

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - SPECIAL SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on December 6, 1993, at 3:50 p.m., Room 325.

ROLL CALL

Members Present:

Sen. Judy Jacobson, Chair (D)
Sen. Eve Franklin, Vice Chair (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Sen. Don Bianchi (D)
Sen. Chris Christiaens (D)
Sen. Gerry Devlin (R)
Sen. Gary Forrester (D)
Sen. Harry Fritz (D)
Sen. Ethel Harding (R)
Sen. Bob Hockett (D)
Sen. Greg Jergeson (D)
Sen. Tom Keating (R)
Sen. J.D. Lynch (D)
Sen. Chuck Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry Tveit (R)
Sen. Eleanor Vaughn (D)
Sen. Mignon Waterman (D)
Sen. Cecil Weeding (D)

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HB 2
Executive Action: SB 23, SB 29

EXECUTIVE ACTION ON SENATE BILL 23

Motion/Vote: Senator Christiaens moved that SB 23 DO PASS.
Motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SENATE BILL 29

Motion/Vote: Senator Jergeson moved that SB 29 DO PASS. Motion CARRIED with Senator Aklestad opposed.

HEARING ON HOUSE BILL 2**Opening Remarks by Legislative Fiscal Analyst:**

Clayton Schenck, Legislative Fiscal Analyst (LFA), referred the committee to the third reading copy of HB 2 and the HB 2 narrative (Exhibit 1). He explained that the narrative indicates action to date on HB 2, with a table for each agency. The tables also indicate action taken on other appropriation bills and action related to agencies on revenue/fund balance proposals. He concluded that the legislative budget action narrative reflects all action taken in committee and the full House floor and that these are adjustments to the original HB 2 that was passed in the last regular legislative session.

Chair Jacobson advised the committee that deliberations on HB 2 would begin with Section B.

Section B - Human Services

Rep. John Cobb presented the narrative section for the Departments of Labor and Industry, Family Services (DFS), Social and Rehabilitation Services (SRS).

Rep. Cobb described a handout entitled "Medically Needy Changes" (Exhibit 2), showing current benefits as well as proposed benefits effective January 1994.

Section B- Questions from Committee

Senator Swysgood questioned the \$12 million reduction in the SRS budget.

Rep. Cobb said the figure is based on estimated savings in SRS if the big cuts relate to dental and medically needy. He added that the medically needy could go \$2 million either way, and that \$2.6 million is after an amendment by Senator Waterman and is based on lower growth rates.

Senator Swysgood indicated concern in the growth rate and asked if the amount is being taken out regardless of whether it declines or goes up or questioned if it would come in with a supplemental.

Rep. Cobb said it was taken out of the base; the money is gone. They are still predicting a 20 percent growth. He said hopefully it will temporarily save the people now, but there could be a large difference when the 1995 legislature convenes.

Senator Swysgood questioned a growth rate of 81 percent in '92-'93, and that being three times what it normally is.

Rep. Cobb said they are comparing July and August of one year and July and August of the preceding year. As more months come in, a better picture is drawn for the entire fiscal year of what is being spent.

Senator Swysgood said even given reductions in savings, the next legislative session could be faced with a \$45-\$50 million general fund obligation in excess of what is currently being given.

Rep. Cobb said that was correct. He added that something had to be done about that now rather than waiting until next year.

Senator Keating questioned if there would be budgeting to provide needed services to those people at the current level if the numbers did not grow as anticipated and if those people would continue getting the services they had been given in the past.

Rep. Cobb said for those that had not been reduced, such as the medically needy and dental services. He added that co-payments will still go up. When services such as medically needy are eliminated, they will have to wait until the bills come in to see what really happened and whether or not there is a reduction. The general fund will be reduced by \$8-9 million plus the federal match so there will be a big reduction for some people.

Senator Keating questioned if the \$11 million being cut is match money and if the state would be losing \$22 million of federal money as well.

Rep. Cobb said that is correct.

Senator Keating said the medically needy are a diverse group with physical needs and there is also foster care and mental illnesses to take care of. In some areas with coinsurance, the eligibility level is higher financially where some people can afford to pay for this; but the seriously mentally ill have a lower financial eligibility threshold and these people are being sent from Warm Springs into communities for community health. If these people are unable to get the medication and hospitalization that is needed, they will have to return to Warm Springs at a larger cost than what regional mental health centers are spending to take care of them. He questioned the cost efficiency of putting those people in with the medically needy group when many different kinds of needy medical assistance is being discussed.

Rep. Cobb said they will continue to receive their prescribed

drugs, but they will not get their therapy. He added that SRS has data regarding costs of putting services back in. The large savings would come from personal care and hospitals.

Senator Keating said he was trying to differentiate between the groups in the medically needy and whether the cuts will be cost efficient.

Rep. Cobb said many issues have to be decided such as number of people getting medications and mental health centers taking care of issues under existing budgets.

Senator Waterman said she put together a "Profiles -- seriously mentally ill who rely on medically needy" (Exhibit 3). Her profile discusses people who will lose mental health services. She said the mentally ill would not receive any benefits other than targeted case management. It would cost approximately \$150,000 general fund money per biennium to put the services back in so that the mentally ill would at least receive day treatment programs. Another difficult category is personal care assistance programs. She also presented an illustration with category of service relative to growth rates for medicaid service categories (Exhibit 4).

Senator Waterman said she would like to have Rep. Cobb explain the services under HB 34 that he introduced.

Rep. Cobb said under current law if nothing is done, the department would cut \$7 million. He said growth rates had to be looked at and a decision on whether to deal with \$2.6 million this session or if less should be cut and wipe out the growth rate.

Senator Aklestad indicated his concern relative to the projected \$40-\$50 million budget increase in the next legislative session and whether a solution would be formulated for that amount. He said he is concerned that the state's economic growth and revenues are not going to cover that plus inflationary factors pertaining to all the other budgets in the next legislative session, which would require additional cuts to satisfy this particular budget.

Rep. Cobb said it was his impression that the Governor was not certain what to do with the amounts and added that unless the growth rates drop dramatically, there will be trouble. He felt the issues had to be looked at before the next session and direction given before then to look at the existing programs and whether money can be saved.

Rep. Cobb then presented the narrative section of HB 2 for the Department of Health and Environmental Sciences (DHES).

Senator Devlin questioned if \$50,000 was taken in the first year and \$100,000 in the second year for the health care authority.

Rep. Cobb said that was correct, which he added was the Governor's recommendation.

Section B - Department of Health Testimony

Bob Robinson, Director, DHES, said the reductions taken by the appropriations committee were basically the reductions his department applied due to the budget balancing and vacancy savings adjustments they were required to make. The full House had \$106,000 placed back into the MIAMI project. He stated his concern that there is \$288,000 of budget balancing reductions and vacancy savings reductions that DHES has to apply both in fiscal '94 and fiscal '95, yet the language prohibits them from applying those reductions to the areas they were taken from last year; basically there is the same level of reduction but applying it to a smaller base. He concluded that he would like the committee to consider reducing a portion of that before HB 2 leaves the Senate.

When questioned by Senator Jacobson regarding cuts made during the HB 2 conference committee in the last regular session, Mr. Robinson said there was some consideration at the time they were proposed that they could come out of air quality. There was \$190,000 of additional reductions. After discussion, they felt the department should apply the reductions to alleviate the negative effect, so they were not applied to any certain area.

Senator Jacobson said the decision was then made by DHES that instead of doing something to air quality, they would cut each of the programs that were administratively attached, such as end stage renal program, MIAMI program and rural physicians residency program. She said there could be concern of the House appropriations committee or the House itself that those programs might be delved into again, which is why they were given the restrictions.

Mr. Robinson said the House did not want to see additional reductions made in those areas. The House appropriations committee extended those reductions to fiscal '95, so they essentially concurred in what DHES did. There is still \$288,000 to take out of DHES. The remainder of what is required by DHES is statutorily required. He said some decisions were made so programs would not be harmed. He concluded that bills would be introduced in the legislative session to eliminate a few of the statutory responsibilities.

Paulette Kohman, Montana Council for Maternal and Child Health, said even after restoration of the cuts, there is still a 20 percent cut in the MIAMI project.

Section B- Department of Social & Rehabilitation Services

Peter Blouke, Director, SRS, said SRS did not make these recommendations or decisions in isolation but solicited input from the field staff and provider groups. They were difficult and painful decisions and recommendations to bring before the legislature. He said if someone had a good alternative to present, he would like to hear those recommendations. Even if the reductions are made, SRS will come before the next regular legislative session asking for approximately \$45-\$55 million additional general fund just to maintain the current level of services.

Mona Jamison, representing Montana Association of Speech Pathologists and Audiologists, and Montana Chapter of the American Physical Therapy Association, said they are basically within the optional benefit of the SRS budget. She said they appreciated that the subcommittee did not support the cut recommended for hearing aids and the committee not to cut necessary services. Not making those cuts enables people to hopefully stay off the AFDC rolls.

Jim Ahrens, President, Montana Hospital Association, pointed out that whatever cuts are given to the hospitals will be passed on to consumers to pay for it.

Kathy McGowan, representing Montana Council of Mental Health Centers, said there are serious implications for the seriously mentally ill and the cuts would be a large hit on the seriously ill people. She added that policies should be discussed before the next regular legislative session regarding the seriously mentally ill people. Shifting people to the community was a policy decision to bolster community services to take care of these people, and a firm decision should be made and adhered to.

Harley Warner, representing Montana Association of Churches, and speaking on behalf of the Montana Catholic Council, said \$12 million is not the issue being discussed, but rather it is human lives and \$40 million toward health care. Considering only the medically needy program is \$26.2 million. He questioned the necessity of cutting \$12 million out of human services budgets and stated it is not appropriate or necessary.

Rose Hughes, Executive Director, Montana Health Care Association, representing nursing homes in Montana, stated the special income limit for nursing home residents would have taken away medicaid eligibility to approximately 170 patients, and there would be uncertainty where to place those people. Another area of concern is the nursing home rate increase scheduled to go in effect July 1. Not having that increase would represent a \$2 per patient day cost shift to private pay residents in those facilities to make up the difference. The increase proposed to be cut was funded with the nursing home bed tax and was not to be funded with general funds.

John Shontz, representing National Association of Social Workers, said the proposed cuts to mental health areas will affect approximately 700 seriously mentally ill people in the state. If the cuts are adopted, these people will probably have to be re-institutionalized. The Warm Springs general fund budget would most likely have to be increased by at least \$100,000 a year general fund for this biennium. Since approximately 80 percent are women with many being single mothers with children, he suggested that the LFA make a determination as to amount of general fund money needed for the Department of Family Services (DFS) foster care budget for this biennium to care for that population.

Christine Medina, representing Low Income Coalition, presented testimony relative to Aid to Families with Dependent Children (AFDC) reductions (Exhibit 5, Exhibit 5(a)).

Section B - Amendments

Motion: Senator Christiaens moved to amend page B-14 (Exhibit 6).

Discussion: Senator Christiaens said the amendment (Exhibit 6) reallocates \$1,941,943 federal funds between the primary care hospital and non-hospital appropriations in fiscal year 1994. The adjustment is necessary to reflect the correct allocation of federal funds between the appropriations. He concluded that the amendment changes the federal appropriation.

Vote: Senator Christiaens' motion to amend (Exhibit 6) CARRIED UNANIMOUSLY.

Motion: Senator Waterman moved to amend page B-21 (Exhibit 7).

Discussion: Senator Waterman said language would be added that the legislature intends that the reductions of \$4 million in general fund money and \$9.7 million in federal funds in items 6 and 6a in fiscal 1995 are offset by reductions in medicaid benefit costs of \$292,537 in general fund money and \$712,353 federal funds. It would not change the bottom line in the general fund of SRS.

When questioned by Senator Aklestad relative to the amendment, Rep. Cobb said it is a cleanup amendment to find extra savings to reduce the growth rate to \$4 million.

Vote: Senator Waterman's motion to amend (Exhibit 7) CARRIED UNANIMOUSLY.

Discussion: Senator Waterman presented another amendment (Exhibit 8). She said the first two amendments on the page deal

with AFDC agreements and government subsidized agreements. She noted that wording was wrong on Rep. Cobb's motion on the House floor and these two amendments would clarify that. The third amendment (Exhibit 8, number 3) would state that the department shall apply for federal approval of a good cause hardship exception in addition to the exceptions previously listed.

Motion: Senator Waterman moved the amendments on Page B-19 that she discussed (Exhibit 8).

Discussion: Senator Swysgood stated that the third amendment of Exhibit 8 goes further than is allowed, and he asked Senator Waterman if she would separate the amendments.

Senator Waterman said she had no objection to segregating the amendments. She noted, however, that the third amendment says that the department shall apply for the exception and they will write the rules and determine whether they give a hardship exemption. The discretion is left with the department, and it simply says they will apply for the waiver.

Mr. Blouke said that was correct, but added that the federal government may not allow SRS to institute a hardship waiver.

Motion/vote: Senator Waterman separated her amendment motion and moved amendments number 1 and number 2 (Exhibit 8). Motion CARRIED UNANIMOUSLY.

Motion: Senator Waterman moved amendment number 3 (Exhibit 8), stating that the department shall apply for the waiver.

Discussion: Senator Keating questioned the cost of the waiver.

Mr. Blouke said in his opinion it would not be a big document. It would be fairly innocuous and easy to request a waiver.

Senator Devlin asked Rep. Cobb his opinion relative to the document.

Rep. Cobb said that Senator Waterman was trying to make exceptions for low income people and this is a way of doing it. He concluded that in his opinion the amendment being offered is proper.

Senator Devlin questioned if the amendment (amendment 3, Exhibit 8) was introduced in the House.

Rep. Cobb said it passed on the House floor to take the \$50 out with some exceptions.

Senator Waterman said SRS will be applying for a welfare reform waiver, and this will be included in that waiver. It is not a separate waiver.

SENATE FINANCE & CLAIMS COMMITTEE

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Vote: Senator Waterman's amendment motion (amendment 3, Exhibit 8) CARRIED UNANIMOUSLY.

Chair Jacobson asked if anyone on the committee had objections to closing Section B.

Senator Beck questioned if there would be a possibility of re-opening Section B later.

Chair Jacobson said she was attempting to allow the LFA to begin putting HB 2 together with the amendments. If Section B is closed, further amendments could be offered on the Senate floor.


Motion: Senator Franklin moved that Section B be closed.

Discussion: Senator Waterman said as the budget is adopted, optional services is being adopted. If Rep. Cobb is wrong on the medicaid growth rate and it is where SRS believes it will be and there is not a \$2.6 million savings in the growth rate in '95, optional service cuts kick in. She said it should not be assumed that when it says "not adopted" that it will not be cut because it will be cut under HB 34. Those are potential cuts.

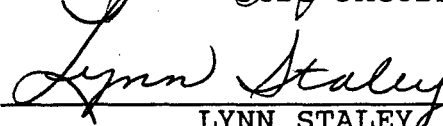
Vote: Senator Franklin's motion to close Section B CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 5:45 p.m.



JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/LS

ROLL CALL

SENATE COMMITTEE FINANCE & CLAIMS

P. M. Sesnori
DATE 12/6/93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR FRANKLIN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BIANCHI	✓		
SENATOR CHRISTIAENS	✓		
SENATOR DEVLIN	✓		
SENATOR FORRESTER	✓		
SENATOR FRITZ	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR JERGESON	✓		
SENATOR KEATING	✓		
SENATOR LYNCH	✓		
SENATOR SWYSGOOD	✓		
SENATOR TOEWS	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
December 6, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration Senate Bill No. 23 (first reading copy -- white), respectfully report that Senate Bill No. 23 do pass.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

SENATE STANDING COMMITTEE REPORT

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December 6, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration Senate Bill No. 29 (first reading copy -- white), respectfully report that Senate Bill No. 29 do pass.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

Legislative Agencies			Legislative Budget Action				
Description	Pg	Fiscal 1994			Fiscal 1995		
		General Fund	Other Funds	Total Funds	General Fund	Other Funds	Total Funds
House Bill 2 Authority Before Proposal		\$4,375,775	\$3,364,018	\$7,739,793	\$4,545,484	\$2,844,495	\$7,389,979
House Bill 2 Authority After Proposal		\$4,287,179	\$3,361,621	\$7,648,800	\$4,514,904	\$2,841,163	\$7,356,067
House Bill 2 Percent Change		-2.02%	-0.07%	-1.18%	-0.67%	-0.12%	-0.46%
House Bill 2							
1 Audit/Review to Legislative Auditor		Contingent					
2 Peer Review - Leg Auditor	01	(13,000)		(13,000)	0		
3 PPP Modifications - Leg Auditor	01	(10,000)		(10,000)	0		
4 Actuarial Consultant - Leg Auditor	01	0			(12,500)		(12,500)
5 Legislative Audits - Leg Auditor	01	(12,000)		(12,000)	0		
6 OPI Audit - Leg Auditor	01	(20,000)		(20,000)			
7 Operations Reduction - Fiscal Analyst	01	0			(7,500)		(7,500)
8 Eliminate Annual Report - EQC	01	0			(5,000)		(5,000)
9 Fixed Costs - Computer Processing		(2,886)	(2,208)	(5,094)	(4,137)	(2,992)	(7,129)
10 Fixed Costs - DofA Buildings		(801)	(189)	(990)	(1,443)	(340)	(1,783)
11 Eliminate PNWER Funds	05	(29,909)		(29,909)			
House Bill 2 Sub-Total		(\$88,596)	(\$2,397)	(\$90,993)	(\$30,580)	(\$3,332)	(\$33,912)
Other Appropriation Bills							
12 Eliminate NCSL Funds	05	(58,125)		(58,125)			
Total Expenditure Impact		(\$146,721)	(\$2,397)	(\$149,118)	(\$30,580)	(\$3,332)	(\$33,912)
Revenue/Fund Balance Proposals							
Total Revenue/Fund Balance Impact		\$0	\$0	\$0	\$0	\$0	\$0
Net Impact		(\$146,721)	(\$2,397)	(\$149,118)	(\$30,580)	(\$3,332)	(\$33,912)

1) Audit/Review to Legislative Auditor - The legislature approved an Executive Budget proposal for the transfer of 17.0 FTE and \$744,416 of proprietary funds from the Department of Commerce to the Legislative Auditor for the Local Government Audit and Review function. It is contingent upon passage and approval of LC 27.

2) Peer Review - Legislative Auditor - The legislature approved a \$13,000 general fund reduction to contracted services in fiscal 1994, originally budgeted for a fiscal 1994 Legislative Auditor peer review which was instead accrued at the end of fiscal 1993.

3) PPP Modifications - Legislative Auditor - The legislature approved reducing general fund contracted services by \$10,000 in fiscal 1994 for a PPP modification that was instead completed in fiscal 1993.

4) Actuarial Consultant - Legislative Auditor - The legislature approved a \$12,500 general fund contracted services reduction in fiscal 1995. These funds were originally budgeted for actuarial work at the State Compensation Insurance Fund, but are no longer needed.

5) Legislative Audits - Legislative Auditor - The legislature approved the reduction of \$12,000 general fund in fiscal 1994 for contracted audits of the Legislative Branch which were accrued instead at the end of fiscal 1993.

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- 6) OPI Audits - Legislative Auditor - The legislature approved a \$20,000 general fund reduction in fiscal 1994 to a \$40,000 biennial contingency appropriation for contract audit work at the Office of Public Instruction (OPI). The bids for the audit work came in lower than anticipated.
- 7) Operations Reduction - Legislative Fiscal Analyst - The legislature approved reducing general fund operations by \$7,500 in fiscal 1995, which will be realized through a reduction in supplies, printing, and maintenance contracts.
- 8) Eliminate Annual Report - Environmental Quality Council (EQC) - The legislature approved reducing general fund contracted services by \$5,000 in fiscal 1995, reflecting the decision by the EQC to no longer publish an annual report.
- 9) Fixed Costs - Computer Processing - The legislature approved the reduction of computer processing rates by 3.5 percent in each year, retroactive to July 1, 1993. This rate reduction results in the cost savings for the Legislative Branch agencies shown in the table above.
- 10) Fixed Costs - DoA Buildings - The legislature reduced rental rates for capitol complex office space by 1.4 percent in fiscal year 1994 and 2.5 percent in fiscal 1995. The rate reduction results in the cost savings for this agency shown in the table above.
- 11) Eliminate PNWER Funds - The legislature eliminated \$29,909 budgeted for dues and other costs associated with participation in the Pacific Northwest Economic Region (PNWER) in fiscal 1994. Of the original \$30,584 budgeted for PNWER, \$675 was already spent attending meetings, and the legislature eliminated remaining funds through this action.
- 12) Eliminate NCSL Funds - The legislature eliminated \$58,125 for participation in the National Conference of State Legislatures (NCSL). Of the original \$125,000 biennial general fund language appropriation for NCSL, \$60,647 is reserved for dues, \$6,228 was already spent attending meetings, and the legislature eliminated remaining funds through this action.

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SENATE COMMITTEE ON FINANCE & CLAIMS

December 6, 1993

Due to the length of this exhibit, the original is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

MEDICALLY NEEDY CHANGES

SENATE FINANCE AND CLAIMS
 EXHIBIT NO. 2
 DATE 12/6/93
 BILL NO. HB2

CURRENT BENEFITS	PROPOSED BENEFITS EFFECTIVE JANUARY 1994
PHYSICIAN MID-LEVEL PRACTITIONER LAB AND X-RAY PRESCRIBED DRUGS TARGETED CASE MANAGEMENT FAMILY PLANNING HOSPITAL - INPATIENT & OUTPATIENT NURSING FACILITY RURAL HEALTH CLINICS FEDERALLY QUALIFIED HEALTH CENTERS HOME HEALTH PODIATRY OPTOMETRIC (INCLUDING EYEGLASSES) PSYCHOLOGICAL SERVICES PRIVATE DUTY NURSING CLINIC	PHYSICIAN MID-LEVEL PRACTITIONER LAB AND X-RAY PRESCRIBED DRUGS TARGETED CASE MANAGEMENT DENTAL (INCLUDING DENTURES) THERAPIES (PHYSICAL, SPEECH, & OCCUPATIONAL) PERSONAL CARE REHABILITATIVE AUDIOLOGY (INCLUDING HEARING AIDS) TRANSPORTATION PROSTHETIC DEVICES DURABLE MEDICAL EQUIPMENT HOSPICE LICENSED PROFESSIONAL SOCIAL WORKERS & COUNSELORS
NOTE: Federal regulations state that if a state chooses to have a medically needy program, it must provide all services to pregnant women, children, and persons in institutional or waiver services.	

3
DATE 12/6/93
BILL NO. 262

Ephraim

Profiles -- Seriously Mentally Ill Who Rely on Medically Needy

W. L. has experienced years of repeated hospitalizations at Warm Springs State Hospital.

W. L. was diagnosed with schizophrenia while serving with the U. S. Navy. What had started as a bright and promising experience in a Navy career was stripped away in a short time.

W. L. relies upon a variety of community-based services to help maintain his stability and to assist him toward independence. He has accepted a part-time janitorial position, a major accomplishment for him. His greatest fear is that something might prevent him from continuing his periodic contact with the programs he utilizes through the mental health center to remain stable. This will become a reality if clinic services in the Medically Needy program are eliminated.

E.D. is an elderly individual who struggles with her illness. Every day is a new challenge for her. She has experienced repeated hospitalizations at the State Hospital.

Once socially isolated and non-communicative, she now enjoys getting out on a daily basis. She has utilized available mental health center community programs and activities and those services have helped her to overcome a lifetime struggle to develop skills to cope with her illness. She would suffer an extreme setback if such programs as day treatment and outpatient therapy under the Medically Needy program were eliminated.

Jim is a 37 year old man who was discharged from Montana State Hospital in November of 1992 after having been hospitalized there continuously for nearly 21 years. He has been profoundly disabled by Chronic Paranoid Schizophrenia for most of his life. It was expected that Jim would spend the remainder of his life at the hospital, but a new medication (Clozaril) and intensive community services made it possible for him to be discharged.

Since discharge from the hospital, Jim has been receiving \$454 per month in SSI benefits, and he has been eligible for Medicaid coverage. This has been very important to his success in the community because his medical needs continue to be intense. However, recently the Social Security Administration notified Jim's case manager that his benefits would change so that his monthly payment is tied to his father's retirement. While his benefit amount actually increased by \$73, he was reclassified as Medically Needy. Action by the Legislature to eliminate many services under the Medically Needy program will be devastating to Jim.

Jim has made tremendous progress in the past year. He displays less preoccupation with auditory hallucinations and he occasionally responds to

questions and conversation in short sentences rather than one or two word replies. His facial expressions have become a little more animated and he occasionally smiles, and even laughs spontaneously and appropriately.

Jim had no meal planning or cooking skills when he moved to Anaconda. With assistance from his mental health worker he is mastering simple cooking techniques and is able to prepare his own meals. He is learning how to sort his own clothes, measure detergent, and master the controls on the washer and dryer.

Jim has no family support system. His parents had not visited or written to him in the several years prior to his discharge from the hospital.

In his limited verbal fashion, Jim expresses how much he enjoys finally being able to live in a regular house in a regular neighborhood, to live a reasonably normal lifestyle. If the Medically Needy incurment is eliminated, Jim will almost certainly have to return to the hospital.

Sharon lived on the Forensic Unit of the State Hospital for 20 years. She was extremely aggressive and violent. Thanks to the miraculous success she has had with the medication Clozaril and intensive services provided by the community mental health center, Sharon successfully has re-entered the community.

Sharon relies upon Day Treatment and is very involved in group and individual therapy which help her to cope with the day to day adjustments necessary to reintegrate into a community after 20 years of institutionalization. Sharon's income is \$81 too high for her to qualify for Medicaid without a spend down.

Sharon very likely would return to the State Hospital without the current services that she is receiving. This would be emotionally and financially devastating to Sharon.

Jacquie is a senior citizen who is seriously mentally ill. She relies upon the Medically Needy program.

Jacquie has numerous health problems. In the last four months she has required three major surgeries. She attends Day Treatment at Silver House (Mental Health Center, Butte). Jacquie recently spent 90 days in the State Hospital, and without the community services she receives, there is a very high likelihood that she would return to the State Hospital or a nursing home facility.

Mary is a seriously mentally ill senior citizen who is on a spend down of \$54 per month. Mary has numerous health problems. She relies upon personal care from Westmont and Day Treatment at the Mental Health Center to enable her to live in her own apartment. Both of these services will be unavailable to Mary if the Medically Needy program is limited in the manner the Legislature is considering. Without the services Mary receives she would need to be cared for in an institutional facility.

Warren is on a spend down of \$58 per month. Warren takes psychiatric medication which he needs to manage the symptoms of his illness. He also attends the Day Treatment program at the Mental Health Center. Warren has spent many years at the State Hospital. Without the structure and activity he is provided by the community program, he would be rehospitalized.

Barbara is on a spend down of \$67 per month. She sporadically takes medication for her serious mental illness. She attends the Day Treatment program daily and is involved in individual and group therapy. Without this structure, Barbara would not be able to succeed in the community because she sometimes becomes very violent and aggressive. Barbara was admitted to the Forensic Unit in the past because of her violent behavior.

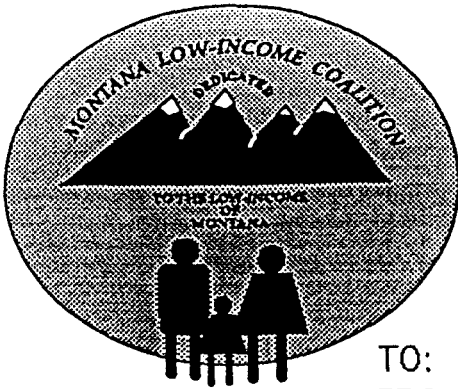
Martin is on a spend down of \$189 per month. Martin spent one year in the Extended Treatment Program at the State Hospital prior to his most recent discharge.

Martin has a long history of serious mental illness, complicated by a drinking problem. Since his discharge, he has maintained sobriety and the symptoms of his mental illness have been managed with the assistance of a case manager who sees him very frequently to monitor his medication compliance and his emotional and physical difficulties. Without the services that Martin receives he would most certainly be rehospitalized at the State Hospital, which was a pattern in his life prior to his receiving the support he is receiving how to maintain independence in the community.

Growth Rate For Medicaid Service Categories

Category of Service	Total Payment Fiscal 1993	Increase Over Fiscal 1993*	Percent Increase
ICF/Other Noninstitution	86,344,993	15,872,414	22.52%
Inpatient Hospital	54,930,734	3,399,276	6.60%
Physician	33,399,293	5,999,873	21.90%
Drugs	27,680,730	6,809,535	32.63%
Outpatient Hospital	18,925,176	2,904,665	18.13%
ICF/MR Public	14,150,663	1,870,155	15.23%
Other	13,702,376	1,792,855	15.05%
Resident Psych Facilities	11,300,003	5,332,804	89.37%
Personal Care Nonwaiver	10,968,020	1,258,429	12.96%
Clinic Services	7,502,845	2,369,580	46.16%
Coinsurance Deductable	6,533,123	988,961	17.84%
Skilled Nursing Facilities	6,436,787	1,435,082	28.69%
Other Practitioners	5,606,186	1,251,522	28.74%
Dental	4,897,587	505,745	11.52%
ICF/Other Institution	3,708,047	(711,103)	-16.09%
TCM Chronically Mentally Ill	3,672,667	2,900,318	375.50%
Home Health	2,562,513	615,250	31.60%
Therapeutic Group Homes	2,372,629	1,919,746	423.89%
TCM Dev Disabled	2,134,678	(682,591)	-24.23%
Disabled Waiver Other	2,093,947	489,713	30.53%
Elderly Waiver Other	1,635,897	272,514	19.99%
EPSDT	1,263,772	215,752	20.59%
Sterilizations	1,085,211	295,701	37.45%
Elderly Waiver CMT 519	931,650	180,089	23.96%
Lab and X-ray	717,164	156,469	27.91%
Rural Health	547,531	103,411	23.28%
FQ Health Centers	544,329	229,092	72.67%
ICF/MR Private	527,791	290,556	122.47%
Disabled Waiver CMT 519	516,890	93,393	22.05%
Hospice	296,993	84,794	39.96%
TCM Pregnant Women	220,067	110,630	101.09%
FQ Health Centers Case Management	25,588	22,093	632.15%
Nursing Spec Case Mang	6,770	5,846	632.10%
Air Ambulance	5,614	5,614	NA
Rural Health Case Management	1,720	1,552	923.80%
Inpatient Psych Facility	0	(14,164,618)	NA
Physician Case Management	0	(87,525)	NA
TOTAL	327,249,984	44,137,592	15.59%

* Based on first five months of data for Fiscal 1994



MONTANA LOW-INCOME COALITION

P.O. Box 1029, Helena, MT 59624

(406) 449-8801

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 12/6/93

BILL NO. NB 2

TO: Senate Finance & Claims

FROM: Cristina Medina, Executive Director *Cm*

RE: \$50 AFDC reductions

DATE: December 6, 1993

Member Groups

*Helena Indian
Alliance*

436 N. Jackson
Helena, MT 59601
442-9244

*Montana Senior
Citizens Association*
P.O. Box 423
Helena, MT 59624
443-5341

*Tri-County
Advocacy Council*
827 3rd St.
Havre, MT 59501
265-6867

*Montana Legal Services
Association of Employees*
P.O. Box 806
Butte, MT 59703
723-4612

*Montana Alliance for
Progressive Policy*
P.O. Box 961
Helena, MT 59624
443-7283

*Montanans for
Social Justice*
P.O. Box 1029
Helena, MT 59624
449-8992

*Helena Service for
Peace and Justice*
P.O. Box 11
Helena, MT 59624
443-0843

I am presenting some thoughts and arguments against this amendment regarding the AFDC \$50 reduction based on a shared living arrangement.

1. There is no consideration of the person's income who is outside of the household unless they are: A) married to the recipient B) Father of the child C) common law marriage.

Therefore the boyfriend, roommate etc. is not obligated by law to take care of the children.

2. The AFDC family has a small grant to begin with and we are putting them in deeper poverty. Because the roommate, relative boyfriend etc. is not obligated to take care of the children, how do we know they will make up the difference?

3. The question of how this will be enforced by the bureaucracy is unclear and in addition people will no longer do "honest" thing and report this to the welfare office. We are penalizing people for doing the right thing.

4. Montana is in a housing crisis and families who are destitute have found alternative ways of putting a roof over their heads. One of those alternatives is a shared living arrangement.

5. Most importantly, the legislature should not be making value judgements on how people should live. The legislature is sending a message that poor people must live a certain way.

A MEMBER OF MONTANA COMMUNITY SHARES

**A Multiple Guess Quiz
for
Certain Committees and Sub-committees**

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5(a)

DATE 12/6/93

BILL NO. 7162

1. How do you feel about recipients of Aid to Families with Dependent Children?
 - a. It's only logical to cut their benefits once more to keep up with tradition.
 - b. It's their fault they had children.
 - c. They utilize the system as a necessary resource to gain self-sufficiency.
 - d. None of the above.
2. How much should AFDC recipients be cut?
 - a. Down to 37.5%, almost 20 points less than some other states.
 - b. If the federal regulations would allow it; all the way.
 - c. Don't cut no more, they have been cut enough.
 - d. None of the above.
3. Describe the Medically Needy Program.
 - a. an unnecessary program to supply medical services to those who could not otherwise afford them, wasting a large amount of the General Fund.
 - b. Don't know anything about it, so cut it.
 - c. A program that should be reduced to only a couple non-essential services.
 - d. a program that is necessary in this state for those citizens who cannot afford medical insurance but require necessary medical assistance
4. Are the Optional Medicaid Services necessary?
 - a. No, the key word is "optional"
 - b. No, It's acceptable to have mentally ill, vision and hearing impaired people with no teeth walking the streets.
 - c. These services should not be cut at any cost.
 - d. None of the above.
5. Is it acceptable to make Medicaid cuts to adults because the Federal guidelines say it's o.k.?
 - a. Yes, life is over at 18 anyway.
 - b. Yes, if the feds say it's o.k it's o.k.
 - c. No, just because they are adults does not mean they have control over certain external economic situations.
 - d. What are Federal guidelines?

Montana Low-Income Coalition

DISCLAIMER

This document is not meant to imply any lack of knowledge or concern on your part. We know it is tough to even think about making these cuts, let alone

Amendments to House Bill No. 2
Third Reading CopyRequested by Senator Christiaens
For Senate Finance and ClaimsPrepared by Lois Steinbeck
December 6, 1993*passed*

1. Page B-14, line 14.

Strike: "148,437,222"Insert: "150,379,156"

2. Page B-14, line 15.

Strike: "142,792,262"Insert: "142,666,137"

3. Page B-14, line 18.

Strike: "64,840,801"Insert: "66,898,867"

4. Page B-14, line 19.

Strike: "73,311,202"Insert: "73,341,571"

This amendment reallocates \$1,941,943 federal funds between the primary care hospital and non-hospital appropriations in fiscal 1994. This adjustment is necessary to reflect the correct allocation of federal funds between the appropriations. In fiscal 1995, the non-hospital primary care federal appropriation is reduced \$126,125 and the fiscal 1995 primary care hospital federal appropriation is increased \$30,370. This adjustment is necessary to reflect the correct federal funds allocation between the hospital and non-hospital appropriation and to refine the federal funds matching rate used in fiscal 1995 adjustments made for limiting medically needy services to primary and preventive care.

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Waterman
For Senate Finance and Claims

Prepared by Lois Steinbeck
December 6, 1993

carried-

1. Page B-21, line 15.

Following: "LC 110."

Strike: the remainder of line 15 through line 17.

Insert: "the legislature finds that savings because of __ Bill No. __ [LC 110] will reduce medicaid benefit costs. The legislature intends that the reductions of \$4 million in general fund money and \$9.7 million in federal funds in items 6 and 6a in fiscal 1995 are offset by reductions in medicaid benefit costs of \$292,537 in general fund money and \$712,353 in federal funds."

Amendments to House Bill No. 2
Third Reading CopyRequested by Senator Waterman
For Senate Finance and ClaimsPrepared by Lois Steinbeck
December 6, 1993*carried*
1. Page B-19, line 18.Following: "Strike: "AFDC RECIPIENTS WHO HAVE OR ARE PART OF A BONA FIDE
LANDLORD/TENANT AGREEMENT; AFDC RECIPIENTS WHO ARE SSI
RECIPIENTS;"Insert: "AFDC recipients living with a separate household that receives supplemental
security income;"*carried*
2. Page B-19, line 19.Following: "IN"Strike: "GOVERNMENTAL QUARTERS FOR WHICH THE RENTAL OR HOUSING
COSTS ARE SUBSIDIZED"

Insert: "government-subsidized housing"

carried
3. Page B-19, line 19.Following: "TOGETHER."Insert: "The department shall apply for federal approval of a good cause hardship
exception in addition to the exceptions previously listed."

This amendment clarifies the exceptions to the policy to reduce AFDC grants by \$50 if an AFDC recipient shares a household with persons who are eligible for SSI or if the AFDC recipient lives in governmental subsidized housing.

DATE 12/6/93SENATE COMMITTEE ON Finance & CommerceBILLS BEING HEARD TODAY: HB 2

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
MARV DYE	MDT	2		
PATRICK CHENOVICK	SUPREME CT	2		
HARLEY WARNEK	ASSOC OF CHURCHES	2		
KENT MOLLOHAN	HIGHWAY SAFETY/JUSTICE	2		
DAVID WATKINS	—	2		
John Shantz	NASW	2		

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY