

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION**

COMMITTEE ON APPROPRIATIONS

Call to Order: By CHAIRMAN TOM ZOOK, on December 3, 1993, at
7:00 A.M.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Ed Grady, Vice Chairman (R)
Rep. Francis Bardanouve (D)
Rep. Ernest Bergsagel (R)
Rep. John Cobb (R)
Rep. Roger Debruycker (R)
Rep. Marj Fisher (R)
Rep. John Johnson (D)
Rep. Royal Johnson (R)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Red Menahan (D)
Rep. Linda Nelson (D)
Rep. Ray Peck (D)
Rep. Mary Lou Peterson (R)
Rep. Joe Quilici (D)
Rep. Dave Wanzenried (D)
Rep. Bill Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Cathy Kelley, Committee Secretary

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

Committee Business Summary:

Executive Action: HB 34 Do Pass as Amended

EXECUTIVE ACTION ON HOUSE BILL 34

REP. COBB distributed EXHIBIT 1, a copy of HB 34 with proposed
changes, and EXHIBIT 2, a statement of intent for HB 34.

Motion: REP. COBB MOVED HB 34 DO PASS.

Motion: REP. COBB MOVED HB 34 BE AMENDED AS PER EXHIBITS 1 and 2.

Discussion: REP. COBB stated that the bill's purpose was to set up a committee that would recommend to the Department of Social and Rehabilitation Services what the Medicaid growth rates were, and then the director of the department would proceed with cuts on a priority list if necessary. The bill as amended would estimate FY94 and FY95. The committee would meet on a quarterly basis and estimate FY94 and FY95 growth rates. The bill as amended eliminates Section 3 which would have placed a service reduction priority list in statute. That has basically been replaced with the statement of intent in EXHIBIT 2. On p. 14, EXHIBIT 1, lines 1-7 were stricken from the statute. On p. 4, the provision bypassing the Montana Administrative Procedures Act was stricken.

REP. COBB said what he tried to do in the statement of intent was to provide the guidance from the legislature that the department had requested.

REP. KADAS asked how the provision on p. 6, adding medically needy, would work.

Peter Blouke, Director, Department of Social and Rehabilitation Services, said this provision authorized the department to limit the medically needy program, an action the committee had already taken. REP. KADAS asked if this provision allowed the department to cut the program even further. Mr. Blouke said it did, but he felt the department needed that flexibility if the growth rate should increase to the point where the department had to make cuts beyond the priority list.

REP. KADAS complimented REP. COBB on his work on the bill.

REP. PETERSON asked REP. COBB regarding item #2 in the statement of intent, EXHIBIT 2. She asked if there were times when the growth rate leapt in one section but not in others. REP. COBB said that was the case. He gave the example of dental services which were growing at the rate of 11%, while home health was growing at 31%, hospice growing at 37%, etc. He felt the department needed to be at least aware of where the high growth rates were.

REP. PETERSON asked about item #3, a systematic seeking of input from providers. She asked REP. COBB if that would be an added expense or if it could be done in regular communications. REP. COBB felt there might be a little extra cost for mailings.

Mr. Blouke thanked REP. COBB for his work on the bill. He commented on the idea of simply looking at areas where the growth rate has increased. He said large increases can be, in fact,

cost savings. Hospice, for example, is growing at 39%. However, using hospice services avoids much higher-cost in-patient hospital services.

REP. QUILICI asked, regarding p. 14, lines 2-7, if striking this language meant that people who might be driven out of nursing homes if their income was slightly over the allowable level, would not now be affected in this way. REP. COBB said that was the intent, but that did not mean that couldn't happen under existing law.

REP. QUILICI asked Mr. Blouke to place this kind of cut far down on the priority list.

REP. BERGSAGEL stated his hope that the growth rate is down and that none of the cuts would have to be made.

REP. PECK asked if more amendments were going to be offered by REP. BERGSAGEL. REP. COBB said these were the only amendments that were going to be offered. REP. BERGSAGEL said REP. COBB had worked hard to come to agreement with other members.

REP. WISEMAN asked where the statement of intent would fit in the bill. REP. COBB stated it would fit under the title.

REP. NELSON asked if REP. COBB had considered reversing items (i) and (k) in the statement of intent, as suggested by John Shontz. REP. COBB said he had left it as is. He mentioned that he did increase hospital co-insurance to \$200, item (c).

REP. ROYAL JOHNSON stated that he did not like the bill because the legislature was directing what was going to happen in the department's budget. He asked Mr. Blouke if that was what he wanted. Mr. Blouke said the department was seeking some direction from the legislature in terms of service reductions. He felt these sorts of reductions would directly affect thousands of Montana citizens. He felt they were significant and serious policy decisions that had to be joint administrative/legislative decisions. He felt REP. COBB'S bill gave direction; it didn't mandate. He noted that the ultimate responsibility for the decision on the cuts remained with the department.

REP. WANZENRIED asked REP. COBB what the three-person committee in the bill was going to do. REP. COBB said technically the committee wasn't really needed, but they already meet anyway on a regular basis. The only parts of the bill that are really necessary are new Section 3 and the statement of intent. He said references to the committee could be taken out. Mr. Blouke said the language relating to the committee was an effort to involve the three different offices, but they do meet regularly anyway.

REP. WANZENRIED questioned item (i) on p. 2 on the statement of intent. His understanding was that 22 hour limit was already in statute. Nancy Ellery, Administrator, Medicaid Services

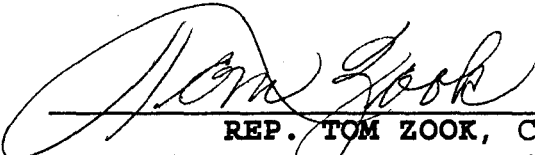
Division, Department of Social and Rehabilitation Services, stated that item (i) referred to an overall cap. She said it was true the cap currently did not apply to mental health centers, but this proposal would put an overall cap of 22 hours for all providers, i.e. social workers, psychologists, etc. It was an overall cap per clinic, per year.

Vote: HB 34 BE AMENDED AS PER EXHIBITS 1 and 2. Motion carried 17-1 with REP. WANZENRIED voting no.


Motion/Vote: REP. COBB MOVED HB 34 DO PASS AS AMENDED. Motion carried 16-2 with REPS. ROYAL JOHNSON and WANZENRIED voting no.

ADJOURNMENT

Adjournment: 7:50 a.m.



REP. TOM ZOOK, Chairman



Cathy Kelley, Secretary

TZ/cek

HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE

ROLL CALL

DATE 12/03/93

NAME	PRESENT	ABSENT	EXCUSED
REP. ED GRADY, VICE CHAIRMAN	X		
REP. FRANCIS BARDANOUVE	X		
REP. ERNEST BERGSAGEL	X		
REP. JOHN COBB	X		
REP. ROGER DE BRUYCKER	X		
REP. MARJORIE FISHER	X		
REP. JOHN JOHNSON	X		
REP. ROYAL JOHNSON	X		
REP. MIKE KADAS	X		
REP. BETTY LOU KASTEN	X		
REP. WM. "RED" MENAHAN	X		
REP. LINDA NELSON	X		
REP. RAY PECK	X		
REP. MARY LOU PETERSON	X		
REP. JOE QUILICI	X		
REP. DAVE WANZENRIED	X		
REP. BILL WISEMAN	X		
REP. TOM ZOOK, CHAIRMAN	X		

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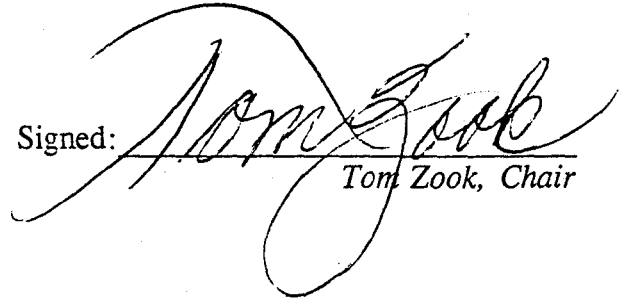
HOUSE STANDING COMMITTEE REPORT

December 4, 1993

Page 1 of 4

Mr. Speaker: We, the committee on Appropriations report that House Bill 34 (first reading copy -- white) do pass as amended.

Signed:


Tom Zook, Chair

And, that such amendments read:

We, your Committee on House Appropriations, met and considered House Bill No. 34 and recommend that House Bill No. 34 (first copy -- white) be amended as follows:

1. Title, line 8.

Strike: "YEAR"

Insert: "YEARS"

2. Title, line 9.

Following: "1994"

Insert: "AND 1995"

3. Title, line 11.

Following: "AN"

Insert: "IMMEDIATE"

4. Page 1, following line 11.

Insert: "STATEMENT OF INTENT"

The legislature, in House Bill No. 2, reduced the fiscal year 1995 appropriation to the department of social and rehabilitation services for medicaid primary care by \$4 million in general fund money (thus affecting matching federal funds) because of an anticipated lowering of the primary care growth rate.

The department has requested guidance from the legislature in determining priorities for spending reductions if the \$4

Committee Vote:

Yes 16, No 2.

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12-4-93
11:10

million general fund primary care reduction does not materialize. The following is intended to provide guidance to the department with respect to legislative priorities for management improvements and spending reductions.

(1) The department should take all possible steps to implement appropriate management and program efficiencies prior to cutting services.

(2) The department should review those services that experience high annual growth rates for possible limits or reductions.

(3) The department should, on a regular and systematic basis, seek input from provider and recipient organizations with respect to high growth rate services in an effort to obtain proposals for limiting the growth of general fund spending on these services.

(4) The department should make strenuous efforts to educate clients about the passport program and to recruit additional passport providers.

(5) The department may take any appropriate steps authorized under 53-6-101 with respect to setting priorities to limit, reduce, or otherwise curtail the amount, scope, or duration of the medical services made available under the Montana medicaid program.

(6) The following represents the legislature's prioritization of the service reductions proposed by the department to the house appropriations committee during the 1993 special session:

(a) limit podiatry so that orthotics are limited to once every 2 years and routine foot care to once every 60 days;

(b) limit physical therapy, occupational therapy, and speech therapy to 35 hours of service per year;

(c) increase hospital coinsurance from \$100 to \$200;

(d) eliminate hearing aids;

(e) eliminate audiology services;

(f) eliminate eyeglasses;

(g) eliminate optical services;

(h) impose a limit on personal care services to 35 hours per week per recipient;

(i) impose a limit on services provided by social workers, psychologists and licensed professional counselors, and community mental health clinic services to 22 hours per year;

(j) impose a limit on day treatment services provided by mental health centers to 780 hours per year;

(k) reduce outpatient hospital reimbursement in the manner presented by the department to the house appropriations committee during the November 1993 special session of the Montana legislature; and

(l) delay nursing home property reimbursement in the manner presented by the department to the house appropriations committee during the November 1993 special session of the Montana legislature."

5. Page 1, line 23.

Following: "1994"

Insert: "and fiscal year 1995"

6. Page 2, line 2.

Strike: "(1)"

7. Page 2, line 3.

Following: "meet"

Insert: "quarterly"

8. Page 2, line 5.

Following: "1994"

Insert: "and fiscal year 1995"

9. Page 2, line 6.

Following: "available"

Strike: "through January 31, 1994"

Insert: "at the time of the meeting"

10. Page 2, line 7 through page 3, line 11.

Strike: page 2, line 7 through page 3, line 11 in their entirety.

Renumber: subsequent sections

11. Page 13, line 24.

Strike: "(a)"

12. Page 14, lines 2 through 7.
Strike: lines 2 through 7 in their entirety.

13. Page 15, line 21.

Strike: "through 3"

Insert: "and 2"

Strike: "1994"

Insert: "1995"

14. Page 15, line 23.

Following: "effective"

Strike: "January 1, 1994"

Insert: "on passage and approval"

-END-

1
2 INTRODUCED BY House BILL NO. 34
3 Cobb

4 BY REQUEST OF THE DEPARTMENT OF SOCIAL AND REHABILITATION
5 SERVICES AND THE OFFICE OF BUDGET AND PROGRAM PLANNING

6 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
7 LAWS RELATING TO THE MONTANA MEDICAID PROGRAM; CREATING A
8 COMMITTEE TO ESTIMATE MEDICAID EXPENDITURES FOR FISCAL YEAR S
9 and 1995
10 1994A REVISING ELIGIBILITY AND THE MEDICAL SERVICES THAT MAY
11 BE COVERED; AMENDING SECTIONS 53-6-101 AND 53-6-131, MCA;
12 AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION. Section 1. Committee on medicaid
15 expenditures -- composition -- purpose. (1) There is a
16 committee on medicaid expenditures.

17 (2) The committee consists of the legislative fiscal
18 analyst, provided for in 5-12-301; the budget director,
19 appointed by the governor pursuant to 17-7-103; and the
20 director of the department of social and rehabilitation
21 services, provided for in 2-15-2201.

22 (3) The purpose of the committee is to estimate the
23 and 1995
24 fiscal year 1994A anticipated expenditures of medicaid
25 services under the Montana medicaid program as established
in Title 53, chapter 6.

EXHIBIT

DATE 12/3/93

HB 34

1 NEW SECTION. Section 2. Duties of committee on
2 medicaid expenditures. (1) The committee on medicaid
3 expenditures shall meet quarterly and establish an estimate of
4 medicaid expenditures for medicaid services for fiscal year
5 1994A and 1995. The estimate must be based upon data of medicaid
6 expenditures available at the time ~~through January 31, 1994.~~

7 ~~(2) The committee shall establish an estimate of~~
8 medicaid expenditures no later than February 28, 1994. As
9 soon as the estimate is completed, it must be presented to
10 the governor, the speaker of the house of representatives,
11 and the president of the senate.

12 NEW SECTION. Section 3. Duty of department of social
13 and rehabilitation services to reduce medicaid services and
14 reimbursement rates or restrict eligibility. (1) If the
15 committee on medicaid expenditures determines that
16 expenditures in fiscal year 1994 for medicaid services will
17 exceed the amount appropriated for the services, the
18 department of social and rehabilitation services is directed
19 to implement reductions in services and provider
20 reimbursement rates or limit eligibility necessary to keep
21 medicaid expenditures within the available appropriated
22 amounts.

23 (2) The reduction in services and reimbursement rates
24 or limitations placed upon eligibility must be made in
25 accordance with the priorities as established in the list of

HB 34
INTRODUCED BILL

1 (a) medical care or any other type of remedial care
 2 recognized under state law, furnished by licensed
 3 practitioners within the scope of their practice as defined
 4 by state law;
 5 (b) home health care services;
 6 (c) private-duty nursing services;
 7 (d) dental services;
 8 (e) physical therapy services;
 9 (f) mental health center services administered and
 10 funded under a state mental health program authorized under
 11 Title 53, chapter 21, part 2;
 12 (g) clinical social worker services;
 13 (h) prescribed drugs, dentures, and prosthetic devices;
 14 (i) prescribed eyeglasses;
 15 (j) other diagnostic, screening, preventive,
 16 rehabilitative, chiropractic, and osteopathic services;
 17 (k) inpatient psychiatric hospital services for persons
 18 under 21 years of age;
 19 (l) services of professional counselors licensed under
 20 Title 37, chapter 23;
 21 (m) hospice care, as defined in 42 U.S.C. 1396d(o);
 22 (n) case management services as provided in 42 U.S.C.
 23 1396d(a) and 1396n(g), including targeted case management
 24 services for the mentally ill but--limited--to-services
 25 provided-in-crisis-intervention-programs;

1 (o) inpatient psychiatric services for persons under 21
 2 years of age, as provided in 42 U.S.C. 1396d(h), in a
 3 residential treatment facility, as defined in 50-5-101, that
 4 is licensed in accordance with 50-5-201; and
 5 (p) any additional medical service or aid allowable
 6 under or provided by the federal Social Security Act.
 7 (4) Services for persons qualifying for medicaid under
 8 the medically needy category of assistance as described in
 9 53-6-131 may be more limited in amount, scope, and duration
 10 than services provided to others qualifying for assistance
 11 under the Montana medicaid program.
 12 (4)(5) The department may implement, as provided for in
 13 Title XIX of the federal Social Security Act (42 U.S.C.
 14 1396, et seq.), as may be amended, a program under medicaid
 15 for payment of medicare premiums, deductibles, and
 16 coinsurance for persons not otherwise eligible for medicaid.
 17 (5)(6) The department may set rates for medical and
 18 other services provided to recipients of medicaid and may
 19 enter into contracts for delivery of services to individual
 20 recipients or groups of recipients.
 21 (6)(7) The services provided under this part may be
 22 only those that are medically necessary and that are the
 23 most efficient and cost-effective.
 24 (7)(8) The amount, scope, and duration of services
 25 provided under this part must be determined by the

1 program may, as provided by department rule, also include
2 the following services:
3 (a) medical care or any other type of remedial care
4 recognized under state law, furnished by licensed
5 practitioners within the scope of their practice as defined
6 by state law;
7 (b) home health care services;
8 (c) private-duty nursing services;
9 (d) dental services;
10 (e) physical therapy services;
11 (f) mental health center services administered and
12 funded under a state mental health program authorized under
13 Title 53, chapter 21, part 2;
14 (g) clinical social worker services;
15 (h) prescribed drugs, dentures, and prosthetic devices;
16 (i) prescribed eyeglasses;
17 (j) other diagnostic, screening, preventive,
18 rehabilitative, chiropractic, and osteopathic services;
19 (k) inpatient psychiatric hospital services for persons
20 under 21 years of age;
21 (l) services of professional counselors licensed under
22 Title 37, chapter 23;
23 (m) hospice care, as defined in 42 U.S.C. 1396d(o);
24 (n) case management services as provided in 42 U.S.C.
25 1396d(a) and 1396n(g), including targeted case management

1 services for the mentally ill but--limited--to--services
2 provided-in-crisis-intervention-programs;
3 (o) inpatient psychiatric services for persons under 21
4 years of age, as provided in 42 U.S.C. 1396d(h), in a
5 residential treatment facility, as defined in 50-5-101, that
6 is licensed in accordance with 50-5-201; and
7 (p) any additional medical service or aid allowable
8 under or provided by the federal Social Security Act.
9 (4) Services for persons qualifying for medicaid under
10 the medically needy category of assistance as described in
11 53-6-131 may be more limited in amount, scope, and duration
12 than services provided to others qualifying for assistance
13 under the Montana medicaid program.
14 ~~†4†~~(5) The department may implement, as provided for i
15 Title XIX of the federal Social Security Act (42 U.S.C
16 1396, et seq.), as may be amended, a program under medical
17 for payment of medicare premiums, deductibles, an
18 coinsurance for persons not otherwise eligible for medical
19 ~~†5†~~(6) The department may set rates for medical ar
20 other services provided to recipients of medicaid and m
21 enter into contracts for delivery of services to individu
22 recipients or groups of recipients.
23 ~~†6†~~(7) The services provided under this part may
24 only those that are medically necessary and that are t
25 most efficient and cost-effective.

1 categories in subsections (1)(a) through (1)(e) and:

2 (i) the person's income does not exceed the medicaid
3 needy income level specified for federally aided categories
4 of assistance and the person's resources are within the
5 resource standards of the federal supplemental security
6 income program; or

7 (ii) the person, while having income greater than the
8 medically needy income level specified for federally aided
9 categories of assistance:

10 (A) has an adjusted income level, after incurring
11 medical expenses, that does not exceed the medically needy
12 income level specified for federally aided categories of
13 assistance or, alternatively, has paid in cash to the
14 department the amount by which the person's income exceeds
15 the medically needy income level specified for federally
16 aided categories of assistance; and

17 (B) has resources that are within the resource
18 standards of the federal supplemental security income
19 program.

20 (g) The person is a qualified pregnant woman or child
21 as defined in 42 U.S.C. 1396d(n).

22 (2) The department may establish income and resource
23 limitations.

24 (a) Limitations of income and resources must be within
25 the amounts permitted by federal law for the medicaid

1 program.

2 (b) For persons residing in institutions or requiring a
3 level of care that would qualify them for placement in an
4 institution, limitations may include a maximum income,
5 before deductions, that does not exceed 300% of the federal
6 supplemental security income benefit amount payable under 42
7 U.S.C. 1382(b)(1).

8 (3) The Montana medicaid program shall pay for, as
9 required by federal law, the premiums necessary for
10 participation medicaid-eligible persons participating in the
11 medicare program and may, within the discretion of the
12 department, pay all or a portion of the medicare premiums,
13 deductibles, and coinsurance for a qualified
14 medicare-eligible person or for a qualified disabled and
15 working individual, as defined in section 6408(d)(2) of the
16 federal Omnibus Budget Reconciliation Act of 1989, Public
17 Law 101-239, who:

18 (a) has income that does not exceed income standards as
19 may be required by the federal Social Security Act; and

20 (b) has resources that do not exceed standards the
21 department determines reasonable for purposes of the
22 program.

23 (4) The department may pay a medicaid-eligible
24 person's expenses for premiums, coinsurance, and similar
25 costs for health insurance or other available health

HOUSE BILL NO. 34

Statement of Intent

The Legislature, in House Bill 2, reduced the FY 1995 appropriation to the Department of Social and Rehabilitation Services for Medicaid primary care by \$4 million general fund (and matching federal funds) due to an anticipated lowering of the primary care growth rate.

The Department has requested guidance from the legislature in determining priorities for spending reductions if the \$4 million general fund primary care reduction does not materialize. The following is intended to provide guidance to the Department with respect to legislative priorities for management improvements and spending reductions.

1. The Department should take all possible steps to implement appropriate management and program efficiencies prior to cutting services.
2. The Department should review those services which experience high annual growth rates for possible limits or reductions.
3. The Department should on a regular and systematic basis seek input from provider and recipient organizations with respect to high growth rate services in an effort to obtain proposals for limiting the growth of general fund spending on these services.
4. The Department should make strenuous efforts to educate clients about the passport program and to recruit additional passport providers.
5. The Department may take any appropriate steps authorized under Section 53-6-101 with respect to setting priorities to "limit, reduce, or otherwise curtail the amount, scope, or duration of the medical services made available under the Montana medicaid program".
6. The following represents the legislature's prioritization of the service reductions proposed by the Department to the house appropriations committee during the 1993 special session:
 - (a) Limit podiatry so that orthotics are limited to once every two years and routine foot care to once every 60 days;
 - (b) Limit physical therapy, occupational therapy, and speech therapy to 35 hours of service per year;
 - (c) Increase hospital co-insurance from \$100 to \$200;
 - (d) Eliminate hearing aids;
 - (e) Eliminate audiology services;

- (f) Eliminate eye glasses;
- (g) Eliminate optical services;
- (h) Impose a 35 hour per week per recipient limit on personal care services;
- (i) Impose a 22 hour per year limit on services provided by social workers, psychologists and licensed professional counselors and community mental health clinic services;
- (j) Impose a 780 hour per year limit on day treatment services provided by mental health centers;
- (k) Reduce outpatient hospital reimbursement in the manner presented by the department to the house appropriations committee during the November 1993 special session of the Montana legislature;
- (l) Delay nursing home property reimbursement in the manner presented by the department to the house appropriations committee during the November 1993 special session of the Montana legislature.