

MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

FREE CONFERENCE COMMITTEE ON SENATE BILL 223

Call to Order: By CHAIRMAN TOM KEATING, on April 12, 1995, at
3:20 PM.

ROLL CALL

Members Present:

Sen. Thomas F. Keating (R)
Sen. Mignon Waterman (D)
Rep. Royal C. Johnson (R)
Rep. Loren L. Soft (R)
Rep. Joe Barnett (R)

Members Excused: Sen. Larry L. Baer (R)

Members Absent: None

Staff Present: Karolyn Simpson, Committee Secretary

Discussion: SB 223

{Tape: 1; Side: 1; Comments: Some comments unintelligible due to room noise and mumbling .}

SENATOR KEATING said this is a Free Conference Committee on SB 223.

REP. JOHNSON said the Conference Committee, at its last meeting, had decided to accept the amendments. He said REP. COBB has some serious objections to the amendments, so he asked for comments from REP. COBB.

REP. COBB said he doesn't mind Managed Care, but doesn't want to expand the Medicaid eligibility numbers, especially when there is a possibility of Federal cuts in the Medicaid program. He thinks it's best not to expand Medicaid, because it will be an additional tax on the system. He said this year there may be a need to help 6,000 people, but by next Session there may be a waiting list of 10,000. He is not against Mental Health Managed Care, but does not want to expand the Medicaid eligibility.

SENATOR WATERMAN said REP. COBB doesn't want to expand Medicaid eligibility. She said the idea for this program was to take the State hospital Medicaid Mental Health Program, the Community Mental Health Program, the MRM (Managed Resources of Montana)

Program and roll them all together. They all have different eligibility levels, but people are now being served to 200% of poverty in community programs. She asked **REP. COBB** if he wants to cut back on people being served or doesn't want to serve them with Medicaid dollars but it's OK to continue to serve them at 100% from the General Fund.

REP. COBB said yes. The General Fund is being used now and should continue being used as needed. Even under the MRM program the number of kids in the system are still not the number rejected. This is not a fully funded program. There is not enough money to go to 200% of poverty and asked if General Fund money can't be continued.

SENATOR KEATING summarized, saying **REP. COBB's** concern is in several areas. Expanding eligibility, meaning that 150% of poverty is what he is recommending as opposed to 200% of poverty. He asked **REP. COBB** if that was correct, and said his amendment was 150% of poverty.

REP. COBB said his amendment was for 100% of poverty, now it's at 40% of poverty.

SENATOR KEATING said people at 200% of poverty now are eligible for care under the rules, and this is not being changed. By **REP. COBB's** amendment it is not cutting eligibility.

REP. COBB said he is not including the Medicaid mandates that come with it. Under SB 223, once a person gets Medicaid, they get all the services. He said he doesn't want to take the Federal dollars because of the Balanced Budget Amendment.

SENATOR KEATING asked Dr. Blouke to respond to the point of eligibility and additional cost of Medicaid.

Peter Blouke said they are already paying for these clients with 100% General Fund. What they are suggesting is using 200% of poverty which would cover the vast majority of people who are already receiving services using the General Fund. These people would be brought into the Medicaid Managed Care Program and, instead of paying for those services with 100% State dollars, Medicaid funds would be used and then would only pay 30% of what is currently being paid. The eligibility issue is really a technical issue with the Medicaid program. It is only for mental health services, and going to the Medicaid Managed Care Program, those people would be moved to the most appropriate, least expensive services. Now 100% General Fund dollars are being used in many cases for the most expensive service.

SENATOR KEATING asked if the number of people to be cared for is being expanded by going Managed Care and using Medicaid dollars, or will it be the same number clients with a mixture of Federal and State dollars rather than General Fund.

Peter Blouke said there would be more clients, but it's not 200,000. The only people being talked about are those needing mental health services, not the physical health services. Partially there would be additional people, but he didn't think there would be that many who are not currently receiving services. For this group between the currently Medicaid eligible and the expanded category, the Managed Care Company will be paid a finite number of dollars to provide services no matter how many people.

SENATOR KEATING asked if people currently on SSI for mental health care would be included in this group.

Peter Blouke said if they are already on SSI, they are automatically on Medicaid and are already in this group.

SENATOR KEATING said with the Managed Care Program, they are already qualified, but they could earn more money under this program, above and beyond SSI limits.

Peter Blouke said if eligibility is moved to 200%, they can retain more of their earnings than they can under the SSI. For AFDC, which is a large portion of the very vulnerable population, the poverty level is 42-48% of poverty. This is a very vulnerable group and they need some assistance to keep from losing their jobs, or dropping into the full welfare system.

SENATOR KEATING asked if under the **COBB** amendment they would be dropped out.

Peter Blouke said under the **COBB** amendment, they would maintain their eligibility at the present level, with pregnant women and children to 133%, and children between the ages of 1-12.

SENATOR KEATING asked if these people are currently being served, and if the eligibility level is raised to 200%, will they still be served.

Peter Blouke said they would be, but they would be served more efficiently. Because the Legislature reduced the Governor's executive budget for MRM by \$4 million, this reinforces the reason to go to Managed Care where available resources can be more efficiently used.

Kathy McGowan said Crisis Services in the community is not funded so SRS is squeezing those served by General Fund dollars, and the available money needs to be more efficiently used. She said because a new, but smaller, State hospital is being built and community services are not being funded at a higher level, the continued use of General Fund dollars will serve some people, but those on the waiting list will not be served.

SENATOR WATERMAN said if the 200% eligibility level is used, it would eliminate the multiple eligibility criteria and turn over

the eligibility determination to the Managed Care Company, but with the present system, there are several agencies determining eligibility resulting in increased bureaucracy.

SENATOR KEATING said it would be a narrowing of area of determining eligibility at the State level.

SENATOR WATERMAN said it would decrease some of the administrative costs for determining eligibility, which would be contracted out.

Peter Blouke said that is correct.

Nancy Ellery said the contractor will only be determining eligibility for the expanded population, the new group up to 200% of poverty, and County offices will continue determining eligibility for the present population.

REP. BARNHART asked how much expansion there will be and wondered if there were numbers in mind for this expansion.

Peter Blouke said the Managed Care portion is not an expansion, but would use money already in the system for MRM and for the State hospital within the regular, but reduced, SRS budget, which they reduced by \$2.1 million in anticipation of this program. He said without the Managed Care program, SRS would have to ask for more money.

REP. BARNHART said **REP. COBB** he is concerned about expanding Medicaid eligibility resulting in additional clients, and she asked how many.

REP. JOHNSON said approximately 11,742 people.

SENATOR WATERMAN said there is a difference who is eligible for Medicaid and who is now eligible for mental health services, because people are getting these services in mental health clinics and they may be on waiting lists, but they are being served very efficiently.

REP. JOHNSON asked **REP. COBB** to respond to what has been said.

REP. COBB said he is concerned that expanding the number of people eligible for Medicaid, it drives costs up, maybe not in the first or second years, but they will go up. He is not against Managed Care because Managed Care is supposed to be up and running, but doesn't want to increase the numbers of people eligible for the program. He said once services are provided, and Managed Care would probably be cheaper, but is concerned about starting a new program and the expansion eligibility. He said if the program is not totally funded, how can eligibility be raised to 200%.

REP. JOHNSON asked REP. COBB if the current delivery system is OK.

REP. COBB said it is not.

REP. JOHNSON asked, then why not try a new system to possibly add 11-12,000 more people on the basis that there will be more money to add those people by using this particular method. He said he is not happy with the present system and thinks this new system should be tried, and MRM may or may not be a part of this situation, once they go to Managed Care.

REP. COBB said the testimony he had heard from the Directors previously, MRM is going away. He said 11 or 12,000 additional people will come into the system when eligibility is expanded. He is concerned what is going to happen if this big program is created and the Federal Government cuts back, and what the situation will be 2 years from now if cuts have to be made, and where the cuts will be made. He said when the Federal Government increased eligibility, the numbers went up-up-up.

REP. JOHNSON said people working in the system say many more people will be added by using the 132% than by confining it to mental health at 200%, and 90% of those people under 200% of poverty are currently being served. He said he doesn't know what the Federal Government is going to do and the State must be careful when depending on Federal because it may or may not be there. With Managed Care, MRM is not going away but it won't stand as an independent agency, and may be lumped into one or more of the other care providers who bid for the Managed Care system.

REP. COBB said he is not against Managed Care, but when eligibility is increased, there will be more people to be served. He said he wants to look at long term budget and look at the big picture, and not just SRS.

REP. SOFT asked, if the 200% poverty level is not used, there won't be any Managed Care companies interested because it will require them to go to an HMO status in the State, and they don't want to do that, and it will not be possible to attract an outside Managed Care entity.

Peter Blouke said that was correct and would essentially kill Managed Care.

REP. COBB asked, when HB 33 was passed, if anybody bid on that.

Peter Blouke said they haven't heard specifically because they haven't asked the companies if they would come in if they had to meet all the requirements of an HMO, but corporations in other states who are managing similar programs, don't meet the HMO's requirements, which is why that provision was included in SB 223.

SENATOR WATERMAN said MRM providers, the clients, and Mental Health Clinics are all supportive of this proposal. She said, in the past, **REP. COBB** advocated expanding Medicaid for kids because it was cost effective and would save money in the long run, and that is what is being said about this program. He may be right that the 1997 Legislature will have to cut services if the Federal Government has cut back on funding or State resources are not available. By then, there will be an understanding of a whole system and how it can be reduced, but she knows services will have to be cut in 1997 if the present fractured system continues.

REP. COBB asked it is being suggested to vote in the Conference Committee, then let it go back on the Floor again.

REP. BARNHART asked **REP. COBB** if it is 200% or nothing, and no compromise.

Peter Blouke said he is not suggesting 200% or nothing, but 200% is the most efficient way to do it. It can be reduced, but the problem with decreasing it, the State will still have to provide those services to those people now in the system.

Kathy McGowan said, referring to the 200% poverty issue, if the Federal Government do all the rash things some people predict, are they even likely to grant the waivers.

Peter Blouke said he thinks they would grant the waivers because they are willing to give flexibility to the States and they are talking about block grants to the States. He said this is just a sample of what will have to be done in the Medicaid program and would have to make some very serious adjustments. In the long term, this program will be a savings.

SENATOR KEATING said he has listened to the explanation of cutting Medicaid, they are really talking about cutting the Federal bureaucracy and giving block grants to States, out of the appropriated funds, to cut the Medicaid expense by cutting administrative costs at the Federal level. He said jobs may be cut in Washington, D.C., he doesn't think there would be that much less in Medicaid funding.

Kathy McGowan asked if 200% of poverty were granted, then Federal Government cut Medicaid, then is the State stuck with the 200% and have pick up costs.

Peter Blouke said during any period of the waiver process, if circumstances change or it is seen this is not working, the State can change it.

SENATOR KEATING said the State would not be locked into a Managed Care contract to the State's disadvantage. He said they are dealing with mental health care, and looking at other Medicaid programs, there always have been clientele because the symptoms are being addressed and never getting to the problems and causes.

Through MRM, they are now at the point of interdicting at a very early level to provide those minimum level services resulting in a healing and people's lives can be changed, and be taken off the rolls. He said, under this program, the number of clientele will decrease, or stay the same, but probably not an increasing number of clientele. This program will effectively solve the problem.

Motion: REP. BARNHART moved to go down to 185% of poverty level.

Motion: SENATOR WATERMAN made a substitute motion to restore 200% of poverty level to SB 223.

REP. JOHNSON asked how the Senate voted on the amendments that are being discussed and whether the Senate accepted those amendments. He said REP. COBB was the 1993 Session leader in health care and asked if he would support any change other than zero to 200%.

REP. COBB said he would compromise at 100% poverty for adults and children, or 133% just for kids, but for mental health care only.

SENATOR KEATING said when this was started, the principal objection was going to Medicaid but instead stay with General Fund dollars and not go to Medicaid. Now, the desire is to compromise at a certain level, but that means it will be Medicaid. He asked REP. COBB if he had moved away from his objection to using Medicaid.

REP. COBB said he would rather not do it, but was asked a question about his willingness to compromise, and he is trying to do so. He said he doesn't want to expand it.

SENATOR WATERMAN said she can't support going down to the 100% poverty level because many people will be cut who are presently being served.

REP. JOHNSON asked SENATOR WATERMAN if her motion was to stay at 200%.

SENATOR KEATING said the motion is to reject the COBB amendment and both Houses go with 200% of poverty.

REP. JOHNSON said REP. COBB doesn't have an amendment, but doesn't want to go with this amendment.

SENATOR KEATING said REP. COBB's motion deleted the 200% level from the bill. The motion agreed to at the Conference Committee was the House would recede from the COBB amendment and restore the bill to 200%, and that was rejected by the House and accepted by the Senate. He said the amendment is to restore the 200% of poverty level, rejecting the COBB amendment, putting the bill back to the level at which it entered the House.

Vote: The motion to restore the 200% of poverty level to SB 223, and rejecting the COBB amendment CARRIED UNANIMOUSLY.

REP. BARNHART asked what will happen if it again fails in the House.

SENATOR KEATING said if it fails on the floor tonight, then they will have to have another Conference Committee meeting. He said the motion is to restore SB 223 to 200% of poverty, which means, procedurally, they go back their respective Houses, and the motion there will be that the House will accept the Committee report, receding from the **COBB** amendment.

REP. JOHNSON said he the House already receded from that, but now they are starting at ground zero where the 200% of poverty is added in.

SENATOR KEATING said page 11 of the bill has to go to back to the way it was.

REP. JOHNSON said that is right, by **REP. COBB's** amendment not to concur.

SENATOR KEATING asked **REP. JOHNSON** if he was going back and ask the House to Concur with the first recommendation of the first Conference Committee.

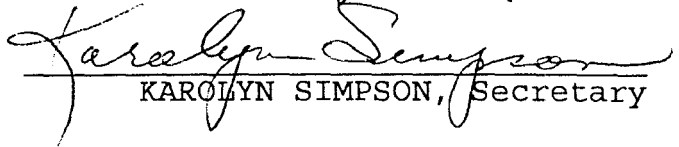
REP. JOHNSON said that was correct.

ADJOURNMENT

Adjournment: 5:00 PM



SENATOR TOM KEATING, Chairman



KAROLYN SIMPSON, Secretary

TK/ks

ROLL CALL

FREE CONFERENCE or CONFERENCE COMMITTEE

ON BILL NO. SB 223

DATE 4/12/95

NAME	PRESENT	ABSENT	EXCUSED
Senator Keating	✓		
Senator Baer			
Senator Waterman	✓		
Rep. R Johnson	✓		
Rep. Soft	✓		
Rep Barnhart	✓		

Free Conference Committee
on SB 223
Report No. 1, April 12, 1995

Page 1 of 1

Mr. President and Mr. Speaker:

We, your Free Conference Committee on SB 223, met and considered:

SB 223 in its entirety.

We recommend that SB 223 (reference copy as amended - salmon) be amended as follows:

1. Page 11, line 24.

Following: "department."

Insert: "The department may establish resource and income standards of eligibility for mental health services that are more liberal than the resource and income standards of eligibility for physical health services. The standards for eligibility for mental health services may provide for eligibility for households with family income that does not exceed 200% of the federal poverty threshold or that does not exceed a lesser amount determined in the discretion of the department."

And that this Free Conference Committee report be adopted.

For the Senate:

Keating

Chair

Baer

Waterman

Amd. Coord.

Sec. of Senate

For the House:

R. Johnson

Chair

Soft

Barnhart

ADOPT

REJECT

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