, the reasonable growth forecast indicated that without the home and community Medicaid services, while it may have technically meant fewer total average monthly cases by 1986, the nursing home caseload cost would have been twenty-four percent (24%) higher and total long-term care costs would have increased to over $115 million.

In addition to waivered in-home services, the community care system served by Medicaid at that time did not include "assisted living" as a licensed category. That service was introduced as a licensed category and eligible for Title XIX reimbursement beginning in FY 1990. I am convinced the net savings of that service option were even more substantial.

Second, assisted living, as administered in Oregon, is not the same as "home care," which is primarily the source for the studies Mr. Moses cites and constitutes the limit of Montana's waiver. For one, the congregate setting (and this can hold true for residential or "personal care" facilities, as well) reduces the per unit cost of services.

Another aspect is that clients pay shelter and food costs in assisted living (they may utilize SSI, just as they do in nursing homes). Rates are capped, so there is a limit; they are "cost based," as they are in nursing facilities. Assisted living clients in Oregon are required to contribute on a co-pay basis, just like nursing homes. But in the former, they are not paying for services they do not need, in order to keep the facility solvent. In that aspect, Mr. Moses' report is accurate in stating, "nursing home care is a major contributor to the problem....28% of program resources to pay for just one service to approximately eight percent of Medicaid recipients" (p.12).

But, if Oregon has demonstrated anything in its twelve years of operating its broad-based long-term care system, it has learned that the scope of services and oversight need to be greater, and that can mean a weakness in relying exclusively upon a home care model. The early programs that were monitored and analyzed by HCFA - which, I suggest, may have instilled a bias in Mr. Moses toward "1915" waivers - were not properly targeted. They can justifiably be criticized as either serving those not impaired enough, or those whose needs were too great and, hence, required an inordinate level of resources just to keep it at home (i.e., delivering single units to a single person).

EX 5
11-19-9
HUMAN SE
AGING

When a state introduces a broad community-based long-term care system using Medicaid, with more options for consumers and their families, state licensure, monitoring and Medicaid reimbursement can provide some stable funding basis, which then makes such options more affordable to private pay recipients. The experience of Oregon has been that more people are able to remain private pay because they don't spend down their remaining assets and are less likely to need Medicaid (until, and if, the services they truly need are best provided in nursing homes).

Third, I seriously questions the viability of looking to the long-term care insurance market to provide the private sector "fix" in paying for long-term care. In 1986, I was sent by Governor Schwinden to a conference jointly sponsored by the NGA and the American Health Care Association. In that setting, representatives from the leading insurance companies boldly stated that government should not look to long-term care insurance as a panacea for the mushrooming costs of long-term care that was plaguing their Medicaid system.

I believe that response is as good today, as it was then. Either you need strong, consumer protection legislation to govern long-term care insurance (such as Oregon has), or you opt for the so-called free market, "buyer beware" approach. I agree that long-term care insurance has a role to play in containing costs. But there needs to be development of a public/private partnership involving more providers, leveraging a range of community options by spreading Medicaid reimbursement choices.

I offer these comments to hopefully offer constructive criticism, to better enable our state to better plan for the future. We are certainly at a crossroads in public policy development for long-term care - both with federal flexibility and with our own fiscal constraints. I encourage us to learn as much as we can from the experience of other states.

Please let me know if you, Ms. Ellery, or other staff wish to discuss further any of what I have stated above. Until then, with best regards, I am

Sincerely,

CHARLES W. BRIGGS, Director
Rocky Mountain Area Agency on Aging

Enclosure

pc. Rep. John Cobb
Sen. Mignon Waterman
Mark O'Keefe
Nancy Ellery

EXHIBIT 6
DATE 11-19-93
SB HUMAN SERVICES

November 19, 1993

Department of Family Services

Status of Major Initiatives

November 17, 1993

EXHIBIT 7
DATE 11-19-93
SB HUMAN SERVICES

COST SAVINGS REPRESENTED BY

BIG BROTHERS & BIG SISTERS OF MONTANA

VS.

OUT-OF-HOME STATE FACILITIES

COST SAVINGS REPRESENTED BY BIG BROTHERS & BIG SISTERS OF MONTANA

VS.

OUT-OF-HOME-STATE FACILITIES

Referral Sources		Referral Reasons		Match Results Documented in Match Evaluations and Social Worker Case notes		Repeated Contact with Juvenile Authorities after Match	
Juvenile Authorities	12	Contact with Juvenile Authorities	16	No further contact with juvenile authorities	14	1-2 weeks after match caught shoplifting again, since then child has gone 9 months with no further contact-a first for him	2
Department of Family Services	9	School Problems	19	Returned to school or stayed in school	27	rode in stolen car with friends, Big Brother helped him to turn self in, now two years later, Little graduated from high school no repeat since	1
School	7	Personal and Family Problems, Physical and sexual abuse	47	First in family to finish high school	6		
Therapist	4	Siblings in State detention facilities	11	Overcame school problems and went on to college	6		
Parent	5			Positive behavior change noted by school, parent, or social worker	32		
Self	1			Improved relationships with family/stayed in home despite earlier removal action considered	12		
				Gained personal and social skills needed, documented by parents, teachers, probation officers and social workers	31		
				Did not repeat siblings history	11		

DATA: Case Histories of thirty-eight children were used in this sample.

EX 7
11-19-93
HUMAN SERV.

THE BOTTOM LINE

COST SAVINGS TO THE STATE OF MONTANA

FACT

If the thirty-eight children, represented in the Big Brother & Big Sister Case Study, had been placed for just six months in an out-of-home State Facility, such as Pinehills or Mountain View, the cost to Montana tax payers would equal $589,000.

SAVINGS

Thirty-one percent (31%), of $589,000, or $181,913, given to Big Brothers & Big Sisters of Montana, last year, provided prevention services for 1,308, at risk, Montana children.

COMPARE THE DIFFERENCE

Thirty-eight Children in Placement = $589,000

VS

1,308 children, served in 1992, by Big Brothers & Big Sisters
State Share = $181,913

ANNUAL SAVINGS REPRESENTED BY PREVENTIVE PLACEMENT

$30,213 PER CHILD

BIG BROTHERS/BIG SISTERS

BIG IMPACT = BIG SAVINGS

EXHIBIT 8
DATE 11-19-93
SB HUMAN SERVICES

BIG BROTHERS/BIG SISTERS OF MONTANA

- *Big Brothers/Big Sisters helps kids who otherwise might be a state responsibility.*
- *Prevention is much more cost effective than intervention, focusing on helping children before their problems lead to contact with the juvenile justice system.*
- *This program saves the state money by helping to keep children in the home.*
- *BB/BS is a low cost resource - utilizing volunteers. For a total program cost of approximately $4.80 an hour, a minimum of 12 hours and as much as 80 hours per month of one-to-one adult attention and advocacy is provided for children in need; private counselors cost an average of $40 to $60 per hour.*
- *A minuscule amount of the Department of Family Service's budget (.3%) would be expended for 10 Big Brother/Big Sister programs statewide which last year served 49 Montana communities and 1,308 Montana children. The percentage of non-state dollars (mostly private funds) generated for this program is impressive, ranging from 94% in Lake County to 73% in Galatin County. BB/BS is a cost effective prevention program where "so little money serves so many!"*

* *Percentage of each FY 94 program budget funded by the state grant:*

- Butte	25%	Helena	21%	Miles City	23%
- Flathead Co.	15%	Missoula	24%	Lake Co.	6%
- Gallatin Co.	27%	Park Co.	9%		
- Great Falls	18%	Yellowstone	20%		

* *Comparative FY 94 Budgets:*

- Total state budget	$2,454,000,000
- Department of Family Services	62,297,655
- Total BB/BS budgets statewide (10 programs)	810,757
- BB/BS amount allocated by Legislature	181,913
- BB/BS percent of the state budget	.01%
- BB/BS percent of Department of Family Services	.3%
- Percentage of BB/BS funded by state grant	22%

* *Annual cost per child for youth treatment in Montana in FY 94:*

- Intermountain Children's Home	$ 47,815.00	Therapeutic Foster Care	$18,958.00
- Yellowstone Treatment Center	47,815.00	Group Home Care	16,929.00
- Shodair (FY 92)	39,420.00	Foster Care	4,942.00
- Pinehills (FY 92)	30,660.00	Big Brothers/Big Sisters	787.00

It should be noted that all other services, i.e., parenting classes, support groups for parents and volunteers, sexual abuse prevention training, educational and recreation classes, teen groups, group recreation activities, referral services and counseling provided by Big Brothers/Big Sisters agencies are included in the total budget figure and thus are reflected in the per child cost.

* *BB/BS prevention services are widely valued by other community services. The largest referral sources besides individual parents are the schools and child protective services. Probation, mental health and law enforcement also are major referral sources.*

* *The program deals with "at risk" kids. Studies have shown that children living in single parent families are at high risk for experiencing emotional and behavioral problems. Their need for additional positive adult role modeling is critical. Right now approximately 60% of the children served statewide by BB/BS have experienced some type of abuse and/or neglect.*

* *Big Brothers/Big Sisters services in Montana would be devastated if state funding is eliminated. At least one program would face definite closure with another on the border of closure. The remaining eight programs would all have to reduce staff forcing the elimination of over 200 children currently on waiting lists plus an estimated 25% of the current matches in our programs would have to be closed. Service provided in outer lying areas would have to be cut. Additional child and family support and education services will be lost.*

over

* *Montana has been progressive in its recognition of the importance of promoting prevention services for at-risk children. Now, when youth crime, family breakup, teen pregnancy, academic failure and child neglect are at all time highs, is not the time to step backwards and abandon the most effective, low cost prevention program our state has.*

* *Montana is one of 32 states that recognize the effectiveness of Big Brothers/Big Sisters services by providing seed money for the program.*

* *Mentoring makes a difference. In its report, "Turning Points," the Carnegie Council on Adolescent Development put it this way: "In these changed times, when young people face unprecedented choices and pressures, all too often the guidance they needed as children and need no less as adolescents is withdrawn...surrounded only by their equally confused peers, too many make poor decisions with harmful or lethal consequences."*

* *In 1992 Big Brothers and Sisters succeeded in keeping 99.8% of children served, in school and succeeded in keeping 96.5% of youth served from contact with the Juvenile Justice System.*

* *If state funding is eliminated for this very successful prevention program the reality is that these at-risk children will show up somewhere else, requiring state services that will cost much more.*

* *What do we ask? We ask to maintain current level funding.*

EXHIBIT 9
DATE 11-19-93
SB HUMAN SERVICES

STATEMENTS FROM CASE HISTORIES AND MATCH EVALUATIONS

Teacher	*"He has become a well adjusted young man since getting his Big Brother."*
Parent	*"Since getting a Big Brother, he has settled down and gotten his priorities straight."*
Grown Little Sister	*"I'm afraid to think what would have happened to me if I hadn't been able to change my life and stay out of trouble. My Big Sister gave me the self confidence and self respect that I needed."*
Parent	*"The dramatic change in my son's behavior since he got a Big Brother has taken great pressure off us at home. Instead of fighting every night, we talk and share things."*
Parent	*"His Big Brother influenced him to stay in school and showed him that he can trust adults.*
Parent	*"His Big Brother's friendship and acceptance of him brought my son out of his depression. He saw that someone truly liked him for himself."*
Parent	*"I feel my son did not go to Pine Hills like his brothers because of the positive relationship he had with his Big Brother."*
Parent	*"His Big Brother helped him to choose right from wrong"*
Social Worker	*"This girl's Big Sister has made a major impact on her, building her self esteem and has helped her to turn away from her previous destructive behavior."*
Probation Officer	*"I believe the influence of his Big Brother has kept him out of trouble and provided the strong male role model he needed."*
Therapist	*"The Big Sister was critical in helping this girl learn about early adolescent issues."*
Teacher	*"This boy has made a major change in attitude since he got his Big Brother and Sister. He's just not the same boy."*
Parent	*"I have had friends, neighbors and teachers all comment on how he has learned self control by not retaliating in anger. I feel this is the result of the dissolving of many of his frustrations and that his Big Brother played a Big part in this."*
Teacher	*"He has an enthusiasm he's never displayed before."*
Grown Little Sister	*"My Big Sister helped me to realize my dreams."*
Grown Little Brother	*"My Big Brother is the reason I made it, I know I would have grown up a different person without the role modeling and caring he gave me."*

EXHIBIT 10
DATE 11-19-93
SB HUMAN SERVICES

DEPARTMENT OF FAMILY SERVICES

MARC RACICOT, GOVERNOR

(406) 444-5900
FAX (406) 444-5956

STATE OF MONTANA

HANK HUDSON, DIRECTOR

PO BOX 8005
HELENA, MONTANA 59604-8005

TO: Appropriations Sub-Committee

FROM: Al Davis, Administrator
Juvenile Corrections Division

RE: Juvenile Justice System Flow Chart and Description

Date: November 18, 1993

The Juvenile Justice System realizes that in order to react appropriately to needs of youth entering the system, it is necessary to integrate the various components of the total juvenile justice system. The flow chart is a "draft" proposal that should assist in understanding the system.

1. **YOUTH OFFENSE:**

   - Offenses range from status offenses to serious felonies;

2. **PROBATION OFFICE:**

   - The twenty-one judicial districts handle over 3,000 referrals each year.
   - The majority of the referrals (probably 90%) are handled informally and never proceed deeper into the continuum.
   - Youth who are not responding to traditional probation effort and suggest a need for further intervention are referred to the district youth court for formal adjudication.

3. **YOUTH COURT ADJUDICATION:**

   - If the Youth Court determines that the youth is guilty of the charge(s), she/he is adjudicated a juvenile delinquent.

- In the event that the offense is a transferable crime, a petition may be filed to transfer the case to criminal (adult) court.

4. **YOUTH PLACEMENT COMMITTEE:**

- The Montana Placement Guideline instrument will be used to determine the recommended level of care needed for the adjudicated youth.

- The Strategies for Juvenile Supervision classification evaluation will be conducted.

- A risk assessment will be conducted to provide public safety risk information.

- Dialogue will begin with the 0 - 90 day program, if recommended, to determine eligibility and available space for placement.

- A recommendation for disposition will be submitted to the Youth Court Judge to consider in determining disposition.

5. **YOUTH COURT DISPOSITION:**

- The Youth Court Judge will have four options to consider for final disposition.

6. **SERIOUS OFFENDER SECURE CARE FACILITY:**

- Pine Hills School be the designated secure-care facility for appropriately classified male offenders.

- The capacity of Pine Hills School is established at 80-beds.

- Appropriately classified serious offender female offenders to be provided for on the campus of the Mountain View School.

- It is projected that the number of secure-care needy females should not exceed 10 girls.

7. **DFS JUVENILE CORRECTIONS DIVISION:**

- Youth not designated as Serious Offender be committed to the DFS, Division of Corrections for programming.

8. **0 - 90 DAY PROGRAM:**

- Approximately 20 beds be available on the Mountain View School campus to provide for a short-term, staff-intensive treatment program.
- The program be provided in Aspen Cottage and half of the Cottonwood Cottage facility.
- The program provide for male and female offenders.
- Heavy emphasis placed on assessment, life-skills training, family dynamics, and post-placement planning.
- Family and Youth Court workers be regularly involved in progress, treatment, and planning.
- Admittance criteria be determined by utilization of the Montana Placement Guideline.
- Youth return to the jurisdiction of the Probation Department upon completion of the program unless prior planning suggests otherwise.
- Youth in the 0 - 90 day program cannot be transferred to a secure-care facility without returning to District Youth Court.

9. **FORMAL PROBATION:**

- An option for the Court to consider for disposition of an adjudicated youth.

10. **JUVENILE CORRECTIONS FIELD SERVICES (PAROLE):**

- 10 regionally placed parole officers providing case-management and supervisory services to youth released from secure-care placement.

11. **COMMUNITY BASED SERVICES/RESIDENTIAL PLACEMENT:**

- An array of opportunities for parole/probation workers to consider for treatment needs of youth at the community level.
- Funding for program development evolve from a combined effort on the part of DFS, Youth Court, Mental Health, school district, and Board of Crime Control Grant funds.

- Proposed programs be reviewed by the local DFS Advisory Counsel and respond to the juvenile justice endorsed "Community Stabilization and Accountability System"model. (attached)

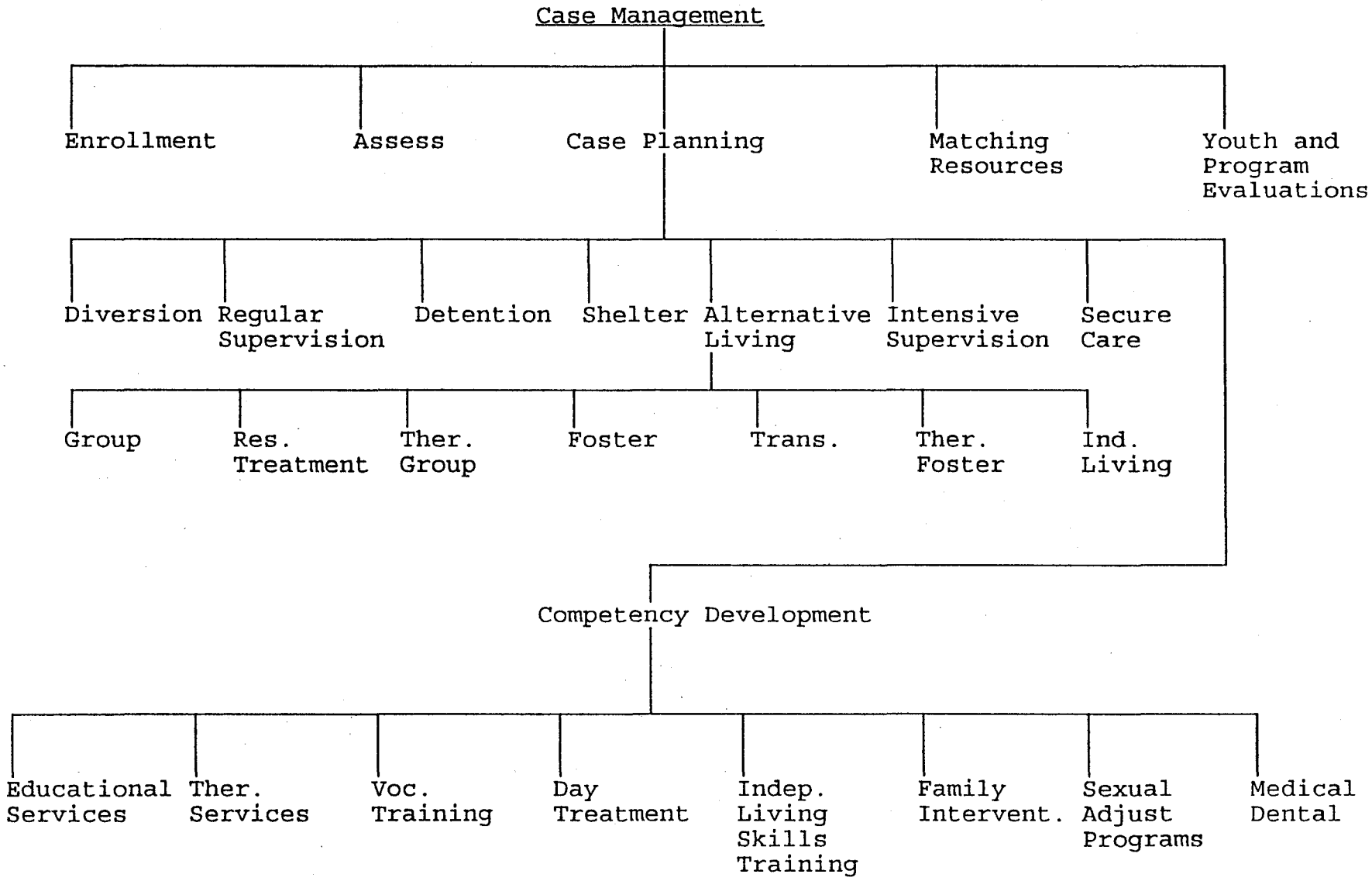
12. **TRANSITIONAL FACILITIES:**

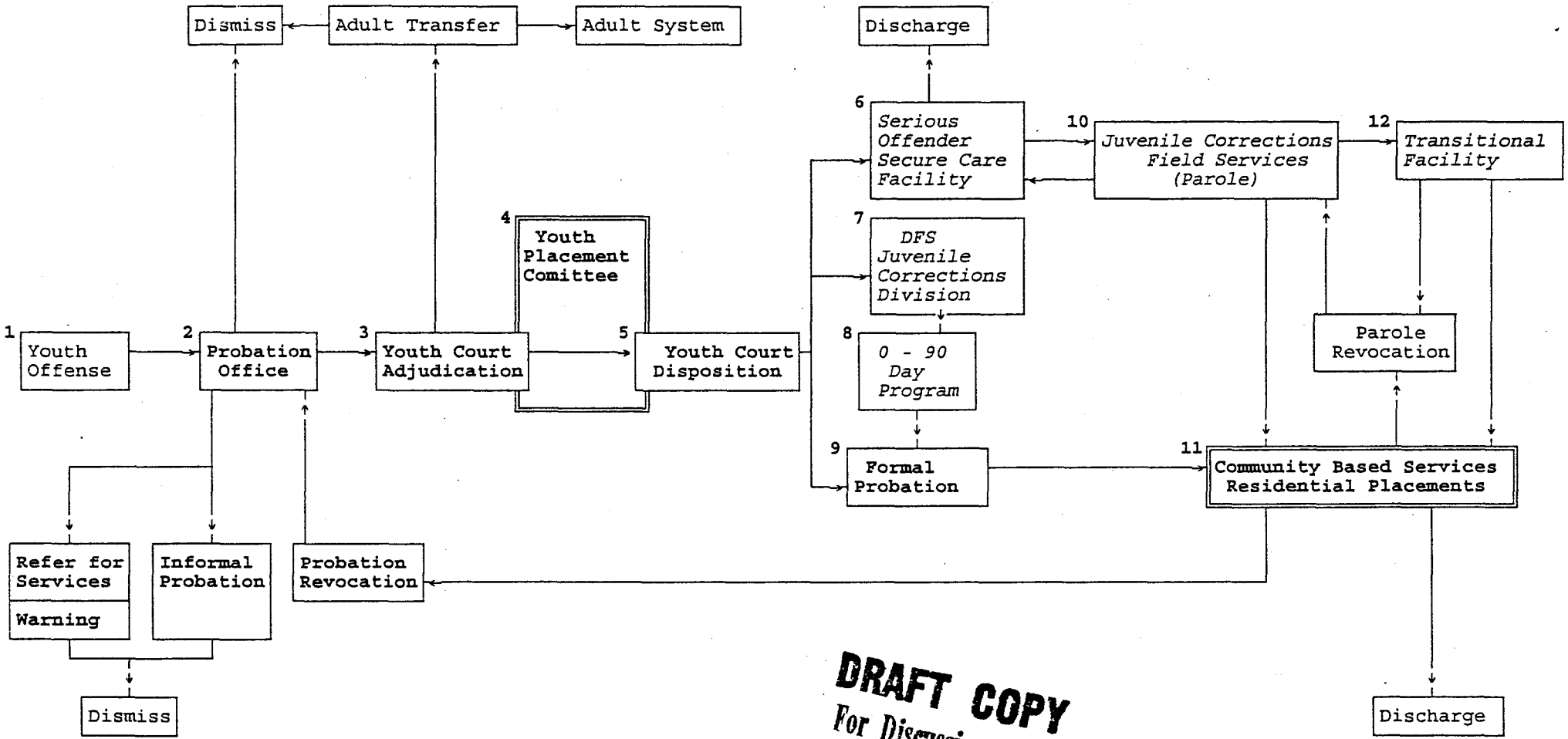
- Two 8-bed group home facilities located in Billings and Great Falls.

- Referrals be limited to males in need of transitional services after leaving Pine Hills School before returning to their homes or other permanent placements.

COMMUNITY STABILIZATION AND ACCOUNTABILITY SYSTEM

"Balanced Approach" Public Safety, Accountability, Competency Development





DRAFT COPY
For Discussion Only

11-14-93
HUMAN SERV.

MANAGING RESOURCES MONTANA
OVERVIEW

DATE 11·19·93
SB HUMAN SERVICES

Money Available:

Region I (Miles City)	Region II (Great Falls)	Region III (Billings)	Region IV (Helena)	Region V (Missoula)	TOTAL
$244,669	$488,742	$451,334	$596,184	$510,007	$2,290,936

Approximate YTD Utilization of Funds (July 1 - October 31, 1993) By Service Type:

SERVICE TYPE	APPROXIMATE EXPENDITURES
Outpatient Individual	$155,690
Outpatient Group	$8,265
Inpatient Consultation	$5,215
Day Treatment	$66,126
Intensive Case Management	$141,698
Therapeutic Foster Care	$8,090
Parent Aide/Respite	$3,709
Family-Based Services	$4,326
Residential Treatment Facility	$28,609
TOTAL	$421,728

Children Served (July 1 - October 31, 1993):

	Region I (Miles City)	Region II (Great Falls)	Region III (Billings)	Region IV (Helena)	Region V (Missoula)	TOTAL
Number Screened	96	183	126	136	236	777
Number Accepted	71 (74%)	161 (88%)	102 (81%)	106 (78%)	189 (80%)	629 (81%)
Number Not Accepted	25 (26%)	22 (12%)	24 (19%)	30 (22%)	47 (20%)	148 (19%)

Reason For Non Acceptance (July 1 - October 31, 1993):

REASONS FOR NON ACCEPTANCE	PERCENTAGE
Child Not SED	30%
No Parent Follow-Through	21%
Pending	21%
Other	28%

EX 11
11-19-93
HUMAN SER

New Service Development by County (July 1 - October 31, 1993):

Region I (Miles City)	Region II (Great Falls)	Region III (Billings)	Region IV (Helena)	Region V (Missoula)
Intensive Case Management in Custer Dawson Valley **Adolescent Day Treatment** in Custer Dawson	**Intensive Case Management** in Cascade Chouteau Teton Hill Blaine Pondera Toole **Parent Aide** in Cascade **Residential Treatment in** Cascade	**Intensive Case Management** in Yellowstone	**Intensive Case Management** in Lewis & Clark Silver Bow Deer Lodge Beaverhead Gallatin Park **Adolescent Day Treatment** in Silver Bow **Residential Treatment** in Silver Bow Lewis & Clark	**Intensive Case Management** in Missoula Flathead Lake Lincoln Ravalli Sanders **Adolescent Day Treatment** in Flathead

Additional services under consideration for development are short-term group homes, home-based service programs, intensive short-term adolescent chemical dependency program, respite programs, sex offender services, crisis intervention.

Children/Adolescents In Residential Treatment Facilities (Medicaid Funding):

DATE	IN-STATE FACILITIES	OUT-OF-STATE FACILITIES	TOTAL IN FACILITIES
3/31/93	95	72	167
9/30/93	79	26	105

EXHIBIT 12
DATE 11-19-93
SB HUMAN SERVICES

Presentation to the Human Services Subcommittee
November 19, 1993

Mr Chairman - Members of the Committee - I am Jim Pellegrini of the Office of the Legislative Auditor.

Representative Cobb asked our office to give a brief presentation outlining our performance audit of the Montana juvenile justice system. We issued the report in June of this year. Copies of the audit are available to the committee. We also recently released a performance audit of Foster Care Licensing at DFS. I will try keep this brief and summarize the major issues which may be important to the committee. During the audit we examined the involvement in juvenile justice of the judicial district youth courts, the Department of Family Services (DFS) Juvenile Corrections Division (JCD), including Mountain View School (MVS) and Pine Hills School (PHS), juvenile transition centers, and juvenile parole, and the role of the Montana Board of Crime Control (MBCC).

Our audit objectives included identifying and evaluating activities, such as youth court probation, youth detention, and DFS juvenile corrections and parole functions. After extensive work we concluded that Montana has a juvenile justice structure which is composed of interrelated, but independent entities. Due to lack of formalized, overall administrative oversight, the various groups involved have functioned separately. The deficiencies noted throughout our report affected the entire structure. As a result, over the past several years there has been a growing polarization between the entities.

Our audit recommended changes in each of the entities' activities, as well as in future planning and administration of juvenile justice in Montana.

We recommended the development of comprehensive management controls and management information throughout the juvenile justice system. Specifically, establishing measurable treatment goals at correctional facilities, developing operational procedures for parole officers so there is more consistency in youth treatment, discipline and supervision. We also recommended establishing requirements for management information which would help assess and evaluate

program operations and improve the quality of programs and consistency of juvenile justice.

We also addressed the department's planning efforts.

As early as October 1991, the department had noted a number of the deficiencies in its operations. The department's solution for many of the problems was a reform of system functions. The reform efforts were based upon the division's need to reduce the number of commitments to correctional facilities by expanding use of community-based services as an alternative to correctional facility commitments. However, throughout the division's reform efforts there was not a formal plan which detailed the specific purpose of the reforms; how they will be implemented and funded; contingency options; or what will be used to measure the reforms' impact/success.

For example: we noted that implementation of secure care guidelines and the subsequent reductions in correction facility commitments is dependent upon availability of placement options to the youth courts. If PHS or MVS are the only placement options, secure care guidelines have no value, and therefore will not be utilized. If the secure care guidelines are not utilized, Montana will have a downsized juvenile corrections system which is not capable of serving the needs of the youth courts, and subsequently the public in general.

A secure care guidelines pilot project operated for approximately six months, with the youth courts and division officials making ongoing adjustments. It is proposed the guidelines will be established on a statewide basis sometime in the future. However, at the time we issued our report, division officials had not consulted with the nonparticipating judicial districts about their reform efforts. Additionally, establishment of community-based services to be used for alternative placements in the pilot districts is being limited due to existing funding and service provider resources, and there were no established policies and procedures for any of the proposed programs.

DFS received $300,000 in General Fund money for the 1995 biennium to emphasize community-based options. As a result of the change from facility-based to community-based youth services and the fundamental problems identified, we believed it was important the system have a specific future direction and the roles of the various participants be outlined. We believed the Governor was in the best

position to establish the future role of DFS in juvenile justice as well as help direct the system's overall future. The Governor could address DFS coordination with the youth courts, current treatment capabilities, the role and conditions of the youth correctional facilities and transition centers, as well as the importance of community-based services to overall system operation.

Since our report was issued the governor has requested the Youth Justice Council to become more involved in the re-establishment of a Juvenile Justice System. At the Council's September 16th meeting the department presented a Summary of a System Reform Plan. At that time we were asked to review the plan and we found the planning efforts still lacked detail. Throughout the plan there is general reference to cooperation and coordinated interagency effort. There is also reference to community coalitions who will collaborate with local advisor councils to review and propose local program plans. Overall, it appears the planning is still in the early stages and specifics still need to be developed.

We will be following up on our audit recommendations in the Summer of 1994. At that time we will report to the Legislative Audit Committee on the implementation of all recommendations.

Thank you Mr Chairman.

(Listing of areas where recommendations were made in the Juvenile Justice Audit.

1. Establishing requirements for certified training for juvenile probation officers. Administering a probation officer training program with approved curriculum and classes.

2. Establishing parental contribution procedures.

3. Establishing youth court management information which includes data on youth court programs. Determine successful programs.

4. Division develop and emphasize management controls.

5. Collect youth transportation management information and evaluate to determine the most cost effective method of transportation.

6. Use or eliminate Youth Placement Committees.

7. Designate an Interstate Compact on Juveniles administrator and develop and conduct training on compact operations. p.58

8. Establish formal policy and procedures for collection of court ordered restitution.

9. Set procedures for comprehensive background investigations of all new employees.

10. Establish policy on treatment plan development and evaluate the effectiveness of individual youth treatment plans.

11. Establish criteria and document requirements for release of youth from correctional facilities.

12. Implement standards for case file documentation.

13. Work with youth courts and school districts to assure timely submittal of school records.

14. Conduct an analysis of educational programs and compile information on population needs. Determine if educational programs meet student needs.

15. Assess the training and rehabilitation value of PHS industries programs and determine future need.

16. Reexamine current and future security requirements at MVS.

17. Specific and formal criteria needed for use of detention by juvenile parole officers.

18. Specific policy needed for returning youth to correctional facilities.

19. Establish youth discharge evaluation policies.

20. Establish formal mission for youth transition centers. Evaluate the level and types of treatment required. Increase communication between transition centers, correctional facilities, and parole officers regarding treatment and transition success.

21. Establish management controls at the transition centers and determine the type of management needed.

22. Increase emphasis and user training for Juvenile Probation Information System.

23. Governor implement necessary changes.

EXHIBIT 13
DATE 11-19-93
SB HUMAN SERVICES

STATE AUDITOR
STATE OF MONTANA

Mark O'Keefe
STATE AUDITOR

COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

TO: Representative Cobb, Chairman, Human Services and Aging Joint Subcommittee

FROM: Mark O'Keefe, State Auditor and Insurance Commissioner MOK

SUBJECT: Social and Rehabilitation Services' Proposed Expansion of Medicaid Managed Care

DATE: November 19, 1993

The primary responsibility of the Montana Insurance Department is to regulate the insurance industry and to protect Montana consumers.

The Insurance Commissioner's Office views the managed care proposal as an interesting one. However, we would like to make you aware of affects on our agency, should the committee and the legislature adopt the proposals put forth by SRS.

In this regard, I would like to make the views of the Insurance Department known to the committee.

The Policyholder Service Department in the Montana Insurance Department is made up of seven individuals who handle over 20,000 inquiries per year. Their individual case load is extremely high and, under the circumstances, they do an admirable job of keeping up with this hectic pace.

If the committee and the legislature accept the managed care option, we anticipate the case load of the Policyholder Service Department to increase dramatically. The reason for this case load increase is because the Insurance Department regulates HMOs. As these Medicaid eligible individuals switch over to the HMO option, the case load in Policyholder Services will expand to the point where they can no longer function effectively for Montana consumers. According to SRS's figures, approximately 25,000 insureds initially will be involved in the HMO option and that figure could reach as high as 125,000. These particular group of individuals we anticipate to have a high inquiry factor, simply because it is the only protection they have available to them. They do not have other resources to help with their needs, such as other insurance policies, or the ability to hire attorneys or other counsel to help them with any problems they may have with an insurance company.

We anticipate, based on the 25,000 insured figured, that we will have an additional 2,500 to 3,000 inquiries per year. As the insurance in the HMOs increase towards the 125,000, that figure could go up to 12,000 to 15,000 inquiries per year.

Based upon SRS's figures and our calculations, the Insurance Department anticipates it would need to hire an additional 1.0 FTE, at a minimum, in fiscal year 1995 and that figure would increase to as many as 5 FTEs as more insureds participate in the HMO option.

MO/fcn

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

HUMAN SERVICES & AGING SUBCOMMITTEE DATE 11-19-93

DEPARTMENT(S) _____ DIVISION _____

PLEASE PRINT PLEASE PRINT

NAME	REPRESENTING	
Charles Briggs	Area Agencies on Aging	
Joan-Nell Macfadden	DFS Advisory Council	
LARRY STECNITZ	DFS - Juv. Corrections	
Pete Suedock Jr.	DCHS - Mental Health	
J. Shontz	MASW	
Jan Shaw	Montana Youth Homes	
Sharon Hoff	Mont Catholic Conference	
Lynda Lefavour	Big Brothers & Sisters	
[illegible]	Big Brother & Sisters	
[illegible]	W.I.H.S.S.	
[illegible]	Big Brothers, Sisters - Bzn.	
[illegible]	Boys & Girls Club / BB/BS	
[illegible]	Big Brothers & Sisters	
Larry Nelson	Big Brothers & Sisters	
Mamie FLINN	Big BROS & SIS	
KATHLEEN MALONE	Big Brothers & Sisters Gallatin Valley	
Peggy Owens	Big Brothers & Sisters Gallatin Valley	
Cinda Young	Big Brothers & Sisters L/C County	

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

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

HUMAN SERVICES + AGING SUBCOMMITTEE DATE 11-19-93

DEPARTMENT(S) ________ DIVISION ________

PLEASE PRINT PLEASE PRINT

NAME	REPRESENTING	
Doug Brown	Big Brothers/Sisters	
Ladean Petersen	Big Br/Sisters	
Lina Schindel	Big Brothers/sisters	
Betty Jo Monforton	Nat. Assoc. of Social Workers	
Jim Callahan	Big Brothers/Sister	
Kathy Ramirez	United Way	
Ingrid Callahan	Big Bro/Sis	
Belinda Stacy	Emigrant - Big Brothers/Sisters	
Brenda Kneeland	Big Bros/Big Sis East MT	
Donald Reiter	Big Bro/Sisters Gt Falls -	
Candy Wimmer	MBCC Helena	
Charles Stohl	DHES	
Stella Jo Hansen	HD 57	
Joe Roberts	Dev. Disabilities	
Anne MacIntyre	Human Rights Commission	
Bobbie Jean Curtis	Montana State Foster Adoptive Parent Assc	
Nancy Ruckenberger Anderson	Ulmadda Deal Foundation	

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