

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

#### JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By CHAIRMAN JOHN COBB, on April 6, 1995, at 8:00 a.m.

#### ROLL CALL

**Members Present:**

Rep. John Cobb, Chairman (R)  
Sen. Charles "Chuck" Swysgood, Vice Chairman (R)  
Rep. Beverly Barnhart (D)  
Sen. James H. "Jim" Burnett (R)  
Rep. Betty Lou Kasten (R)  
Sen. John "J.D." Lynch (D)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Mark Lee, Legislative Fiscal Analyst  
Connie Huckins, Office of Budget & Program Planning  
Douglas Schmitz, Office of Budget & Program Planning  
Ann Boden, Committee Secretary

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

**Committee Business Summary:**

Hearing: Medicaid Savings  
Dental Issues  
Westmont/New personal care system  
Executive Action: None

This hearing was held for informational purposes only to address the questions raised by committee members on **EXHIBITS 1, 2 and 3.**

*{Tape: 1; Side: A; Approx. Counter:000; Comments: Medicaid Savings, Summary of answers and discussion from Exhibit 1, questions 1 through 13}*

#### INFORMATIONAL HEARING ON MEDICAID SAVINGS

Nancy Dalton, Insurance and Health Care, discussed the impact of block grant funds in regard to the welfare issue in Montana. She felt that everyone is pro-block grant which allows more flexibility with welfare and Medicaid programs, but feared that the federal government will place caps at six percent less than

what was previously funded in 1994. She said the information she has was received from the Kaiser Foundation, and hopefully the committee will be able to place it in the budget. She addressed whether programs will be totally cut or concentrate on eligibility and making them harder to enter into.

**Ms. Dalton** said she would like to see the programs more streamlined because of the requirements placed on them by the federal government in order to receive block grants. She spoke of the "Boren Amendment" that forces more money to be placed into hospitals and nursing homes. The federal government is saying "if you block grant, you have to get rid of some of the programs that are causing the Medicaid programs to go broke." She would like to see a more simple and cost effective application from a 40-page document to a six-page document to apply for block grants.

She said services and eligibility should definitely be studied and possibly make the Medicaid programs harder to receive. Two-thirds of the people receiving Medicaid are in nursing homes. She said there is a need for public education and a better understanding on long-term care insurance.

The committee members discussed taxes paid in the county vs. the residents in nursing homes on Medicaid, and if a patient leaves, the county does not go out and try to recruit another patient to take the place of the last one, but leaves the burden to the taxpayers in the county.

The members discussed "John's bill, a moratorium on nursing homes," and why it failed. **REP. KASTEN** said if "John's bill" had passed, she would have been more inclined to support the waivers.

The committee discussed the Passport program and how it works. **Ms. Dalton** said clients need to be educated when to use the program. She said the clients are used to taking nursing care into their own "hands" and not calling the providers. She said the providers receive a list of clients who abuse emergency room use, and the list also provides a report on the utilization of clients and providers.

**REP. KASTEN** asked if there is a Passport program for dentists, and if so, would it work. **Ms. Dalton** said that dental care is excluded from the program. She informed the committee that the passport provider offers general care only. The client does not need a doctor's permission to see a dentist. She said they are currently looking at a managed care system through the Dental Association.

**CHAIRMAN COBB** asked if an HMO for Medicaid is in place at this time. **Ms. Dalton** said the HMO could be in place by July of 1995, but there are a number of changes that need to take place in the system, i.e., payments, before it can be implemented. **Ms. Dalton**

said an HMO program is currently being used in Yellowstone County.

The committee discussed the growth factor and cost increases on the use of health care and the cost of HMOs. The members were informed that the cost of health insurance cannot go up or down while there is a contract. The department has signed a contract that is in effect for three years, if the rate goes up within that period of time, the department will make the rate adjustment until the contract expires at which time the rate is re-negotiated. **Ms. Dalton** said that under the HMO program, the department is obligated to the federal government to show that the insurance cost is less than FAIM services. She said they can never pay more under HMO obligation than the cost of FAIM services, it always has to be less. If there is a problem with the contract, the department can cancel at anytime.

*{Tape: 1; Side: B; Approx. Counter: 000; Comments: Medicaid Services, Exhibit 1, questions 6 through 13.}*

**Ms. Dalton** said the top cost savings measures that were accomplished in 1993/1994 are: 1) managed care; 2) home community services; and 3) prior authorization. She said the other 48 states are also doing this, but it needs to be balanced for cost effectiveness to make sure they don't spend more on prior authorizing than what will be saved; 4) third party recovery; 5) prescription drug programs; and 6) co-payments. She said Montana has more co-pays for services than the rest of the nation.

*{Tape: 2; Side: A; Approx. Counter: 000; Comments: Dental Issues, Summary of answers and discussion from Exhibit 2, questions 1 through 9.}*

#### INFORMATIONAL HEARING ON DENTAL ISSUES

**SEN. TERRY KLAMPE, SD 31**, informed the committee that the average minimal fee charged by a dentist is \$16 per hour. He said that is a reasonable fee when considering the costs of operating a dentist office.

**REP. KASTEN** asked **Nancy Dalton** if she has received any input from the Glendive area due to the low number of dentists in the area that handle the clients at the Eastmont Human Services Center (EHSC), plus the rest of the community. **Ms. Dalton** said the dentists that service the clients at EHSC are covered by the rate that is paid by the state to the facility through Medicaid. **REP. KASTEN** asked if that fee is more than what is normally done with Medicaid. **Ms. Dalton** said a payment that is paid per the facility rate, Intermediate Care Facility for Mentally Retarded (ICFMR), is called "cost rates" compared to what the costs are in other facilities, i.e., group homes that are covered under the community rate paid with general funds.

**Jack Ellery, Management Support Services Division, DFS,** said the department will be sending out a survey to determine the types of dental services and who will need the services the most. He said they don't have the money to take care of adults at this time, but will focus first on the children. He said the department is currently working on the rules, and hoped to implement the dental payment plan on July 1, 1995.

**REP. BARNHART** asked if more children will be served under the new dental plan. **Dr. Jost** said that all kids are served in an emergency situation, and felt they will be served more effectively due to the EDSP/Early Diagnosis Screening Program.

**SEN. KLAMPE** asked what percent are dentists looking at for customary fees. **Mr. Ellery** said it is 80% by legislative authority for children's services.

Medicaid was discussed for a dental adult program, but it was the consensus that children would be taken care of first.

The committee discussed the toll-free Medicaid hotline for the dental program and how it is operated. The members were informed that dental authorization through a consultant for treatment is a large expenditure and a cost issue to the department.

**CHAIRMAN COBB** discussed the legislative authority in regard to adult dentistry, and said that funds need to be shifted to cover dental adult programs.

*{Tape: 2; Side: A; Approx. Counter:40.0; Comments: Westmont - New Personal Care System, questions 1 through 6, Exhibit 3.}*

#### INFORMATION HEARING ON WESTMONT - NEW PERSONAL CARE SYSTEM

**Mr. Ellery** gave an overview on how the new system will work. He said programs were identified that needed major changes.

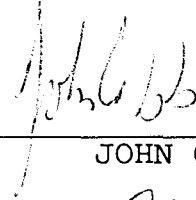
**Ms. Dalton** addressed the issues and goals. She said the department will change from a statewide contractor to multiple contractors. The system will be developed as a result of HB 504. The draft and rules will be available May 1, and the program will be implemented September 1, 1995. She said there may be a downside from statewide to multiple contractors, but felt it is what everyone wants.

**Mr. Ellery** discussed the audits that were performed on Westmont, a nursing facility in Helena, by the department and legislative auditors. He said an independent audit was also required to implement the new system. The changes will result in more control by the people and services will be enhanced due to multiple competitors. **Mr. Ellery** said there is only one person to manage the personal health care program. There will be

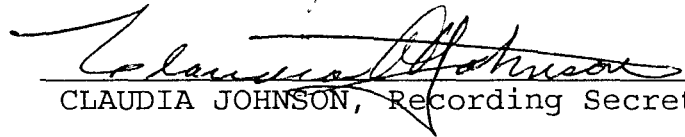
multiple contracts which will cause more difficulty in managing the programs. He said that some people will be unhappy with the new system and will want to switch, and stated that the cost of the program will more than likely increase. He discussed a change in the federal requirements for supervision and said the costs will be 90% personal care and benefits.

ADJOURNMENT

Adjournment: 11:15 a.m.



JOHN COBB, Chairman



CLAUDIA JOHNSON, Recording Secretary

Note: These minutes were proofread by Lois Steinbeck, LFA.

JC/cj

## HUMAN SERVICES AND AGING

### Joint Appropriations Subcommittee

ROLL CALL

DATE 4-6

NAME	PRESENT	ABSENT	EXCUSED
Rep. John Cobb, Chairman	✓		
Rep. Beverly Barnhart	✓		
Rep. Betty Lou Kasten	✓		
Sen. Chuck Swysgood, Vice Chairman			
Sen. J.D. Lynch			
Sen. Jim Burnett			

.Medicaid savings

EXHIBIT 1

DATE 4/6/95

SB \_\_\_\_\_

1. What is the dept. going to do about the medicaid federal audits that said they possible could save money.
2. What is the dept. doing now about saving dollars under passport after the audit. When will we receive results about the savings.
3. when will the HMOs be up and running. When will we know if they are saving money. Are there going to be any stop losses or ways for HMOs to make the state pay cost increases above a certain level.
4. what is the dept. doing right now to buy more insurance for those who are eligible for insurance now.
5. What are other states doing to save dollars that we are not.
6. What is the growth rate for medicaid right now for most states and especially those states next to Montana.
7. Why were those particular cuts in medicaid picked by the dept. out of all other possible cuts in the medicaid budget in the March 2, 1995 letter sent to providers. What other cuts did the dept. consider before they arrived at those cuts. Are those still the same cuts that the dept. will make if the medicaid budget goes up higher than budgeted.
8. How often does the dept. make formal meetings with the providers or clients to find out if there are any problems. When will be the next meetings. Can we get copies of the meetings and what was discussed and when any proposals for changes will be implemented.
9. Will the reorganization affect the meetings and moving to save medicaid dollars.
10. On the Cobb savings cuts, are there any savings.
11. What do the new growth rates for the last month show in the increase in medicaid costs.
12. The dept. had asked for additional staff for MEDSTAT, why did you not ask for them in the committee.
13. What other possible savings has the dept. looked at concerning savings and why were they rejected.



.Dental issues.

1. how will the survey be conducted so that there is accurate fee information.

2. can the dentists be compensated for additional time, skill and effort required to manage difficult patients either less than three years old or with documented disabilities.

3. can a toll free line be established so that a medicaid administrator thoroughly familiar with the dental program can be readily available during normal working hours to answer questions and authorize treatment in all but the more complicated cases.

4. can you establish program effectiveness wherein 70% of eligible children 3-12 years old will be examined and the recommended treatment initiated within two years of enactment of these reforms

5. can a meeting of the medicaid section chief and representatives of the Montana Dental association and Montana academy of pediatric dentists every six months to evaluate program progress and further devise ways to eliminate obstacles to patient access.

6. will the department investigate and combat program abuse in the treatment of pediatric dental cases.

7. will the program be put into passport or managed care and what is the time table if so.

8. how will we know of the effectiveness of the program expansion in payments. when will we know of it working.

9. what complaints or concerns have been voiced by dentists besides the low payments and how has this been taken care of.

Westmont. new personal care system

EXHIBIT 3  
DATE 4/6/95

1. How is the new system going to work beginning July 1, 995.SB  
When will this new provider system be up and running. What rules  
need to be changed. When will the rules be written and open for  
public comment.
2. What qualifications will be needed to be a provider.
3. What were the complaints if any against Westmont and the dept.  
concerning personal care.
4. Are any audits needed in this area.
5. What investigations if any has the Dept. conducted concerning  
any problems with Westmont.
6. What does the dept. expect as results going to a new system  
concerning more providers. How will this be measured.
- 7.