

MINUTES

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

JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **CHAIRMAN JOHN COBB**, on February 15, 1995, at
7:05 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: Lois Steinbeck, Legislative Fiscal Analyst
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
Executive Action: Department of Family Services,
Department of Social and Rehabilitation
Services

*{Tape: 1; Side: A; Approx. Counter: 6.4; Comments: This meeting was recorded
on two 60-minute tapes on the slow speed of a Sony recorder.}*

**EXECUTIVE ACTION ON
DEPARTMENT OF FAMILY SERVICES - FOSTER CARE**

BUDGET ITEM: Foster Care Caseload:

Lois Steinbeck, LFA Office, explained the Revised Foster Care
Caseload and Funding Estimates on Tables 1 and 2. **EXHIBIT 1**

Hank Hudson, Director, Department of Family Services, explained that PIPPS is flexible funding used to design services around specific families and youth to prevent the placement of youth in a facility that would separate family members. He said PIPPS spending has increased as the focus of the Department has been to work around individual children and not place as many out of the home. **EXHIBIT 2** outlines FY94 PIPPS Expenditures.

Mr. Hudson explained that the funding for Family Based Services represented the expansion of the Family Based Services in the eastern and north central parts of the state.

Jack Ellery, Administrator, Management Support Services Division, added that one of the greatest success stories regarding in-state treatment is that more kids are being served at less cost due to the Department's refinancing efforts.

{Tape: 1; Side: A; Approx. Counter: 14.5; Comments: n/a.}

Ms. Steinbeck outlined the differences between the LFA increase and the original executive request in Table 2 (see Exhibit 1) and explained the reasons for the differences in the general fund.

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT THE REVISED FOSTER CARE CASELOAD, FUNDING ESTIMATES AND REVISED REQUEST AS PROPOSED BY THE LFA. Motion CARRIED unanimously.

SEN. SWYSGOOD asked how to correlate tables with the action taken and what is in the Executive Budget. Ms. Steinbeck explained that the action taken has added \$552,981 to the Executive Budget of \$424,390 in FY96 for Foster Care Caseload, and \$607,334 to \$1,668,354 in FY97.

{Tape: 1; Side: a; Approx. Counter: 24.3; Comments: N/A.}

BUDGET ITEM: 1.5% Provider Rate Increase:

Ms. Steinbeck explained Table 3, Comparison of 1.5% Provider Rate Increase for Revised Foster Care Projections. **EXHIBIT 3**

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT A 1.5% PROVIDER RATE INCREASE REVISED BY THE LFA. Motion FAILED 3-3 with SEN. BURNETT, SEN. SWYSGOOD and REP. KASTEN voting no.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT A 1% PROVIDER RATE INCREASE REVISED BY THE LFA. Motion FAILED 3-3 with SEN. BURNETT, SEN. SWYSGOOD and REP. KASTEN voting no.

{Tape: 1; Side: a; Approx. Counter: 28; Comments: N/A.}

BUDGET ITEM: Family Based Services:

Ms. Steinbeck explained Table 4, Family Based Services (see Exhibit 3). She said the committee has not taken any action on

the Executive request for Family Based Services at this time. One of the issues raised by the LFA regarding this issue is that \$252,000 of total funds was included in the Foster Care estimate. Table 4 shows the total Family based services request from DFS.

Ms. Steinbeck said the department reallocated funds and spent \$558,377 for family based services in FY95. The original Executive request for family based services was \$742,000 for each year (FY94 and FY95). The revised Executive request is now \$892,000 for each year. She said that most of the appropriation is general fund monies. The Executive added \$60,000 of federal funds to offset some of the increase cost for each year, but this is only if they could refinance these services by accessing Title IV-A, the emergency funds from the federal Social Security Act. The Executive revised request increases the federal state special revenue for the first and second year of the biennium for \$128,243 in FY96 and FY97.

{Tape: 1; Side: A; Approx. Counter: 34.1; Comments: n/a.}

Motion: CHAIRMAN COBB MOVED TO ACCEPT THE REVISED EXECUTIVE REQUEST OF \$892,000 FOR FY96-97 ON TABLE 4 OF EXHIBIT 3.

Discussion:

SEN. SWYSGOOD referred to the Executive Budget Analysis book, Vol. I page B-133, about family based services and the present law adjustment. There is \$103,414 for each year of the biennium in the present law adjustment which was added to the FY94 base, and he wanted to know what that number would currently be. **Ms. Steinbeck** said it would be approximately \$334,000 for each year with the general fund increase of \$215,000 out of the \$334,000. **SEN. SWYSGOOD** asked if that would be an addition or part of the new request. **Ms. Steinbeck** said it will be additional over the FY94 base. **SEN. SWYSGOOD** asked if the total is \$430,000 more for the biennium over the base. He was informed that is correct and it is also additional over the FY94 base. **Ms. Steinbeck** said it is \$400,000 over the base, and \$160,000 over the department's original request.

Vote: The motion carried unanimously.

BUDGET ITEM: Allocation of Foster Care Benefits on Table 5

Ms. Steinbeck said that Foster Care benefits include services not only to abused and neglected victims, but also to juvenile correction's children who are placed in care or custody of the department through the courts and the children that are under the supervision of the probation officers. The table shows if the committee allocated expenditure between abused and neglect, juvenile corrections, and probation in the same proportion as their expenditure in FY94 over the FY95, 96, and 97 biennium

using the Executive estimate will show what the dollar amounts will be. **EXHIBIT 4**

Ms. Steinbeck explained why this issue is before the committee stating that most people do not understand that these funds are spent on three different populations of children. She said if the proposed reorganization of the Human Services departments go through the committee may request legislative direction or a preliminary oversight committee to decide how these benefits will be allocated between juvenile corrections and foster care. **Ms. Steinbeck** said that probation officers can place a child directly and the funds come out of the Foster Care budget, but the probation officers answer to the youth court justice. She stressed the responsibility for budget vs. who can spend out of the budget when either the DFS or SRS does not have authority over the people who can access the funds.

She pointed out that in terms of probation officers, are using some of the rapidly growing parts of the Foster Care budget, i.e., group home shelter care, and residential treatment, preferably over the family foster care setting. She feels there are policy issues relating to the expenditures of these programs, where to draw the line and who has the authority, are not following the lines of the responsibility and authority in the budget. **EXHIBIT 5**

CHAIRMAN COBB asked if the committee can give legislative intent that corrections can take their dollars with them. **Mr. Hudson** replied when the department of DFS was formed, the staff developed ways to correct and/or control this issue. He said normally there isn't a problem, but the judge can also make a decision where to place the child then it could be an issue.

CHAIRMAN COBB asked if the money could be tracked by keeping a record or keeping the money separate for foster care of juvenile. He felt that regardless of the reorganization, the legislature has a budget to take care and he wanted to keep the abused and neglected separate from juvenile corrections. **Mr. Ellery** said this is currently being done. He said with the CAPS system, there is more information than what the legislature could use.

{Tape: 1; Side: A; Approx. Counter: 48.9; Comments: N/A.}

REP. BETTY LOU KASTEN asked if there are any records for comparison of the break-out from previous years, i.e., have the percentages changed. **Mr. Ellery** replied that the handout shows the break-out by services and the number of children that are placed in that program. He said the chart also shows the total and the average dollar cost of each program that serves the children. **REP. KASTEN** asked if there was any change in the group homes. **Mr. Ellery** said the program increased from \$905,000 in 1992 to approximately \$1.1 million currently, showing some growth in this area.

CHAIRMAN COBB said the committee has several issues to take executive action on to either break the funds out, or keep them separate.

Ms. Steinbeck said this information can be requested by asking the department to present the information at the next legislature, or the appropriation can be split into two parts at this time. She said the abuse/neglected issues should to be kept together, and juvenile/corrections, then budget them in the same program. The juvenile/corrections could be split even further by breaking it out of the Foster Care program.

Ms. Steinbeck informed the committee if they do split the appropriation into two parts, it will give them a better understanding on how much refinancing is actually taking place on the juvenile/corrections side. She reiterated one of the issues discussed in the committee is the access of parental contribution for the juvenile/correction kids. There is \$72,000 of state special revenue each year of the biennium for juvenile parental contributions.

Motion/Vote: SEN. SWYSGOOD MOVED TO SEPARATE THE APPROPRIATIONS FOR JUVENILE/CORRECTIONS, FOSTER CARE, AND ABUSE/NEGLECT. The motion carried 5 to 1 with REP. KASTEN voting no.

BUDGET ITEM: Child DayCare Contracted Services

Budget Analysis 1997 Biennium Vol. I page B-133, 134 135, 136, 137, and 138 Table 6.

Ms. Steinbeck said that REP. KASTEN and REP. BARNHART asked that a table be prepared that shows all of the child care issues in both the departments of SRS and DFS, which is shown on table 6, page B-137. She said the committee has previously acted on the child care operating costs under the Program management division of the DFS. She said the committee needs to act on the daycare contracted services which will increase to \$106,614 for each year of the biennium, the child care daycare for grants and benefits, the 1.5% rate increase, and an increase to fifty cents per day. The OBPP split the rate increase into two parts, a 1.5% increase recommended for all human service providers, plus the increase to fifty cents per day. **Ms. Steinbeck** said the dollar amounts do not match the present law tables, because she wanted to show what the total base is in comparison to the total request.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE \$106,614 FOR EACH YEAR OF THE BIENNIUM TO EXPAND CONTRACT FOR DAYCARE SERVICES. The motion failed 3 to 3 with REP. KASTEN, SENS. BURNETT and SWYSGOOD voting no.

{Tape: 1; Side: B; Approx. Counter: 000; Comments: n/a.}

BUDGET ITEM: Daycare benefits for DFS - Page B-133, item #10 for \$1.2 million

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE \$1.2 MILLION FOR DFS FOR EACH YEAR IN PRESENT LAW ADJUSTMENTS. HE SAID THIS IS NOT AN RATE INCREASE, BUT ALLOWS THEM TO GET TO THE EXTRA SPENDING OVER THE BASE. The motion carried unanimously.

BUDGET ITEM: Daycare benefits for SRS - Page B-39, item #7C for \$312,918

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE PRESENT LAW ADJUSTMENT OF \$312,918 FOR FY96, AND \$265,661 FOR FY97. The motion carried unanimously.

{Tape: 1; Side: B; Approx. Counter: 2.7; Comments: HANDOUTS ON NEW LANGUAGE AND THE DFS AND SRS PROPOSALS ON FUNDING DAYCARE RATE INCREASES.}

Ms. Steinbeck distributed information on the DFS and SRS daycare funding. She said the following issue for consideration is the rate increase for daycare. She said this can be done in two parts, but felt it would be easier to budget DFS and SRS together. The action will be to accept the present law adjustment, and the new proposal. **EXHIBIT 6**

CHAIRMAN COBB gave an overview of the previous days testimony for several committee members that were not present. He discussed the 75th percentile and the rate increase for the providers. He said a market survey found that the registered providers are currently at the 75th percentile. The DFS and SRS took the money scheduled for the unregistered providers and moved it to the registered providers. CHAIRMAN COBB referred to the two options on Exhibit 6. Option 1 allows a 75th percentile by adding \$56,016 for each from the general fund. In Option 2, nothing needs to be done. The departments can keep their existing budget and will be at 98% of the 75th percentile. This will keep the departments at 73½ percentile and an additional \$2,000 or \$3,000 per year.

Motion/Vote: SEN. SWYSGOOD MOVED TO ACCEPT THE 75TH PERCENTILE IN OPTION 1. The motion carried 4 to 2 with REP. KASTEN and SEN. BURNETT voting no.

Budget Item: R&R Training/JOB-Child Care

Ms. Steinbeck said the committee has taken action on all of the budgeted amounts for daycare. She said there is a new proposal remaining for SRS. She referred the committee to page B-42, item #1 for R & R training/JOB-Child care. The Executive Budget for the new proposal is \$120,000 for FY96 and FY97. She said there is a match provided by local and private contributions. There is a state special revenue match as opposed to general fund. She said there is approximately \$40,000 in state special revenue and \$80,000 in federal funds.

Penny Robbe, SRS informed the committee the reason for the request is the department has not participated in the cost of funding R&Rs for providing services those certain clients who are involved in JOBS, and receiving daycare and other SRS benefits.

SEN. LYNCH wanted to know who will be helping the AFDC recipients, and if there will be employees, or FTEs involved.

Ms. Robbe said the R&Rs are currently working with the AFDC clients by helping them find childcare providers who are willing to serve kids. She said the R&Rs are not state employees.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT R&RS CHILD TRAINING CARE, PAGE B-42, ITEM #1 FOR \$120,000 FOR EACH YEAR OF THE BIENNIUM. The motion carried 5 to 1 with SEN. SWYSGOOD voting no.

BUDGET ITEM: SRS Self-Initiated Childcare program waiting list

CHAIRMAN COBB explained the self-initiated waiting list. It is when a client is going to school, and there are 74 families on the waiting list for a cost of \$24,263 in general funds for each year of the biennium plus some matching funds from the federal government to help pay for daycare while the parent is in school.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE \$24,263 IN GENERAL FUNDS FOR EACH YEAR OF THE BIENNIUM, PLUS THE MATCH OF FEDERAL MONEY FOR THE SELF-INITIATED WAITING LIST TO HELP PAY FOR DAYCARE WHILE THE PARENT(S) ARE IN SCHOOL. The motion carried 4 to 2 with REP. KASTEN and SEN. SWYSGOOD voting no.

{Tape: 1; Side: B; Approx. Counter: 10.9; Comments: Department of Family Services.}

Lois Steinbeck referred the committee members to page 3 of Exhibit 6. She said this is a copy of HB 4, the budget amendment bill. She referred to line 15 on DFS and the three items listed are: 1) IV-B Family Preservation which is a budgeted amendment that was added during the interim. She said the proposed amendments added to this bill increased the crisis nursery project that will be on-line in FY95 for \$600,000. The interim committee expended the money appropriated for FY96 and FY97 in the budget amendment bill.

She said as part of the LFA staff, she was concerned in regard to this issue because it is a component that is complimentary to the program called the Partnership Project. If it is implemented through the budget amendment bill this subcommittee would have no oversight and no knowledge of additional federal funds. She said the department did not present this for committee consideration at the time the committee members were looking at the Partnership Project to evaluate the overall goals, priorities, and objectives.

She said in the past when funds were to be expended for the upcoming biennium, the Executive has had to bring these issues to the Appropriations subcommittee involved in the program rather than placing them in the budget amendment bill. **Ms. Steinbeck** said the committee can choose for the issues to be appropriated through the budget amendment or address them in this committee to determine how they fit in the overall program.

Mr. Hank Hudson rebutted by stating that the formula grants have just recently been written. He said these were presented in the overview, but they were not included in the budget because they felt it would work into the budget amendment bill. He deferred to the budget office on how they would like to take care of this issue. **Mr. Hudson** said this committee is more than welcome to become involved and look at the issues. He said the department only concern was to receive the authority to spend the money, but added he was not familiar with the process.

Douglas Schmitz, OBPP, said it was not the OBPP's intention not to share this information with this committee. He said what is in the budget for the family preservation portion is the FY95 funds that was over and above then what the budget finance committee approved in the budget amendment process during the interim. He informed the committee that they have already acted on \$1 million or more on family preservation that was requested in the budget. He said the budget amendments are basically items that do not continue or not continuous programs beyond the FY97 biennium, and the reason they are in the budget amendment bill and not in the general operating budget.

Ms. Steinbeck informed the committee that any of these items will not be in the base budget. She said whenever the committee has appropriated "time limited amounts," the committee can ask that they be removed from the base, or normally called, "one time appropriation," and can be removed. She said when these funds do not come before this committee and the members are deciding whether to appropriated general fund or not, and the committee does not know that there is an additional \$400,000 from federal authority, and commented that the committee is at an disadvantaged in terms of establishing priorities. She said this committee is the oversight committee for this department, and there is a substantial sum of money available for FY96 and FY97 that this committee was not aware of. **Ms. Steinbeck** said the committee can remove the money from the base budget and that it is a one time only expenditure.

SEN. LYNCH said he would like to have the money in the budget that this committee is working on. **Ms. Steinbeck** said the amendments for \$400,000 are pending in the appropriation committee, and would be \$200,000 in federal funds appropriated for FY96 and FY97 for the Crisis Nursery Project. She said if the department wanted additional authority for refugee targeted assistance grant or family IV preservation, the committee can appropriate a small amount in FY96 to continue those grants. She

suggested the items be put out as separate line items and say they are one time only and may not be used in the base budget. She said this way those funds will never show up in the base budget and the committee can address the OBPP's concerns.

{Tape: 1; Side: B; Approx. Counter: 19.0; Comments: n/a}

The committee was directed to page 3, Items 15 - 20, of EXHIBIT 6.

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT "ONE TIME ONLY FEDERAL FUNDS" OF \$320,101 FOR IV-B FAMILY PRESERVATION, \$200,000 FOR CRISIS NURSERY PROJECT, AND \$150,000 FOR THE REFUGEE TARGETED ASSIST GRANT. The motion carried unanimously.

Ms. Steinbeck addressed another concern in regard to the budget amendment bill. She said an proposed amendment notifies the legislature of the expenditure of private funds. There is a section of statute relating to a Supreme Court case, that the legislature has no authority to appropriate private funds. She said this affects the SRS with their Montana Power Company money. The case states if there is a contract or an agreement regarding the expenditure or stipulation of expenditure of private funds, that the contractor agreement overrides anything, even legal protection sections of the Constitution. The state must spend private money in accordance with the grant or contract that awarded private funds. She said this scenario applies to the Kellogg Contract. The amendments in the budget amendment bill states that the department will spend \$1.6 million total on the Kellogg contract.

Ms. Steinbeck said there is a section of statute that requires notification of the finance committee when the Executive office will spend more than \$5,000 in private funds. She said part of the requirement in that section is a copy of the agreement governing the private expenditures must be presented to the legislative finance committee and the number of services, and etc.. She informed the committee that according to **Greg Petesch, Legislative Council**, the proposed amendment to the budget amendment bill does not fulfill those requirements in statute.

REP. BARNHART wanted to know what way do the funds/grants impact the Partnership evaluation.

Doug Schmitz, OBPP, addressed the private funds in regard to the Kellogg grant. He said the OBPP discussed how to present this issue to the LFA, and for them to comply with the statutes would have required the convening of the finance committee. He said the statute does not address the 90 day period while the legislature is in session. He said the OBPP uses the budget amendment bill as their vehicle to get the information to the legislature.

{Tape: 1; Side: B; Approx. Counter: 22.7; Comments: n/a.}

Ms. Steinbeck addressed Attachment 3, on page numbered 1 in the back of exhibit 6. The language has been edited by the legislative council editors, and has revisions suggested by the DFS.

Doug Schmitz, OBPP, distributed a handout of the proposed language that addresses the last sentence of the first paragraph that reads "The unified budget must be included in the governor's budget request to the 55th Legislature." He stated that he didn't know what it meant, but the OBPP has proposed that they would publish this report in the governor's budget. It will be a part of the governor's budget recommendation to the next legislature". EXHIBIT 7

{Tape: 1; Side: 2; Approx. Counter: 26.3; Comments: n/a.}

Motion/Vote: REP. BARNHART MADE THE MOTION TO ACCEPT THE LANGUAGE IN PARAGRAPH #1 OF ATTACHMENT 3, PAGE NUMBERED #1, EXHIBIT 6, BY REMOVING THE LAST SENTENCE, AND ADOPTING THE PROPOSED LANGUAGE BY THE OBPP. The motion carried unanimously.

Motion/Vote: CHAIRMAN COBB MOVED TO BLOCK AND ACCEPT THE REST OF THE LANGUAGE FOR DFS IN THE HANDOUT OF EXHIBIT 6, ATTACHMENT 3, PAGE NUMBERED 1. The motion carried unanimously.

{Tape:1; Side: 2; Approx. Counter: 27.0; Comments: n/a.}

Pine Hills School

CHAIRMAN COBB distributed a legislative request on the Pine Hills School. EXHIBIT 8 He discussed a conversation he had with REP. BERGSAGEL regarding long range building. He stated that REP. BERGSAGEL informed him that a, c, d, e, f, and g, of item #3 of the exhibit, is considered safety and health concerns and was informed that REP. BERGSAGEL had only several million in his fixed budget and asked that the committee not build any new buildings as suggested in item #1 of the exhibit, and asked if CHAIRMAN COBB's committee could address the repairs listed above. REP. BERGSAGEL's request is for an appropriation of \$138,000 for health and safety repairs, and subject to the Architecture and Engineering Division's approval.

Budget Item: Pine Hills School repairs for Health and Safety, item #3, a, c, d, e, f, and g.

Motion/Vote: CHAIRMAN COBB MOVED TO ACCEPT THE REPAIRS SUGGESTED UNDER ITEM #3, SUBJECT TO APPROVAL OF THE ARCHITECTURE AND ENGINEERING DIVISION. The motion failed 3 to 3 with SEN. LYNCH, SEN. SWYSGOOD, and REP. BARNHART voting no.

Motion/Vote: REP. BARNHART MOVED TO ACCEPT ALL OF THE ITEMS SUGGESTED EXCEPT ITEM A, FOR A TOTAL OF \$58,000 FOR REPAIRS. The motion carried 4 to 2 with SEN. LYNCH and SEN. SWYSGOOD voting no.

{Tape: 1; Side: B; Approx. Counter: 35.4; Comments: n/a.}

Budget Item: Teen/Parent Program

Motion: SEN. LYNCH MOVED TO ACCEPT CONCEPTUALLY, THE TEEN/PARENT PROGRAM REQUEST OF \$267,385 FOR THE BIENNIUM.

Discussion:

CHAIRMAN COBB said the committee can place the amount of \$267,385 in this committee's budget at time and take it out later depending on what action the general government committee takes. He said this may need an adjustment to the program, and also to include a yearly follow-up.

Substitute Motion/Vote: SEN. SWYSGOOD MADE THE MOTION TO ACCEPT THE \$267,385 OF GENERAL FUND OVER THE BIENNIUM WITH A LOCAL CITIZEN REVIEW BOARD DOING A YEARLY FOLLOW-UP. The motion carried 4 to 2 with REP. KASTEN and SEN. BURNETT voting no.

{Tape: 1; Side: 2; Approx. Counter: 43.6 Comments: n/a.}

Budget Item: Teen/Parent Coordinating Proposal

Penny Robbe, SRS, addressed and reiterated her previous testimony of the teen parent project. She said under the proposal of welfare reform, the department's funding will be dependent on the appropriation. She said if the committee wants to address monies that are targeted to serve only teen parents, the department can take the JOBS funding and designate the amount of \$235,000 for each year of the biennium to receive the federal fund match.

EXHIBIT 9

CHAIRMAN COBB addressed the proposal stating if the department is appropriated the \$235,000, the department will receive the full match of \$3.2 million in federal money. He asked **Ms. Robbe** how the committee will know that the money will be used for teen/parents. **Ms. Robbe** informed the committee they can add that language in to specify where the money goes. She said to receive the match the funds only address AFDC teen parents. She said the department is concerned if they can access emergency assistance funds that are available to people that are not AFDC clients for the provision of providing child care for teen parents. She said the research involved a federal representative who did not favor the proposal and has not returned an answer at this time. She felt there may be some flexibility because of the use of the word "childcare" in the regulation. The problem is the destitution of the child and to prevent the destitution of the child could be a problem by the federal government not accepting it.

She said another problem dealing with this through emergency assistance will require a state plan change that will state whatever is in the plan, every teen parent in Montana that meets this criteria the department will be required to provide the

service. By controlling the general fund expenditures could also be problem. **CHAIRMAN COBB** asked **Ms. Robbe** how much money is currently being spent on the teen parent program. **Ms. Robbe** replied \$150,000 a year in general fund monies for everyone on AFDC.

Motion: SEN. LYNCH MOVED TO ACCEPT THE \$235,119 IN GENERAL FUND FOR EACH YEAR OF THE BIENNIUM TO DRAW DOWN WITH THE LANGUAGE INCLUDED RESTRICTING THAT THE INCREASES ARE TO BE USED SPECIFICALLY FOR THE TEEN PARENT PROJECT.

Discussion:

Ms. Steinbeck informed the committee they previously adopted this proposal in the Executive Budget that funded the match with private donations and state special revenue from counties. She said if this motion passed, the committee will need to go back and take out the state special revenue that is already in there. She said this issue was part of the welfare reform proposal that the committee has funded the maximum JOB allocation, and not the teen parent program, but funded the match with the state special.

CHAIRMAN COBB reviewed the language stating the motion must be to take the state special out and fund the program with general funds. **Ms. Steinbeck** said that is correct.

CHAIRMAN COBB asked **Ms. Robbe** if the motion failed would the department be able to raise the state special revenue needed to operate. **Ms. Robbe** didn't know. She said under the welfare reform proposal the department will be asking the communities to help fund the welfare proposal and didn't know how much more they would be able to help with.

Vote: The motion failed 3 to 3 with SEN. SWYSGOOD, SEN. BURNETT and REP. KASTEN voting no.

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT \$150,000 FOR EACH YEAR OF THE BIENNIUM, \$100,000 FROM GENERAL FUND AND \$50,000 IN STATE SPECIAL REVENUE, WITH LANGUAGE SPECIFICALLY STATING TO BE USED FOR THE TEEN PARENT PROGRAM ONLY. The motion failed 3 to 3 with SEN. SWYSGOOD, SEN. BURNETT and REP. KASTEN voting no.

Motion: CHAIRMAN COBB MOVED TO ACCEPT THE STATE SPECIAL REVENUE FUNDS SO THE PROGRAM CAN DRAW DOWN THE FULL ALLOTTED AMOUNT FOR THE TEEN PARENT PROJECT.

{Tape: 1; Side: B; Approx. Counter: 53.8; Comments: n/a.}

Discussion:

CHAIRMAN COBB asked **Ms. Robbe** for her comments. **Ms. Robbe** asked if she understood that if the program receives the full \$235,000, the department would be required to specifically fund the teen parent project, and if the department only receives a portion,

that portion must be allocated to the teen parent program. Ms. Robbe said the best way to do this would be to state that any portion of the funds can be used, that way the committee could draw down the match.

Substitute Motion/Vote: SEN. LYNCH MOVED TO ACCEPT LANGUAGE THAT STATES THE DEPARTMENT CAN USE ANY PORTION OF THE FUNDS THAT WILL BE USED SPECIFICALLY FOR THE TEEN PARENT PROJECT WHICH WILL ALLOW THE PROGRAM TO RECEIVE THE FEDERAL MATCH FUNDS. The motion carried unanimously.

Budget Item: Deer Lodge Indigent Program

{Tape: 1;; Side: 2; Approx. Counter: 54.8; Comments: DFS EXHIBIT 9 Item #3.}

CHAIRMAN COBB said the department asked for \$70,000 in general funds for each year of the biennium. He said the committee had given the program \$100,000 in the previous legislature.

Motion/Vote: CHAIRMAN COBB MADE THE MOTION TO ACCEPT \$70,000 GENERAL FUND EACH YEAR OF THE BIENNIUM, AND MAKING IT A LINE ITEM FOR ONE TIME ONLY. The motion carried unanimously.

{Tape: 1; Side: 2; Approx. Counter: 56.4; Comments: Welfare Reform.}

CHAIRMAN COBB addressed the \$100,000 appropriated for each year to legal services. He said this money was to get people that are on SSI off of general assistance (GA). The money is to be used only for AFDC clients, and not SSI client. CHAIRMAN COBB said that Neil Haite, Legal Services, recommends that only \$25,000 be used statewide for general assistance.

Penny Robbe, SRS, stated that the legal services contract was funded to serve general assistant clients in state assumed counties. She said this was passed in the last legislature to help state assumed counties make up for some of the monies that might be expended if there was an indigent relief program by counties when 3 mills was reverted when the mills reverted from 12 mills to 9 mills. She said some of the monies that is re-cooped could go back to those counties funds, because the federal government reimburses directly to the counties.

Motion: CHAIRMAN COBB MOVED TO ACCEPT \$25,000 IN GENERAL FUNDS FOR EACH YEAR OF THE BIENNIUM FOR GA CLIENTS (NON-AFDC) IN THE STATEWIDE COUNTIES.

Discussion:

CHAIRMAN COBB asked Ms. Robbe if Neil Haight meant statewide or the assumed counties. Ms. Robbe felt he (Mr. Haight) was speaking of statewide AFDC.

Ms. Steinbeck informed the committee if the motion is limited for assumed counties, she didn't know if any of the assumed counties

were offering any GA programs. **SEN. LYNCH** said they do not. **Ms. Steinbeck** said some assumed and non-assumed counties are still providing some form of indigent programs. If any of the GA clients have been on SSI for a long period of time the counties receive a refund on the money they expended.

{Tape: 1; Side: B; Approx. Counter: 61.4; Comments: n/a.}

Vote: The motion carried 4 to 2 with **REP. KASTEN** and **SEN. SWYSGOOD** voting no.

{Tape: 2; Side: A; Approx. Counter: 000; Comments: n/a.}

SRS FAIM PROGRAM BUDGET ANALYSIS 1997 BIENNIUM, VOL 1, Page B-81, Table 19.

Ms. Steinbeck addressed table 19 stating the federal funds were inadvertently left out. She said the committee previously adopted this proposal, but the table is missing the federal funds and asked that the committee make a motion so she can add the federal funds for FY97.

Motion/Vote: **CHAIRMAN COBB** MADE THE MOTION TO ALLOW **LOIS STEINBECK, LFA**, TO ADD THE FEDERAL FUNDS TO TABLE 19. The motion carried unanimously.

{Tape: 2; Side: A; Approx. Counter: 2.0; Comments: n/a.}

BUDGET ANALYSIS 1997 BIENNIUM, Vol. 1, Page B-78, Table 17

Ms. Steinbeck informed the committee there are several issues they need to consider. They are shown on Page B-78, table 17. There are three contracts for consideration: 1) TEAMS Facility Maintenance contract; 2) SEARCHS mainframe processing; and 3) SEARCHS Facility Management contract. She said there are several of the LFA issues associated with the contracts in regard to COLA (Cost of Living Adjustment), and said the department will continue using the same COLA assigned for each contract using the lowest COLA.

SEN. SWYSGOOD asked if the TEAMS FM contract was connected to the welfare reform bill. **Ms. Steinbeck** said that only those portions that apply to welfare reform. She said this money will be for the ongoing cost of operating TEAMS apart from welfare reform activities.

Mike Billings, SRS, distributed a handout clarifying what the committee has already acted on stating the TEAMS FM contract shows the \$565,142 includes FAIM and the COLA. **EXHIBIT 10**

Ms. Steinbeck said when these issues are presented to the committee, the welfare reform part of FAIM will be broken out separately as a new proposal. She said this will not be reflected in the present law adjustment, but will be part of HB

2. She said TEAMS does have a portion of general fund, and state special revenue supporting the state share of the TEAMS FM contract, and COLA as part of the adjustment. She said that SEARCHS mainframe processing and SEARCHS FM contracts state share is supported by child support enforcement which is state special revenue funds. The general system operating TEAMS is 50% federal, and 50% state special funds. The funds for child support enforcement is 34% state special revenue, and 66% federal.

Budget Item: TEAMS FM contract

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT THE TEAMS CONTRACT, LESS WHAT HAS PREVIOUSLY BEEN APPROVED. The motion carried 5 to 1 with CHAIRMAN COBB voting no.

Budget Item: SEARCHS Mainframe processing

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT SEARCHS MAINFRAME PROCESSING. The motion failed 2 - 4 with CHAIRMAN COBB and REP. BARNHART voting yes.

Mike Billings, Administrator of Operating and Technicians Division, SRS, informed the committee that the costs are increasing in excess of the amount that was requested by the department. CHAIRMAN COBB wanted to know how the department will make up the difference if that is the case. Mr. Billings said they are going to discuss this with ISD and come back to present to the committee why the costs for processing has increased so much.

{Tape: 2; Side: A; Approx. Counter: 14.5; Comments: n/a.}

Budget Item: SEARCHS FM contract

CHAIRMAN COBB asked Mr. Billings to address the FM contract. Mr. Billings said that reductions were suggested as a result of the FTE involved shown on table 18, page B-79. He said the FM contract is a fixed entity, as it doesn't vary nor have any relationship to the number of people that are using it.

Motion/Vote: SEN. LYNCH MOVED TO ACCEPT SEARCHS FM CONTRACT. The motion carried 5 to 1 with CHAIRMAN COBB voting no.

Lois Steinbeck, LFA, distributed a handout on primary care for the committee members review for their next meeting on February 16, 1995. She said the information is a combination of the changes presented to her by the committee for the primary care budget.

{Tape: 2; Side: A; Approx. Counter: 26.2; Comments: n/a.}

Public Testimony on Medicaid:

Paul Peterson, Missoula, MT, distributed and read his written testimony. **EXHIBIT 11**

Sheila Jenkins, addressed the committee of her personal experiences on the Medicaid program. She was in a nursing home, but had to leave because Medicaid would not cover her any longer. She stated there are programs that help her live independently.

CHAIRMAN COBB explained the Medicaid budget reductions to the audience. He said if they continue the growth rate of the Department of Social and Rehabilitation Services, the money would run out by next session. He said the state cannot raise enough taxes to match the federal funds. He said the legislature needs to find a way to slow down the growth rate or there will be a wreck.

{Tape: 2; Side: A; Approx. Counter: 33; Comments: n/a.}

Pam Nelson, Missoula, distributed and presented her testimony to the committee. **EXHIBIT 12**

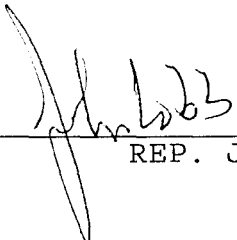
Michael Regnier, President, Coalition of Montanans Concerned with Disabilities, Missoula, distributed and read his testimony in regard to Medicaid cuts. **EXHIBIT 13**

Kay Fox, Montana Low Income Coalition, reiterated previous testimony and said the state is spending the least amount of dollars, and stated there is a need to look at long-term implications to the budget. The bottom line is the welfare reform can only work if Medicaid is under control.

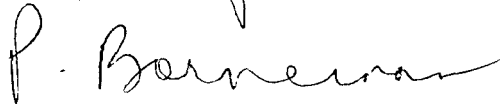
Nancy Ellery, SRS, distributed two handouts that urged the committee to reconsider its action on DHES's request for federal funding for a statewide trauma system. The funding is critical to the successful implementation of a trauma system in Montana that will save money and lives. The second handout reiterates the issues raised at the February 13 Human Services Subcommittee hearing on the Medicaid Transportation Program. **EXHIBITS 14 and 15**

ADJOURNMENT

Adjournment: 11:10 a.m.



REP. JOHN COBB , Chair



for CLAUDIA A. JOHNSON, Recording, Secretary

JC/cj

HUMAN SERVICES AND AGING

Joint Appropriations Subcommittee

ROLL CALL

DATE 2-15-95

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	✓		

Lois / Doug

Table 1
Revised Foster Care Caseload and Funding Estimates

Cost/Funding	Executive Estimate*		Revised Exec. Request		Revised LFA Estimate		Biennial
	1994	1995	1996	1997	1996	1997	Exec. Over (Under) LFA
Total Cost							
Original Estimated Total Cost	\$15,395,488	\$15,015,060	\$16,739,882	\$17,983,846	\$16,275,106	\$16,866,390	\$1,582,232
Revised Estimate Total Cost	<u>16,220,339</u>	<u>16,077,746</u>	<u>17,475,231</u>	<u>18,770,044</u>	<u>16,828,087</u>	<u>17,473,724</u>	\$1,943,464
Revised Over (Under) Original	<u>\$824,851</u>	<u>\$1,062,686</u>	<u>\$735,349</u>	<u>\$786,198</u>	<u>\$552,981</u>	<u>\$607,334</u>	
Funding for Revised Estimates							
General Fund*	\$11,230,327	\$10,617,047	\$11,779,155	\$12,807,883	\$11,038,139	\$11,551,098	\$1,997,801
County Reimbursements	876,980	948,768	948,768	948,768	948,768	948,768	0
Third Party Reimbursements	683,953	687,618	687,618	687,618	811,108	811,108	(246,980)
Federal Funds	<u>3,429,079</u>	<u>3,824,313</u>	<u>4,059,690</u>	<u>4,325,774</u>	<u>4,030,072</u>	<u>4,162,750</u>	<u>192,642</u>
Total Funds	<u>\$16,220,339</u>	<u>\$16,077,746</u>	<u>\$17,475,231</u>	<u>\$18,770,043</u>	<u>\$16,828,087</u>	<u>\$17,473,724</u>	<u>\$1,943,463</u>

*The executive estimate of foster care costs and funding does not include the cost of subsidized adoption or therapeutic group care. These costs are included in the foster care budget/appropriation in FY94 and FY95, but are borken out for separate consideration in the 1997 biennium executive request. Together these costs account for \$1.8 million total funds (\$1.3 million general fund) in FY 94 and \$2.6 million total funds (\$2 million general fund) in FY97.

**The Executive includes \$252,000 for family based services contracts in FY96 and FY97, while the LFA maintains contracts at the FY94 actual cost of \$20,000.

Table 2
Foster Care Funding Differences Between the Original and Revised
and Revised Executive Request and LFA Revised Request

General Fund/Total Funds	Executive Estimates		LFA Estimates		Exec. Over
	1996	1997	1996	1997	(Under) LFA (Biennial)
Original Executive Request	\$11,197,517	\$12,181,498	\$11,197,517	\$12,181,498	\$0
Revised General Fund	<u>11,779,155</u>	<u>12,807,883</u>	<u>11,038,139</u>	<u>11,551,098</u>	<u>\$1,997,801</u>
Revised Over (Under) Original	<u>\$581,639</u>	<u>\$626,386</u>	<u>(\$159,377)</u>	<u>(\$630,400)</u>	<u>\$1,997,801</u>
Less Family Based Services	\$183,757	\$228,504	\$0	\$0	\$412,261
Less PIPPS Services	397,882	397,882	73,345	73,345	649,074
Third Party Reimbursements	0	0	(123,490)	(123,490)	246,980
In-State Treatment	<u>0</u>	<u>0</u>	<u>(109,232)</u>	<u>(580,255)</u>	<u>689,487</u>
General Fund Difference	<u>\$581,639</u>	<u>\$626,386</u>	<u>(\$159,377)</u>	<u>(\$630,400)</u>	<u>\$1,997,801</u>

Fiscal 1994 PIPPS Expenditures

Service Cost/Funding*	FY 94	Percent of Total
Utilities	\$2,964	0.35%
Medical	3,483	0.41%
Travel	4,906	0.58%
Schools	8,526	1.01%
Other	33,049	3.91%
Individuals**	95,038	11.25%
Counseling	321,557	38.06%
Residential Treatment	<u>375,328</u>	44.43%
Total PIPPs Services	<u>\$844,851</u>	100.00%
General Fund	\$752,146	89.03%
State Special Revenue	0	0.00%
Federal Funds***	<u>92,705</u>	10.97%
Total Funds	<u>\$844,851</u>	100.00%
Abuse/Neglect Cases	\$833,511	98.66%
Probation/Juvenile Corrections	11,340	1.34%
*DFS staff compiled payment information.		
**DFS staff believe that these payments are also for counseling/therapy services.		
***Federal share of PIPPs funding may be larger than shown in this table.		

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DATE 2-15-95

HB

Table 3
Comparison of 1.5% Provider Rate Increases to Revised Foster Care Projections

Cost/Funding	Original Estimate*		Executive Revised Estimate		LFA Revised Estimate	
	1996	1997	1996	1997	1996	1997
Total Cost 1.5% Provider Increase	<u>\$222,753</u>	<u>\$448,847</u>	<u>\$247,318</u>	<u>\$535,945</u>	<u>\$243,827</u>	<u>\$509,182</u>
General Fund	175,819	354,275	186,180	405,025	181,554	380,029
State Special	0	0	10,314	20,783	12,167	24,516
Federal	46,934	94,572	50,824	110,137	50,106	104,637
Funding Over (Under) Original Request						
Total Cost			<u>\$24,565</u>	<u>\$87,098</u>	<u>\$21,074</u>	<u>\$60,335</u>
General Fund			10,361	50,750	5,735	25,754
State Special			10,314	20,783	12,167	24,516
Federal			3,890	15,565	3,172	10,065

*The original executive request was adequate to fund only a 1.36% provider rate increase.

**Rate increases for family based services are not included in the increase.

Table 4
Family Based Services

Request/Funding	Appropriated	Actual	Original Request		Revised Exec. Request	
	1994	1994	1996	1997	1996	1997
Total Appropriated/Requested						
Separate Item	\$371,200	\$538,377	\$640,000	\$640,000	\$640,000	\$640,000
Included in Foster Care Benefits		<u>20,000</u>	<u>102,000</u>	<u>102,000</u>	<u>252,000</u>	<u>252,000</u>
Total	<u>\$371,200</u>	<u>\$558,377</u>	<u>\$742,000</u>	<u>\$742,000</u>	<u>\$892,000</u>	<u>\$892,000</u>
Percent Increase Over Approp.		50.42%	99.89%	99.89%	140.30%	140.30%
Percent Increase Over Actuals			32.89%	32.89%	59.75%	59.75%
Funding						
General Fund	\$371,200	\$558,377	\$682,000	\$682,000	\$763,757	\$808,504
State Special Revenue	0	0	0	0	0	
Federal	0	0	<u>60,000</u>	<u>60,000</u>	<u>128,243</u>	<u>83,490</u>
Total Funds	<u>\$371,200</u>	<u>\$558,377</u>	<u>\$742,000</u>	<u>\$742,000</u>	<u>\$892,000</u>	<u>\$892,000</u>

EXHIBIT 4
 DATE 2/15/95
 SB _____

Table 5
 Revised Executive Foster Care Request Allocated Between Juvenile Corrections,
 Probation, and Abuse and Neglect Functions

Service Cost/Funding	<-----Biennial Total----->					
	Abuse and Neglect of Total	Percent of Total	Juvenile Corrections of Total	Percent of Total	Probation of Total	Percent of Total
Clothing Allowance	\$749,977	96.30	\$11,363	1.46	\$17,449	2.24
Supplemental Services	609,743	99.30	1,364	0.22	2,914	0.47
Family Foster Care In-State	9,596,847	95.32	149,864	1.49	321,165	3.19
Group Home	1,913,943	44.71	499,980	11.68	1,866,532	43.61
Shelter Care	1,695,491	47.69	117,531	3.31	1,742,221	49.00
In-State Residential Treatment	8,294,747	81.47	211,508	2.08	1,675,531	16.46
Out-Of-State Res. Treatment	2,181,866	60.04	151,684	4.17	1,300,182	35.78
Individualized Services (PIPPS)*	2,606,692	99.14	9,822	0.37	12,858	0.49
Family Based Services*	504,000	100.00	0	0.00	0	0.00
Total	\$28,153,306	77.67	\$1,153,116	3.18	\$6,938,852	19.14
General Fund	\$16,606,743	67.54	\$1,153,115	4.69	\$6,827,180	27.77
State Special Revenue	3,272,772	100.00	0	0.00	0	0.00
Federal Funds	8,273,791	98.67	0	0.00	111,673	1.33
Total Funds	\$28,153,307	77.67	\$1,153,115	3.18	\$6,938,852	19.14
					\$36,245,274	

*PIPPS are funded 90% from the general fund and family based services are funded 100% from the general fund.

Family Foster Care Average Annual Placements

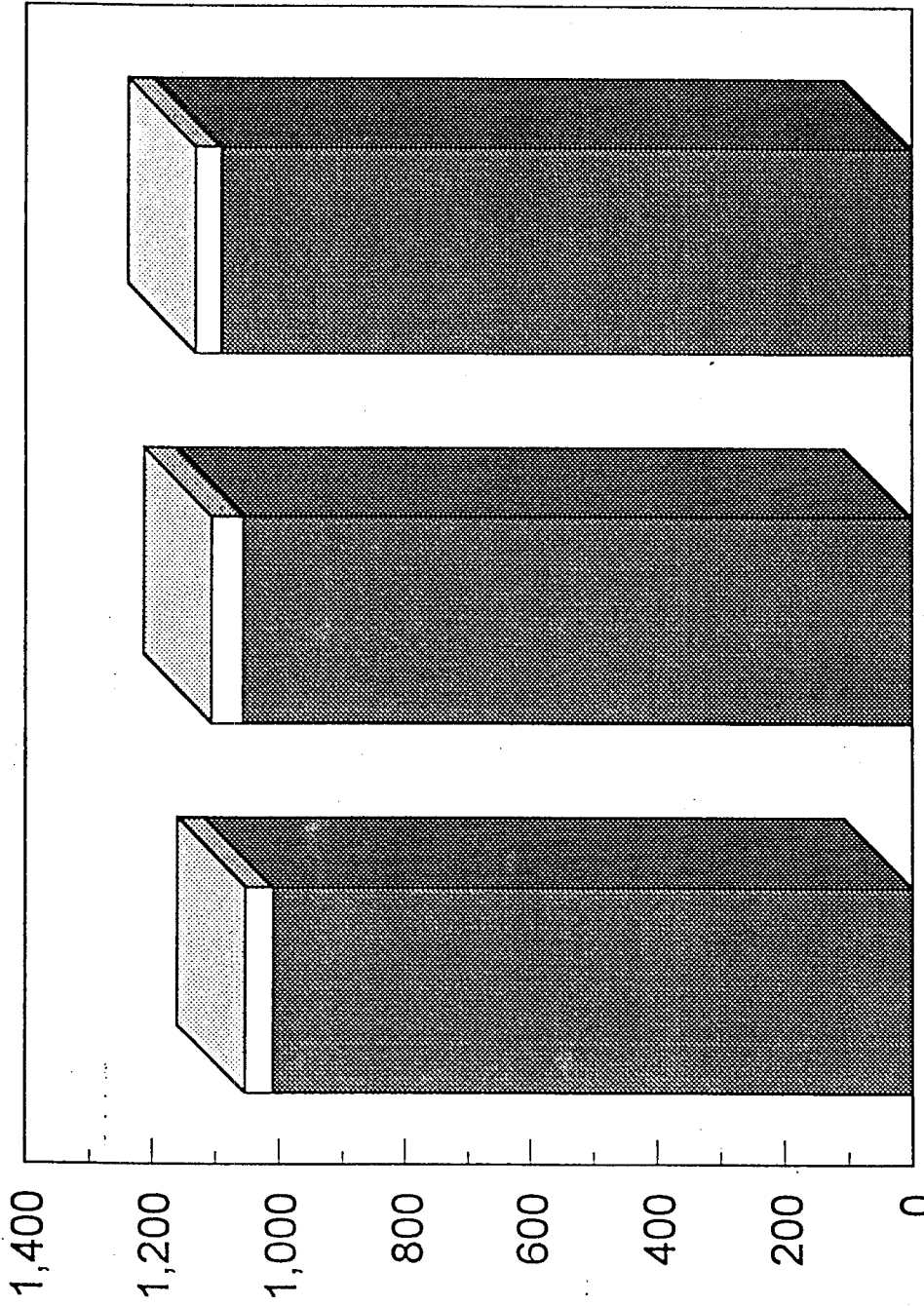
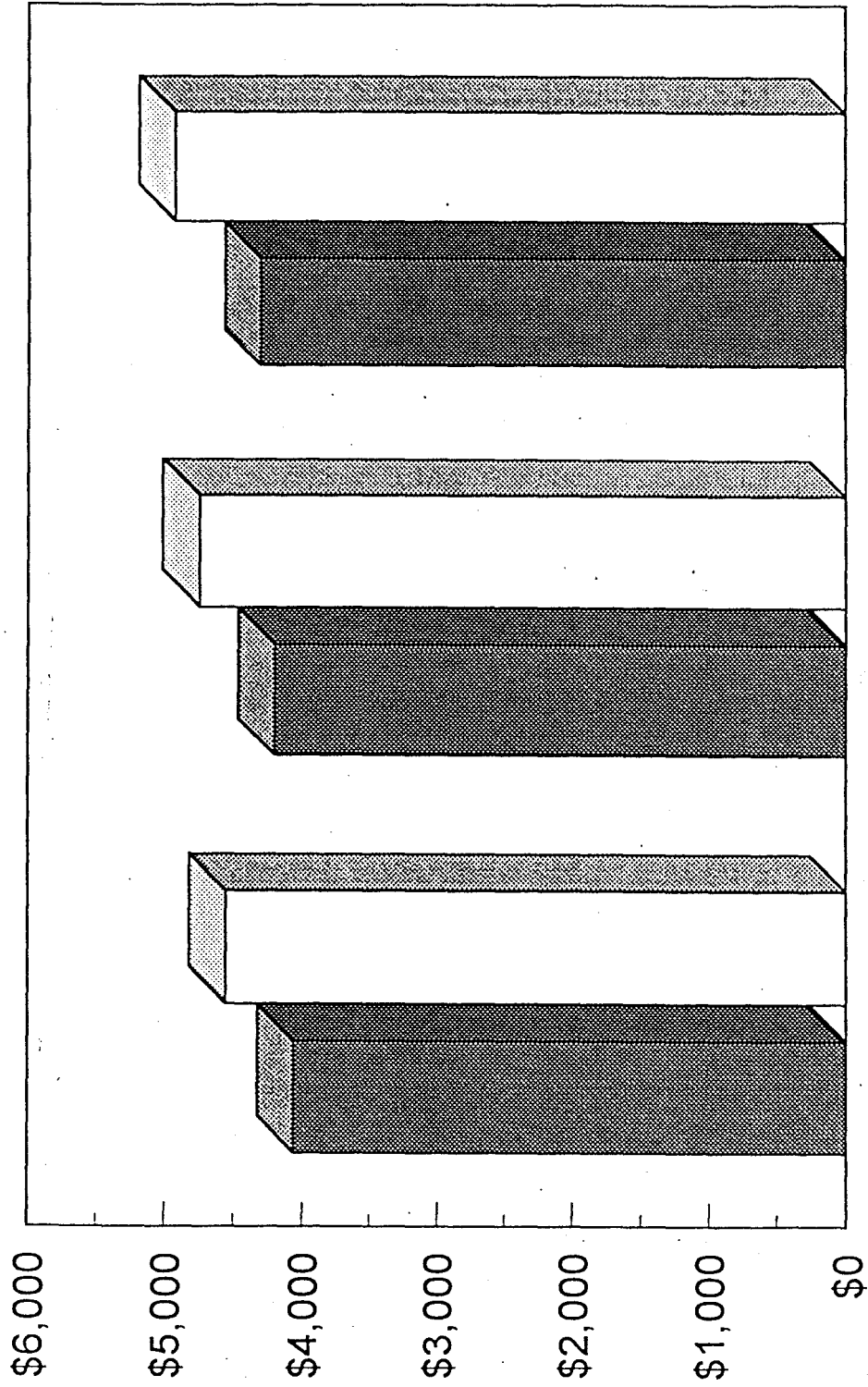


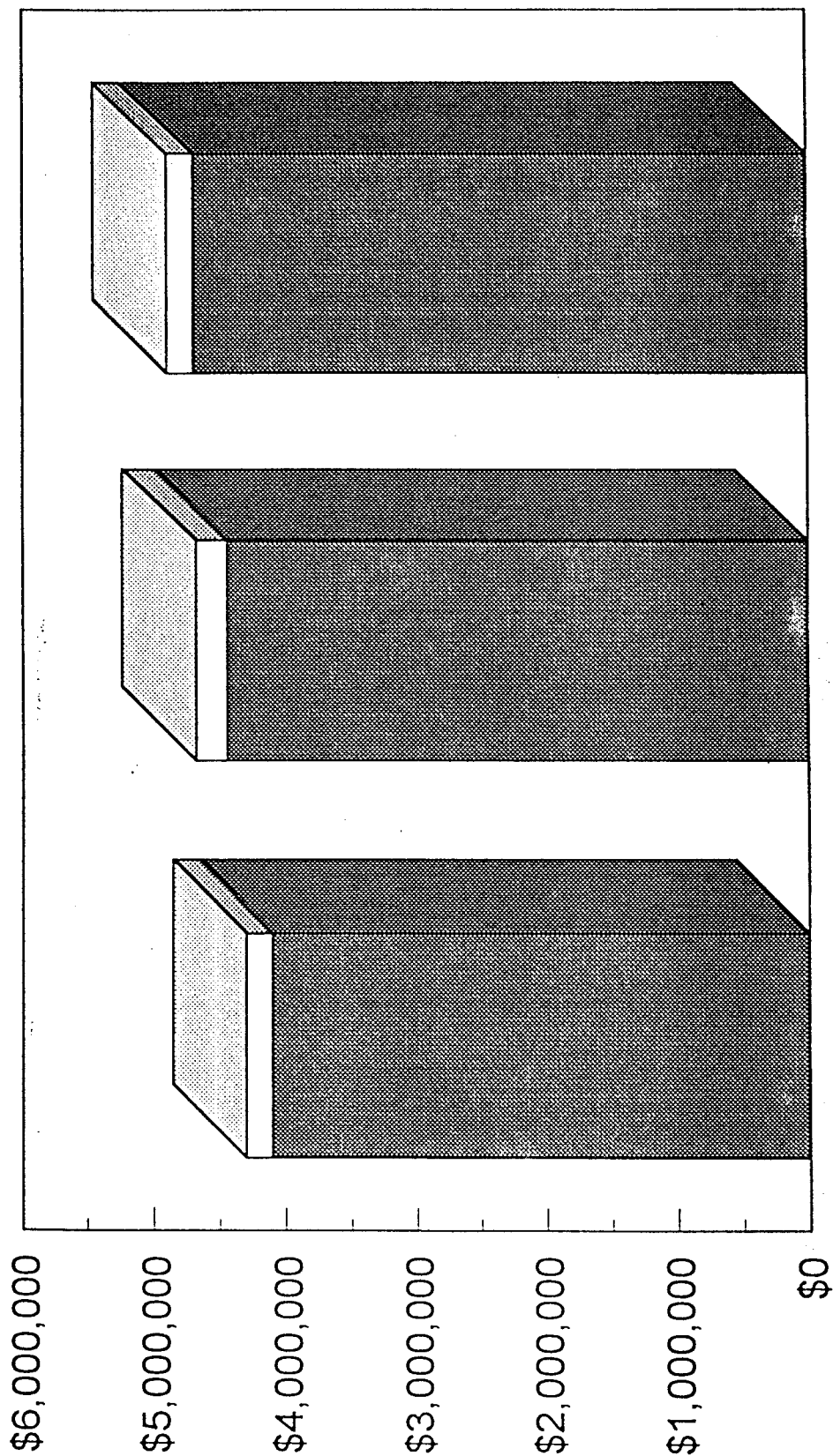
EXHIBIT 5
DATE 2/15/95
SB _____

Family Foster Care Average Annual Cost of Placements



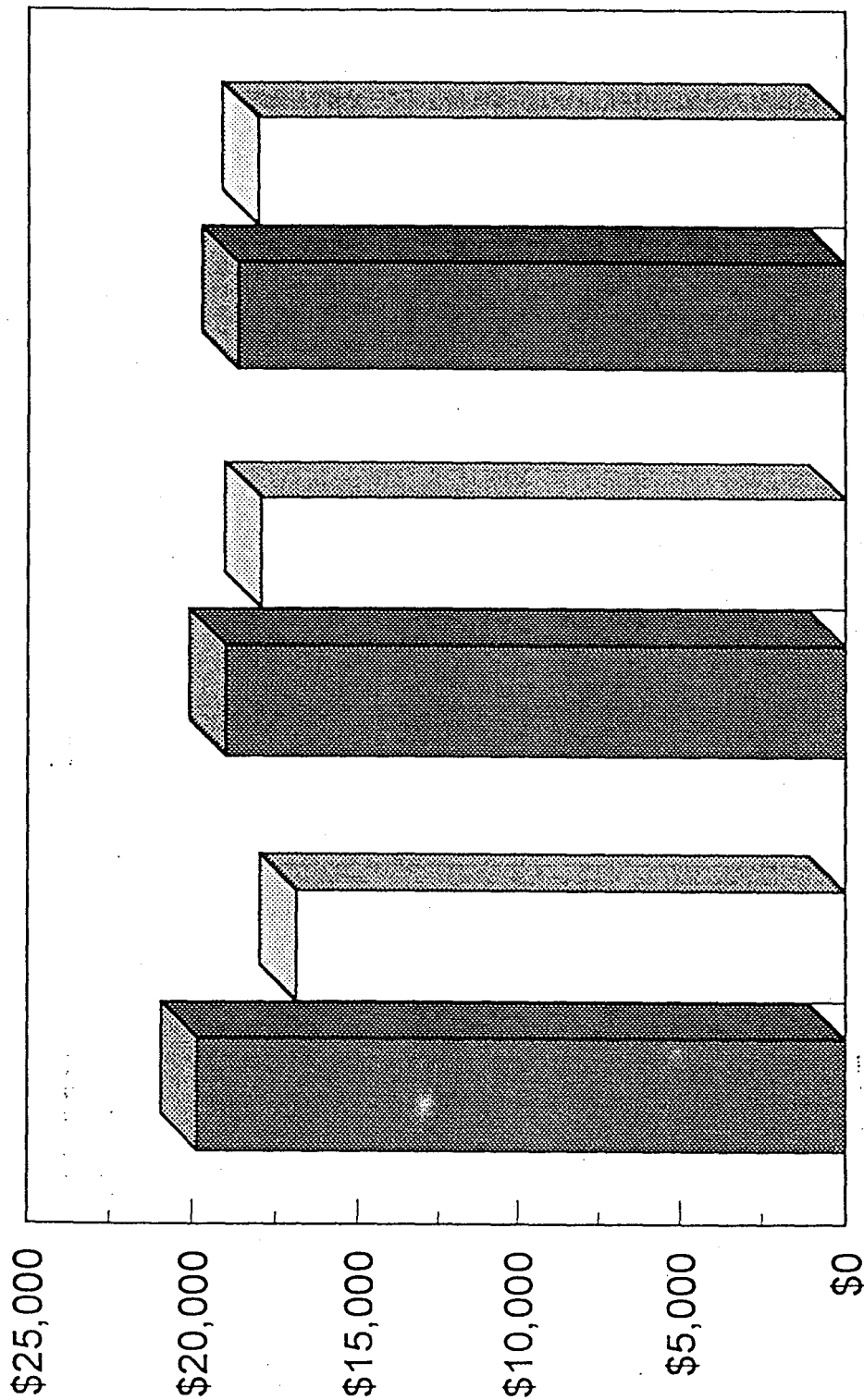
	1992	1993	1994
Regular	\$4,061	\$4,202	\$4,308
Juvenile Justice	\$4,556	\$4,753	\$4,931

Family Foster Care Total Annual Cost of Placements



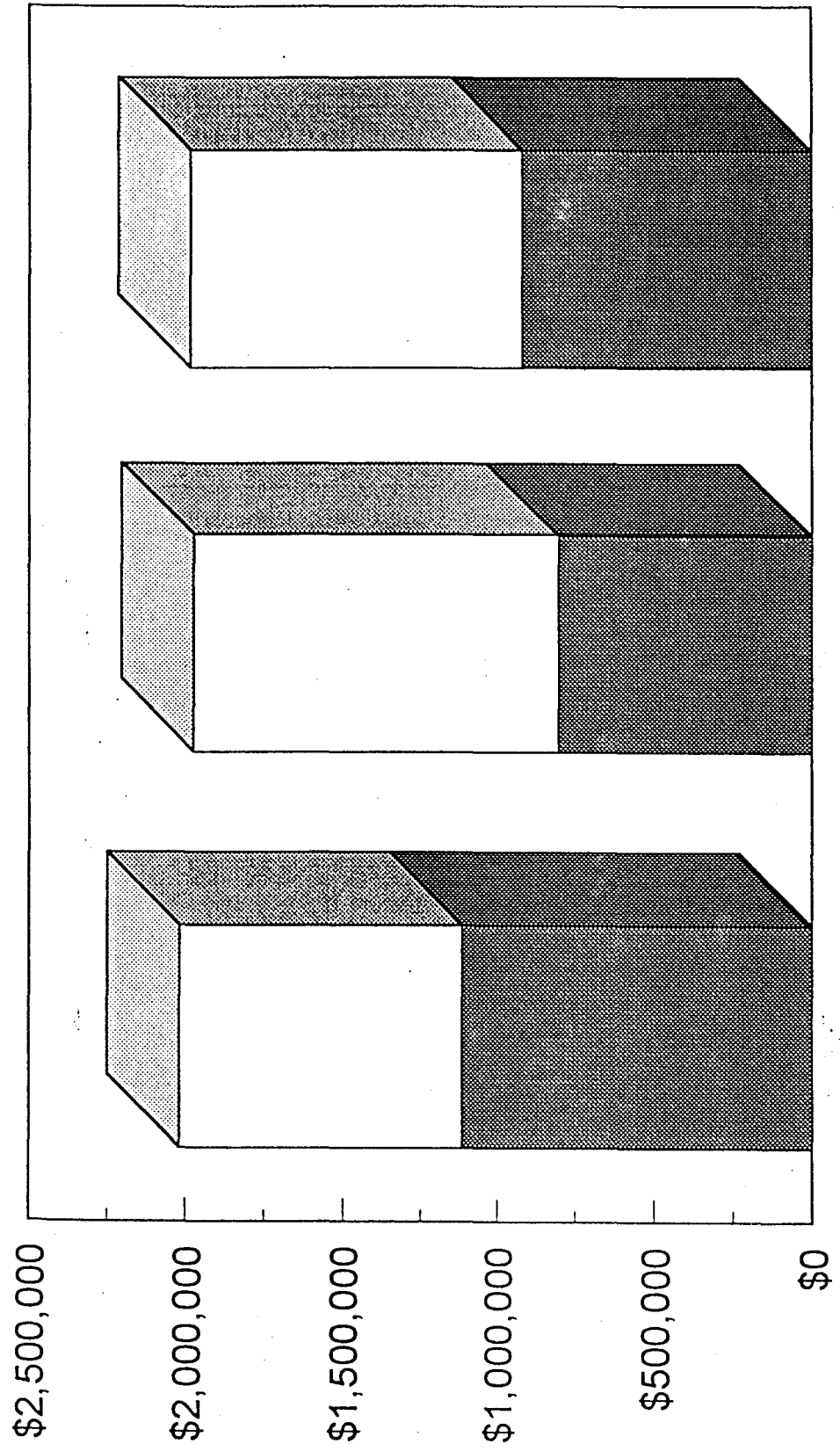
	1992	1993	1994
Regular	\$4,099,413	\$4,441,763	\$4,701,832
Juvenile Justice	\$199,334	\$238,119	\$200,060
Total Cost	\$4,298,747	\$4,679,882	\$4,901,892

Group Home Average Annual Cost of Placements



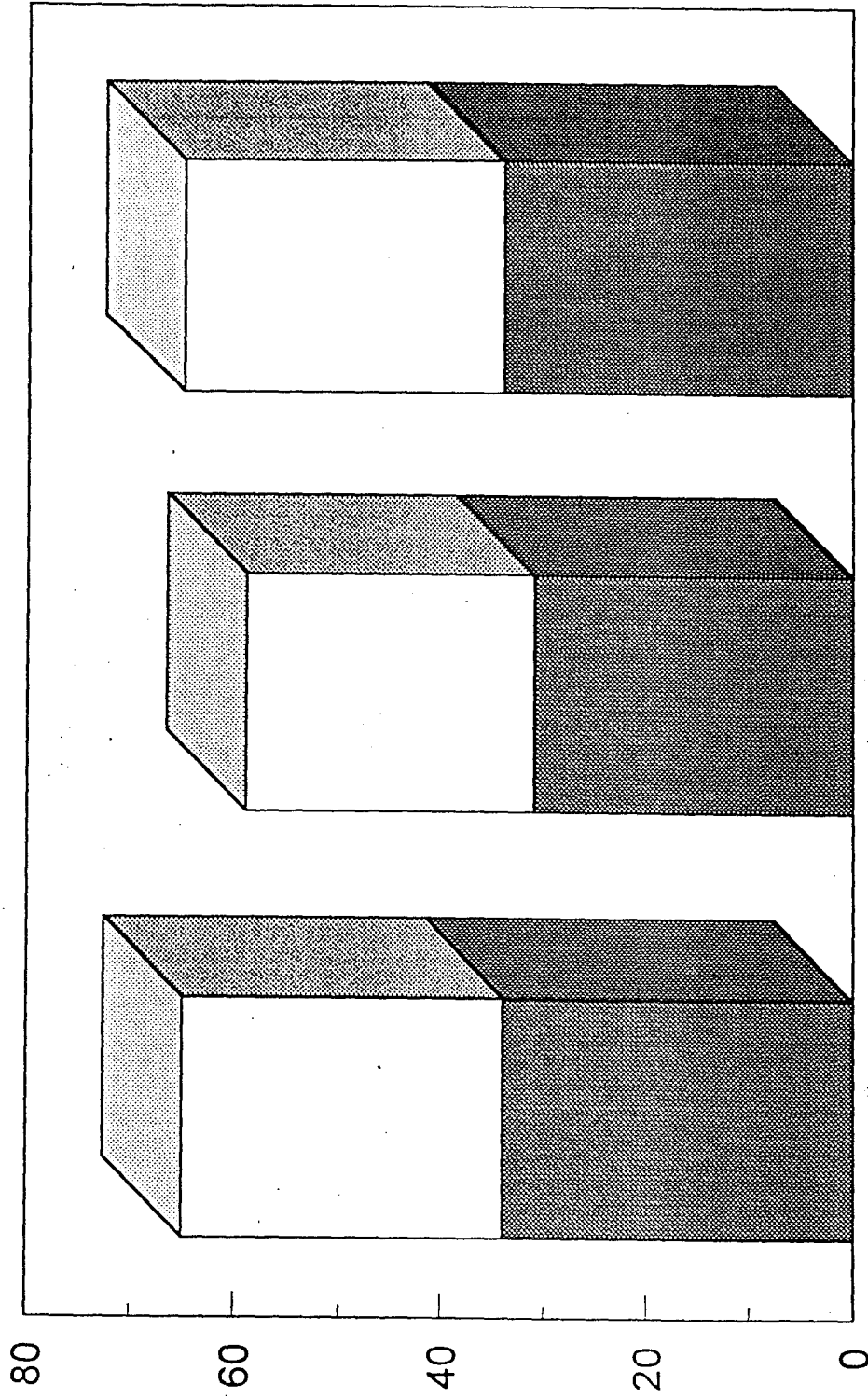
	1992	1993	1994
Regular	\$19,843	\$19,023	\$18,651
Juvenile Justice	\$16,872	\$17,965	\$18,050

Group Home Total Annual Cost of Placements



	1992	1993	1994
Regular	\$1,114,137	\$801,945	\$918,681
Juvenile Justice	\$904,843	\$1,172,851	\$1,068,077
Total Cost	\$2,018,980	\$1,974,796	\$1,986,758

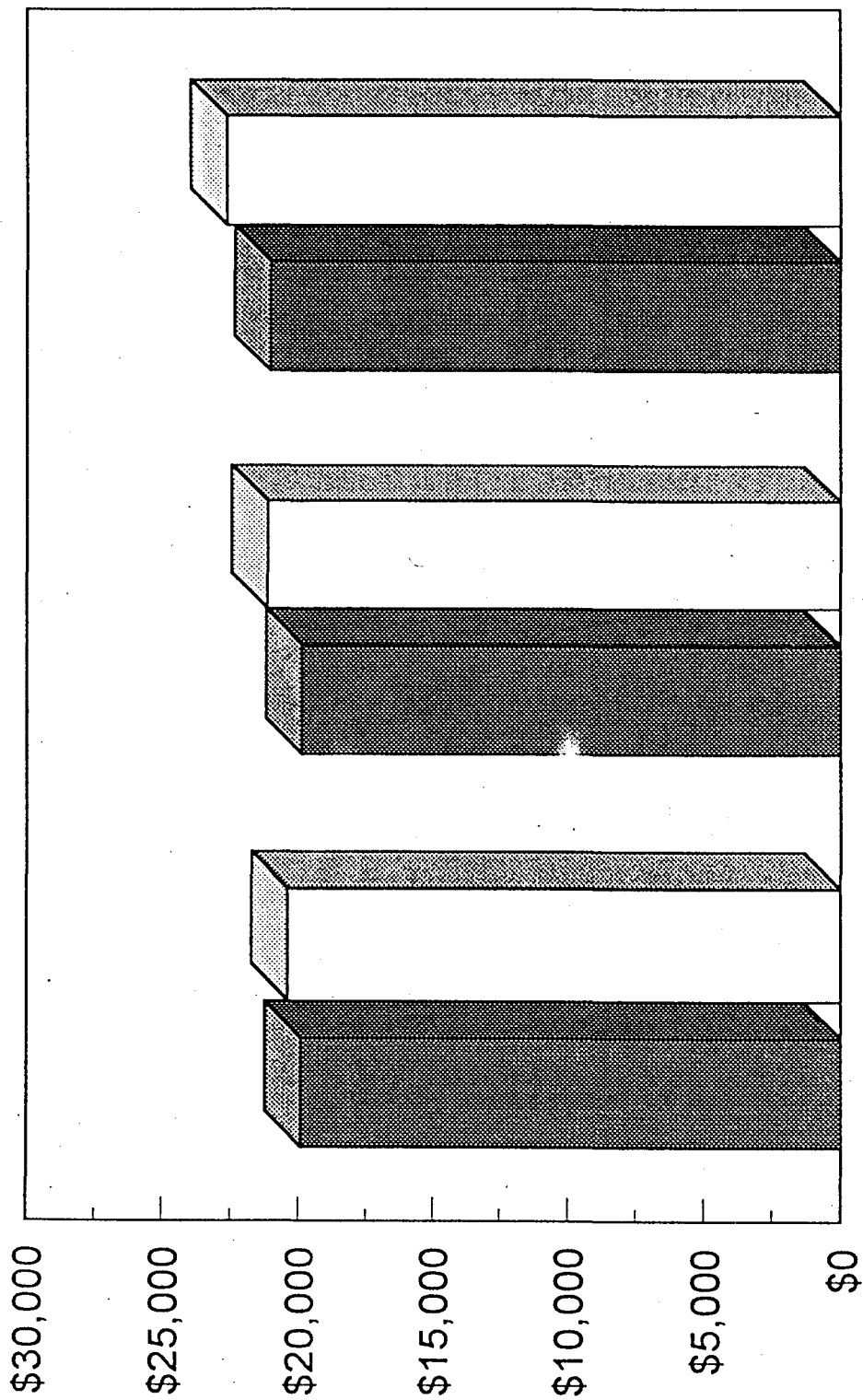
Shelter Care Average Annual Placements



	1992	1993	1994
Regular	34	31	34
Juvenile Justice	31	28	31
Average Placements	65	59	65

Shelter Care

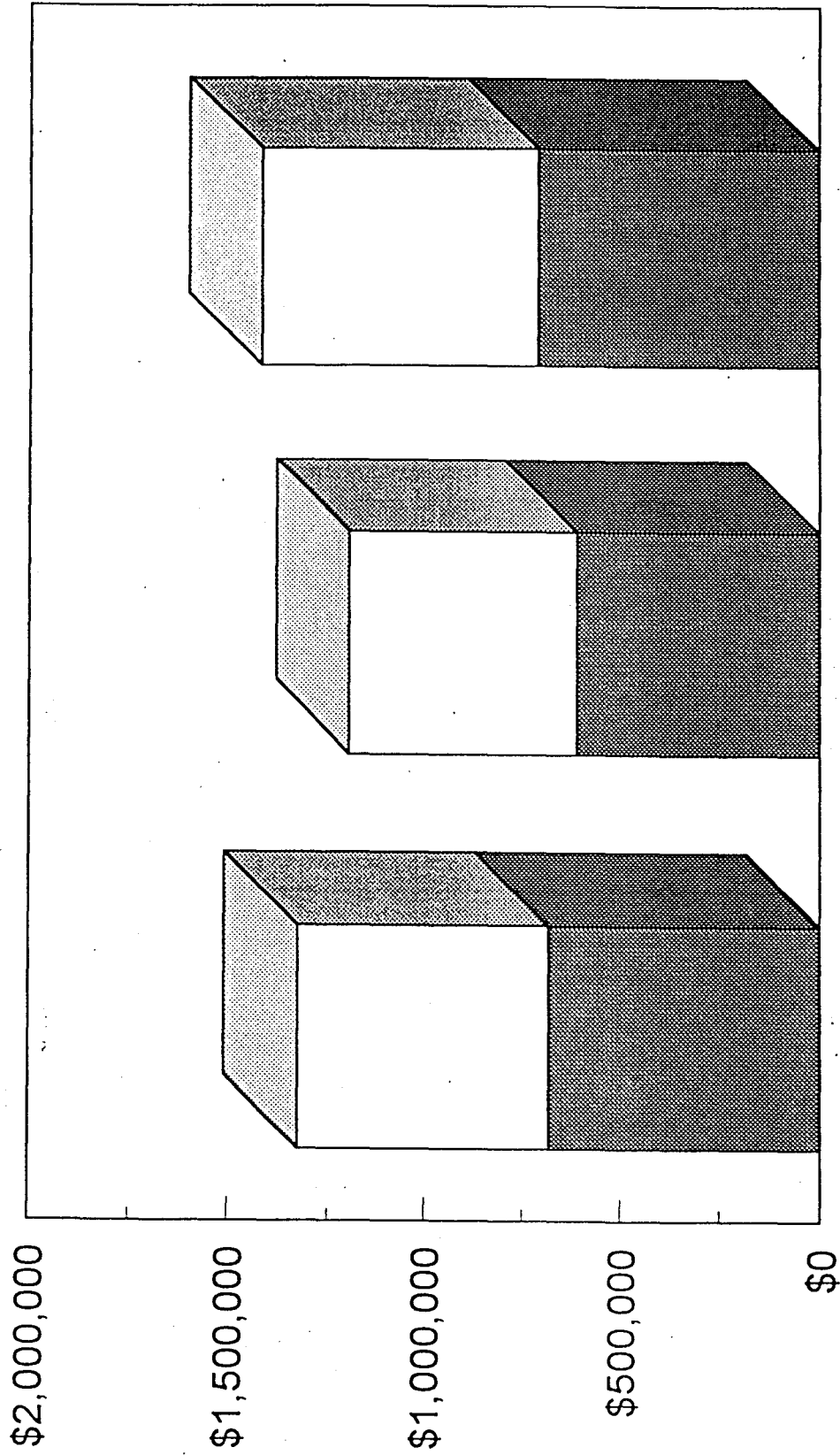
Average Annual Cost of Placements



	1992	1993	1994
Regular	\$19,923	\$19,879	\$21,056
Juvenile Justice	\$20,414	\$21,150	\$22,667

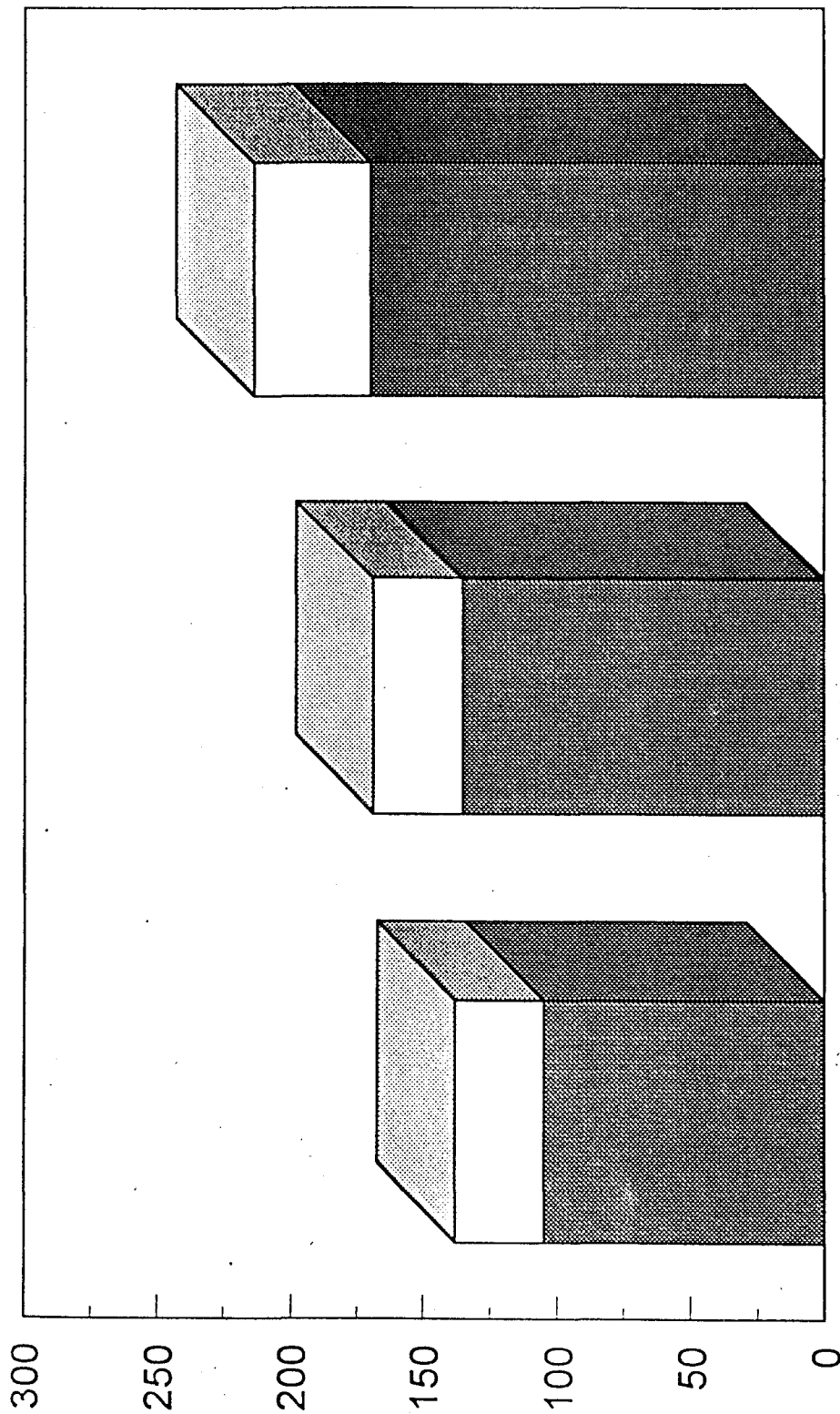
Shelter Care

Total Annual Cost of Placements



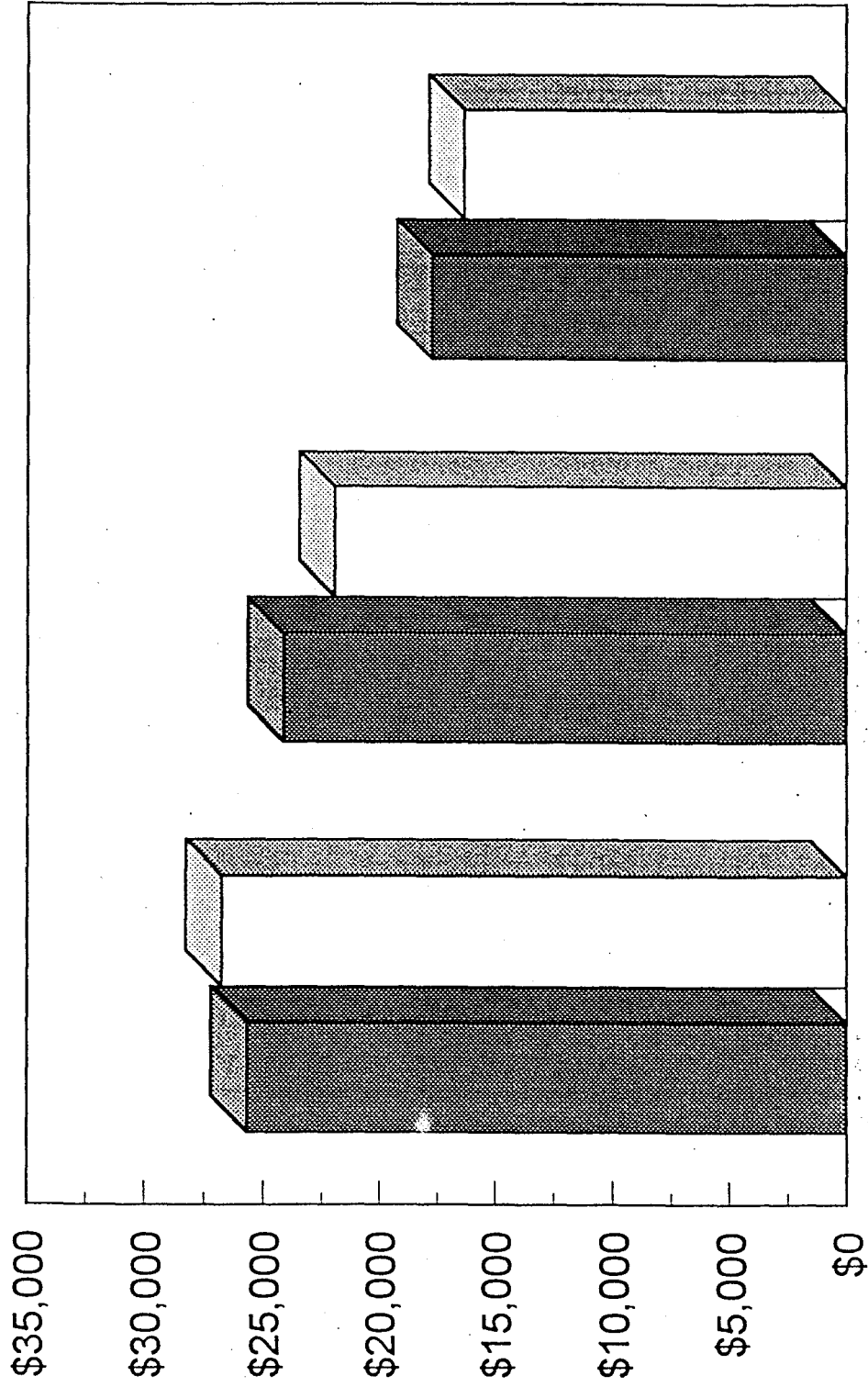
	1992	1993	1994
Regular	\$682,938	\$611,661	\$711,914
Juvenile Justice	\$641,489	\$584,096	\$705,714
Total Cost	\$1,324,427	\$1,195,757	\$1,417,628

In-State Treatment Average Annual Placements



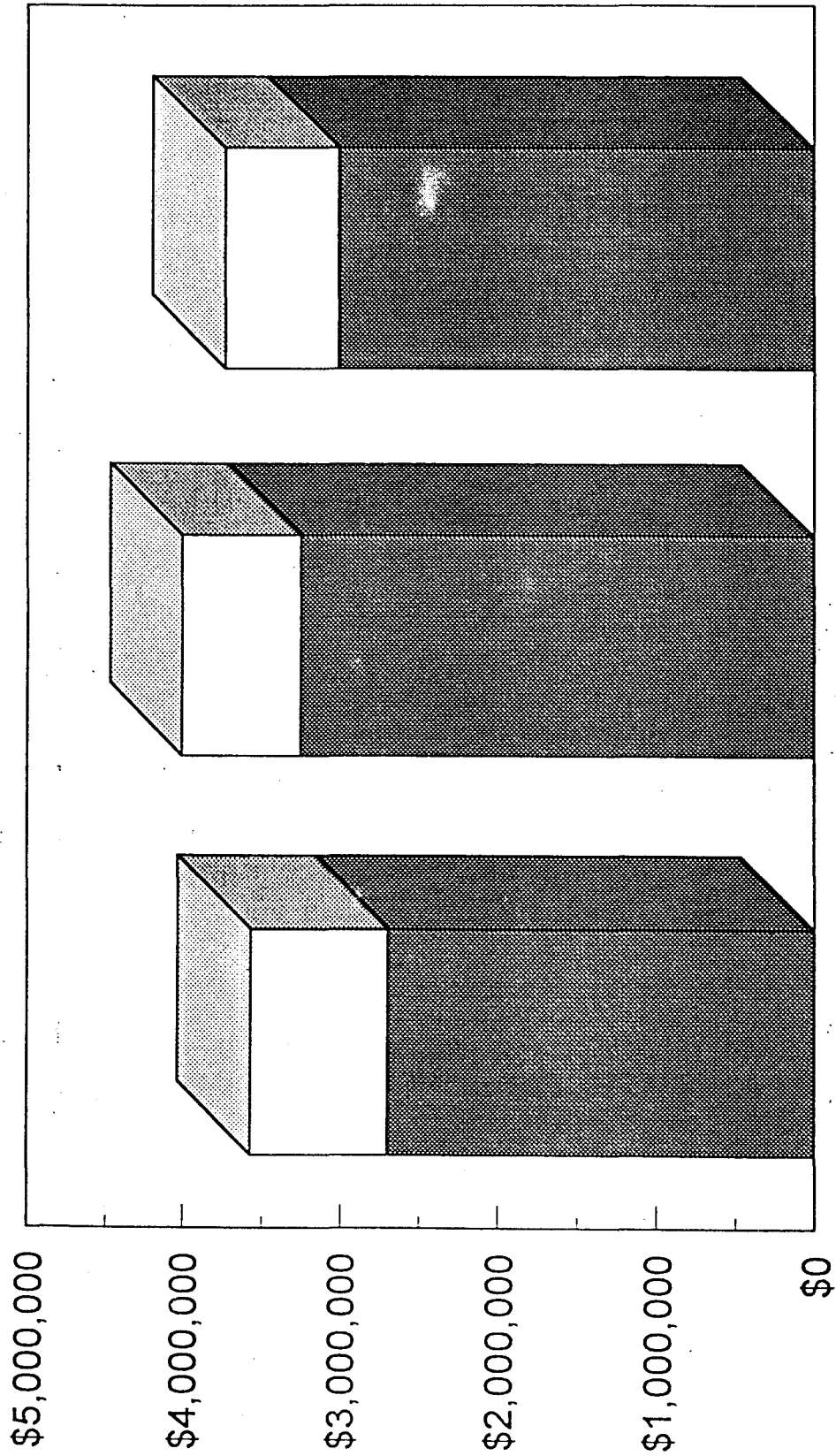
	1992	1993	1994
Regular	105	135	170
Juvenile Justice	33	34	44
Total Cost	138	169	214

In-State Treatment Average Annual Cost of Placements



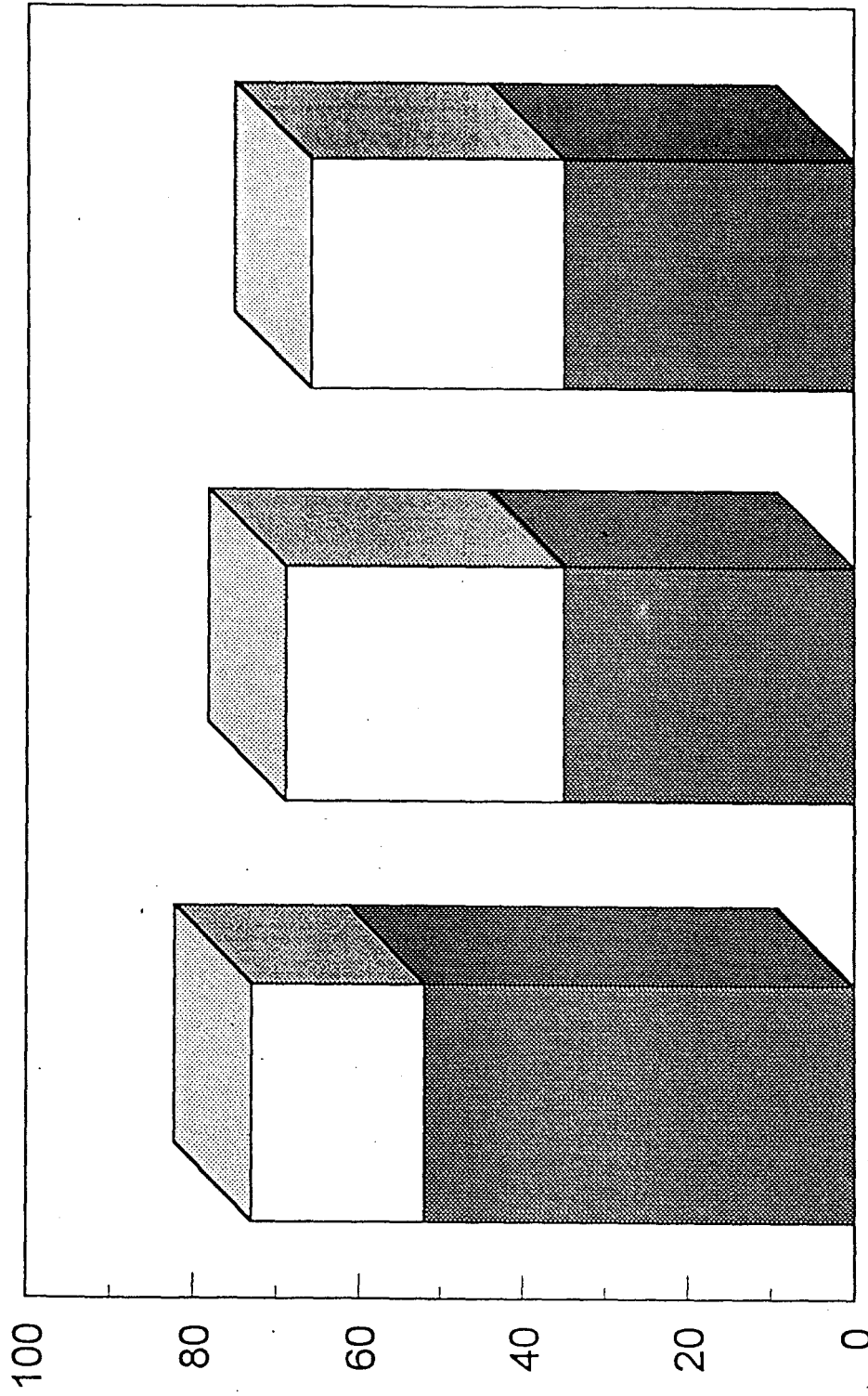
	1992	1993	1994
Regular	\$25,682	\$24,148	\$17,728
Juvenile Justice	\$26,751	\$21,957	\$16,345

In-State Treatment Total Annual Cost of Placements



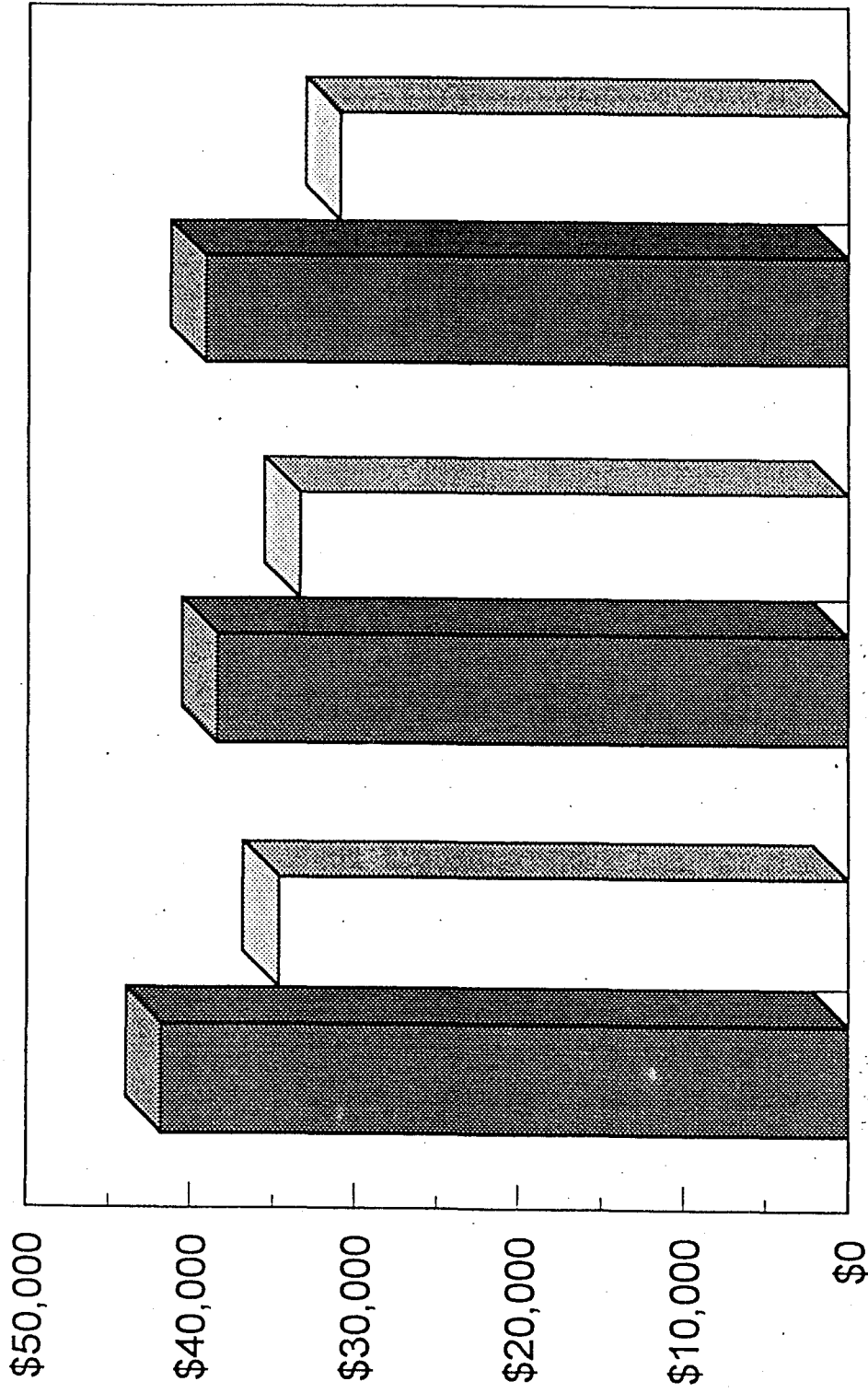
	1992	1993	1994
Regular	\$2,697,131	\$3,256,279	\$3,017,913
Juvenile Justice	\$871,042	\$751,524	\$720,793
Total Cost	\$3,568,173	\$4,007,803	\$3,738,706

Out-of-State Treatment Average Annual Placements



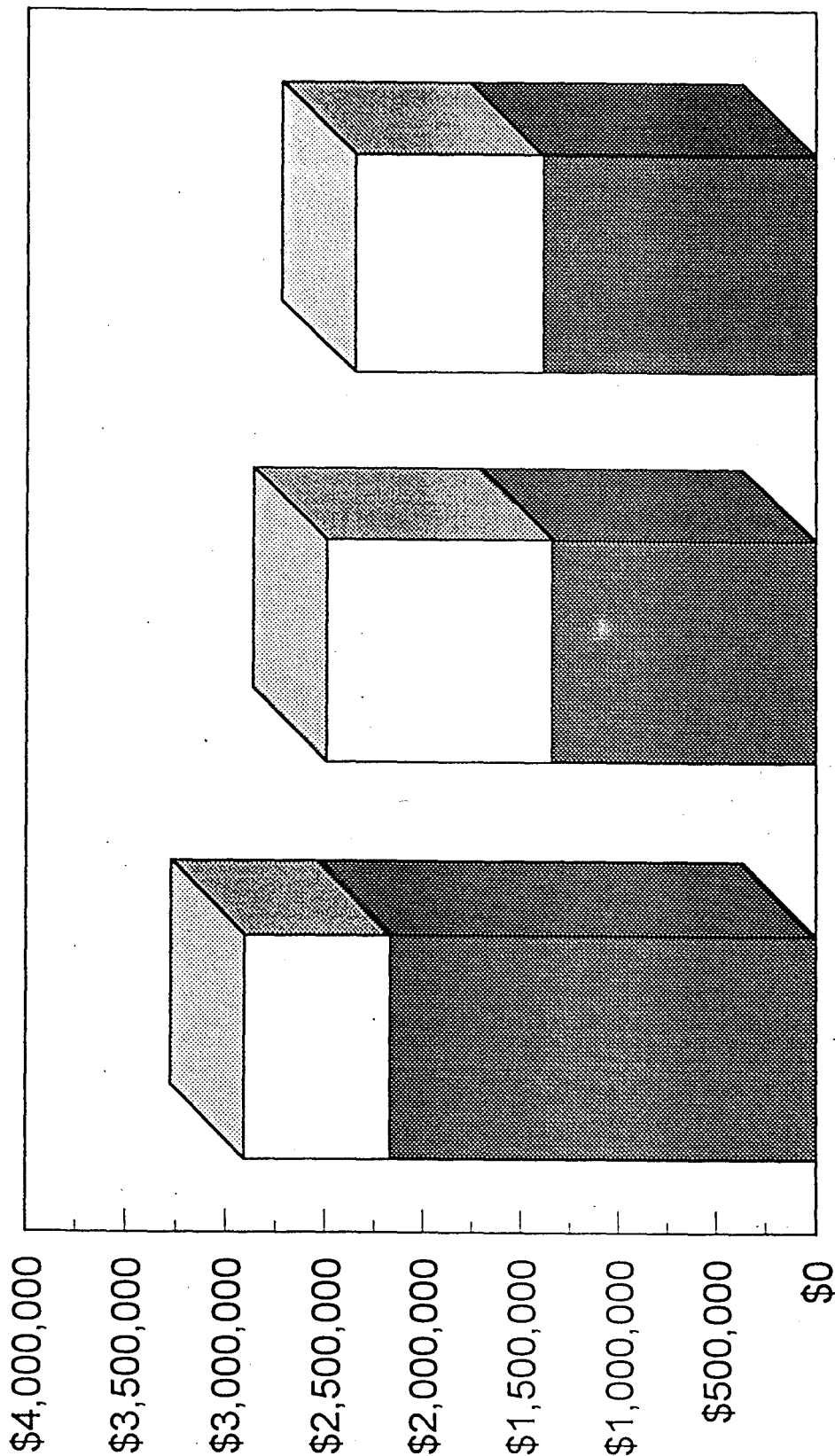
	1992	1993	1994
Regular	52	35	35
Juvenile Justice	21	34	31
Average Placements	73	69	66

Out-of-State Treatment Average Annual Cost of Placements



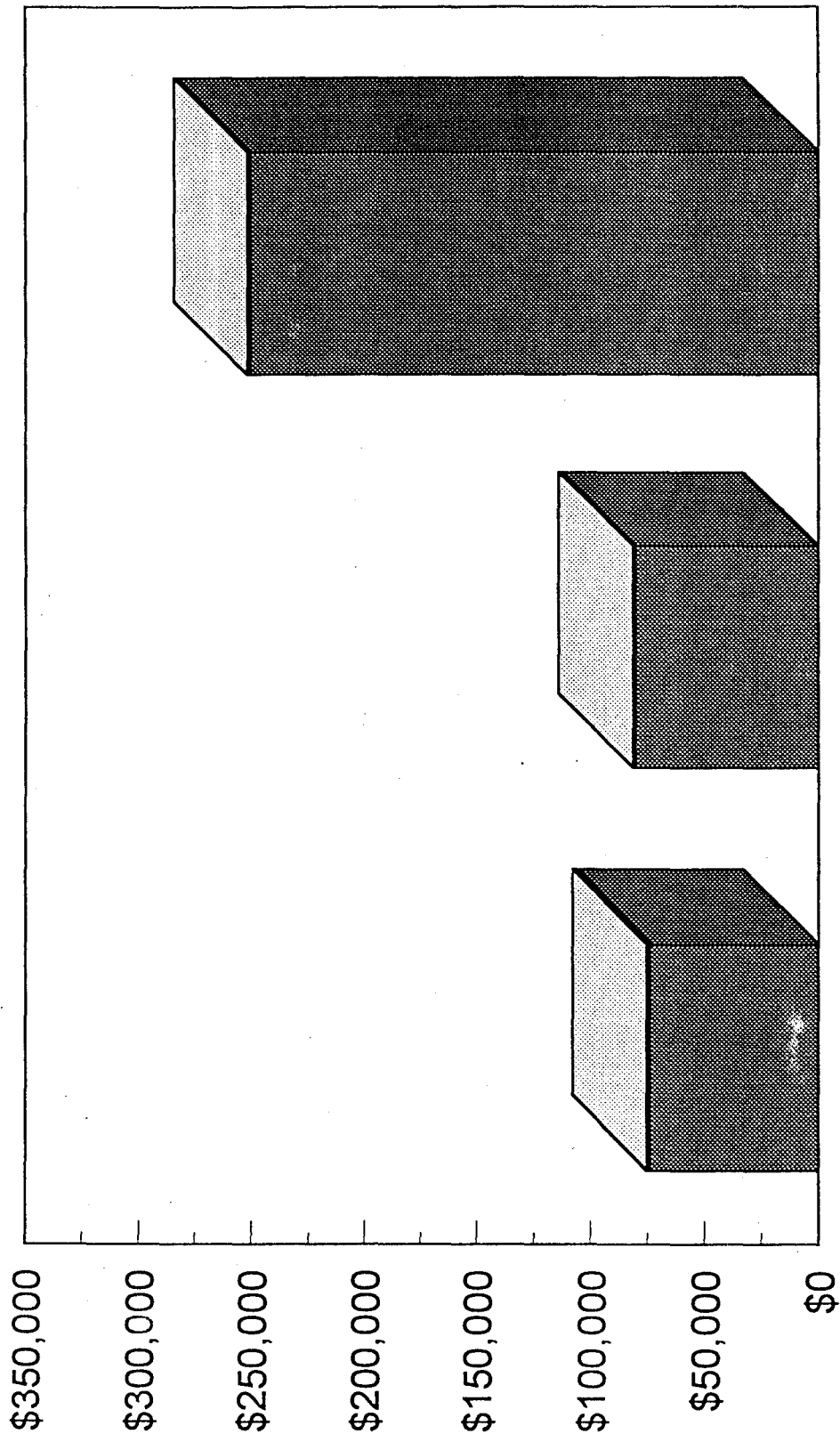
	1992	1993	1994
Regular	\$41,782	\$38,441	\$39,187
Juvenile Justice	\$34,680	\$33,482	\$31,014

Out-of-State Treatment Total Annual Cost of Placements



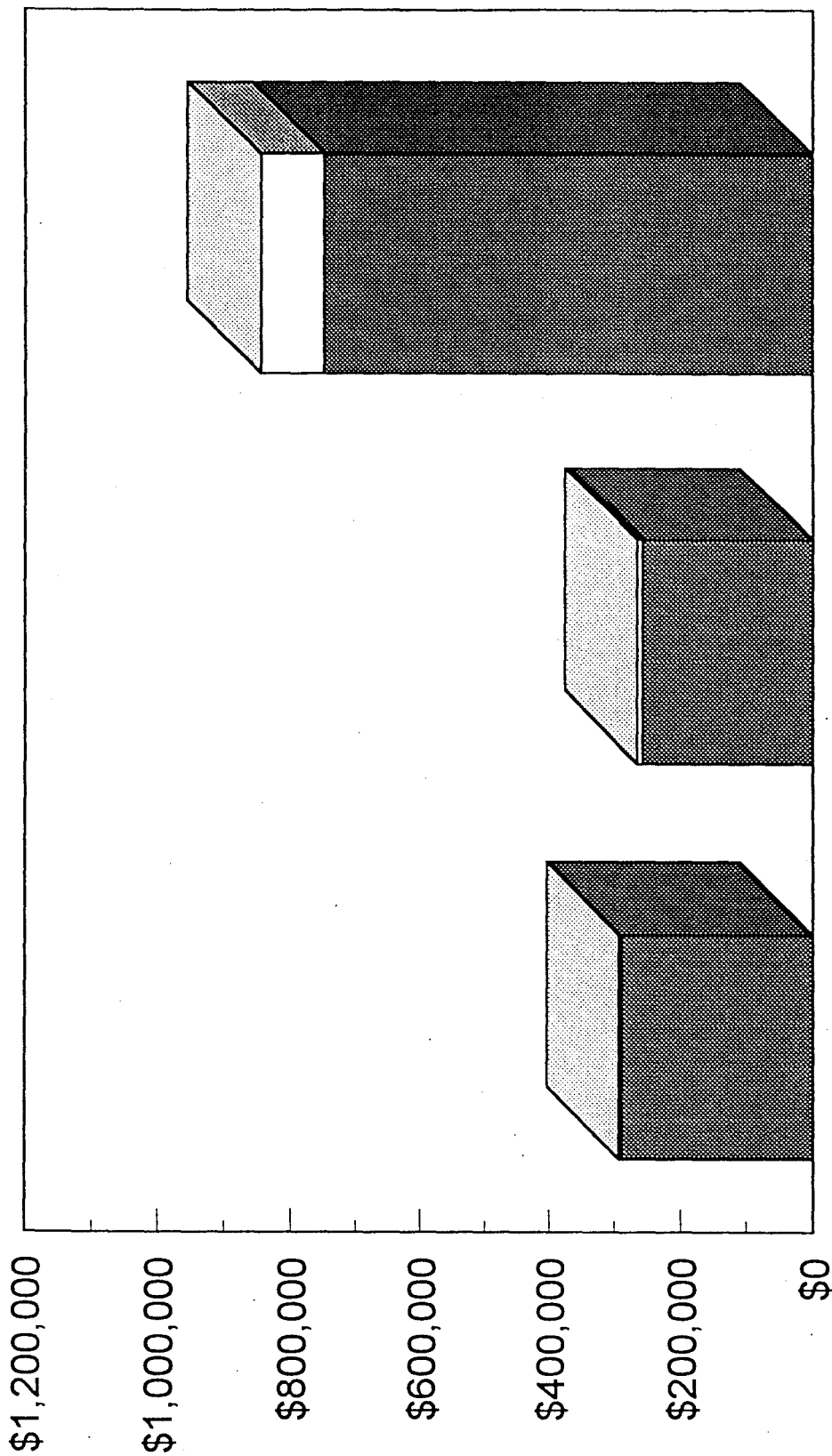
	1992	1993	1994
Regular	\$2,171,166	\$1,342,585	\$1,389,800
Juvenile Justice	\$737,210	\$1,153,061	\$966,527
Total Cost	\$2,908,376	\$2,495,646	\$2,356,327

Support Services Total Annual Cost



	1992	1993	1994
Regular <input checked="" type="checkbox"/>	\$73,769	\$80,217	\$250,649
Juvenile Justice <input type="checkbox"/>	\$1,400	\$961	\$1,003
Total Cost	\$75,169	\$81,178	\$251,652

PIPPS Total Annual Cost



	1992	1993	1994
Regular <input checked="" type="checkbox"/>	\$288,807	\$256,640	\$749,390
Juvenile Justice <input type="checkbox"/>	\$3,951	\$8,729	\$95,488
Total Cost	\$292,758	\$265,369	\$844,878

02/13/85

OPTION #1

FUNDING REQUIRED FOR 75TH PERCENTILE RATES

CALCULATED BASED ON AVERAGE RATES

Projected Required Funding

	DFS		SRS		TOTAL	
	FY96	FY97	FY96	FY97	FY96	FY97
General Fund	845,303	848,270	944,040	967,127	1,789,343	1,815,397
Federal Funds	2,859,433	2,858,466	2,175,723	2,152,636	5,035,156	5,008,102
Total	3,704,736	3,704,736	3,119,763	3,119,763	6,824,499	6,824,499

Executive Budget Funding

	DFS		SRS		TOTAL	
	FY96	FY97	FY96	FY97	FY96	FY97
General Fund	804,291	813,349	961,779	969,305	1,766,070	1,782,654
Federal Funds	2,815,262	2,806,203	2,213,057	2,154,698	5,028,318	4,960,901
Total	3,619,553	3,619,552	3,174,836	3,124,003	6,794,389	6,743,555

Difference

	DFS		SRS		TOTAL		BIENNIAL
	FY96	FY97	FY96	FY97	FY96	FY97	
General Fund	(41,012)	(34,921)	17,739	2,178	(23,273)	(32,743)	(58,016)
Federal Funds	(44,171)	(50,263)	37,334	2,062	(6,837)	(48,201)	(55,038)
Total	(85,183)	(85,184)	55,073	4,240	(30,110)	(80,944)	(111,054)

ATTACHMENT 1

EXHIBIT 6
DATE 2/15/95
SB _____

02/13/95

OPTION #2

FUNDING REQUIRED @ 98% OF 75TH PERCENTILE RATES
CALCULATED BASED ON AVERAGE RATES

Projected Required Funding

	DFS		SRS		TOTAL	
	FY96	FY97	FY96	FY97	FY96	FY97
General Fund	835,367	838,275	925,159	947,784	1,760,526	1,786,059
Federal Funds	2,853,839	2,850,931	2,132,208	2,109,584	4,986,047	4,960,515
Total	3,689,206	3,689,206	3,057,367	3,057,368	6,746,573	6,746,574

Executive Budget Funding

	DFS		SRS		TOTAL	
	FY96	FY97	FY96	FY97	FY96	FY97
General Fund	804,291	813,349	981,779	969,305	1,768,070	1,782,654
Federal Funds	2,815,282	2,806,203	2,213,057	2,154,898	5,028,319	4,960,901
Total	3,619,553	3,619,552	3,174,836	3,124,003	6,794,389	6,743,555

Difference

	DFS		SRS		TOTAL		BIENNIAL	
	FY96	FY97	FY96	FY97	FY96	FY97	FY96	FY97
General Fund	(31,076)	(24,826)	36,620	21,521	5,544	(3,405)	5,544	(3,405)
Federal Funds	(38,577)	(44,728)	80,849	45,114	42,272	388	42,658	2,139
Total	(69,653)	(69,654)	117,469	66,635	47,816	(3,019)	44,797	

1	Increased Mail Volume	1995	326,748	Proprietary
2	DEPARTMENT OF LABOR AND INDUSTRY			
3	Job Service Division			
4	Champion Grant	1996	17,000	Federal Special
5	Superior EDWAA-JSD	1996	46,787	Federal Special
6	Profiling System-JSD	1995	117,500	Federal Special
7	Unemployment Insurance Division			
8	Profiling System	1995	184,646	Federal Special
9	Employment Relations Division			
10	Onsite Consultation & Inspection	1996	19,322	Federal Special
11	Match for Onsite Grant	1996	1,849	State Special
12	All remaining fiscal year 1995 federal budget amendment authority for the champion grant, Superior			
13	EDWAA-JSD, profiling system-JSD, profiling system, and onsite consultation and inspection is authorized to continue			
14	into fiscal year 1996.			
15	DEPARTMENT OF FAMILY SERVICES			
16	Program Management Division			
17	IV-B Family Preservation	1995	320,101	Federal Special
18	Crisis Nursery Project	1995	200,000	Federal Special
19	Refugee Targeted Assist Grant	1995	150,000	Federal Special
20	All remaining fiscal year 1995 federal budget amendment authority for IV-B family preservation, crisis nursery			
21	project, and refugee targeted assistance is authorized to continue into fiscal year 1996.			
22	DEPARTMENT OF STATE LANDS			
23	Central Management Division			
24	Air Operations - Fire Costs	1995	144,572	Proprietary
25	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION			
26	Water Resources Division			
27	Beaverhead Ground Water	1995	24,705	Federal Special
28	All remaining fiscal year 1995 federal budget amendment authority for the Beaverhead ground water study			
29	is authorized to continue into fiscal year 1996.			
30	DEPARTMENT OF AGRICULTURE			

Attachment 3 - Language for Department of Family Services

Program/Language

Program 01 Management Support Services

1. "The department shall prepare a unified budget for the interdepartmental coordinating council on prevention of child abuse and neglect. The unified budget must *identify services funded, expenditures by service in fiscal year 1996, and preliminary amounts budgeted by service and fund type* from the department of family services, office of public instruction, board of crime control, *department of health and environmental sciences*, department of labor and industry, and department of social and rehabilitation services. A preliminary budget must be presented to the joint oversight committee on children and families, *the legislative finance committee, and the office of budget and program planning by September 1, 1996.* The unified budget must be included in the governor's budget request to the 55th legislature."

Subcommittee passed a version of this language with a directive that certain changes be made to address concerns of the Office of Budget and Program Planning and subcommittee members. Those changes are shown in italics.

2. "Funds in item [CAPS development] may not be included in the fiscal year 1996 base budget."

Committee intended that this appropriation be line-itemed. Does the Committee also intend that no funds may be transferred out of this appropriation?

Program 02 Regional Administration

3. "Funds in item [social worker staff increase] may be used only for new social worker positions with duties related to child or elder abuse and neglect. The department shall establish an accounting center and a budget center to track expenditures for and the number of abuse and neglect workers separate from other department FTE. The department shall report abuse and neglect FTE and related expenditures separate from other budget functions in its budget request to the 55th legislature."

Program 03 Juvenile Corrections

4. "Funds in item [juvenile sex offender treatment] must be used to develop sex offender treatment programs, including community-based services. Funds in item [juvenile sex offender treatment] may not be transferred to other uses or other appropriations within the department or to another department. The department shall also pursue development of medicaid-eligible services as one alternative to treat juvenile sex offenders. The legislature intends that juveniles whose sole offense is a sexual offense may not be placed in Pine Hills school but must be treated in other more appropriate placements."

5. "The legislature has no evidence that the Montana youth alternatives program funded in item [Montana Youth Alternatives] is more effective in treating juvenile offenders than the Mountain View school program."
6. The subcommittee added funds for secure care for females with direction that funds be "line-itemed." Does the subcommittee also want language to specify that funds must be spent on secure care and nothing else?

"Funds in item [secure care for female juvenile offenders] must be spent on secure care for female juvenile offenders. Funds in item [secure care for female juvenile offenders] may not be used for other purposes or be transferred to other uses or other appropriations in the department or to another department."

Program 05 Program Management

7. "The department shall present a report to the 55th legislature confirming the outcome of the partnership project. The report must include the number of families and children served and the types of services funded and must verify the impact on the growth in the foster care caseload, if any. The report must explicitly identify fiscal year 1996 expenditures by fund type, service, and county location, compared to the estimated expenditures by fund type and service for the 1999 biennium."
8. "Item [partnership project] is to develop family support services for children at risk of abuse or neglect and for children who have been referred for abuse or neglect and to develop community-based services for children placed in or who are at risk of being placed in juvenile corrections facilities. The development of additional services is contingent on recovery of federal funds through department refinancing initiatives and the collection of contributions from parents of children. Services must be developed within appropriation limitations in [this act], and the department may not expand partnership services so that foster care general fund requirements are greater than appropriations in [this act]."

This language is presented to respond to Senator Swysgood's concern regarding refinancing services and supplemental appropriations in foster care services.

9. Contingent on passage and approval of Senate Bill No. 378, state special revenue funds in item [program management division] are reduced by \$35,406 in fiscal year 1996 and \$34,409 in fiscal year 1997 and the general fund amount is increased by a like amount."

This language replaces domestic violence state special revenue with general fund in the event the revenue source is "de-earmarked".

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EXHIBIT 7
DATE 2/15/95
SB _____

Proposed Language - DFS

The department shall present a unified budget developed by the Interagency Coordinating Council for services provided on prevention programs that address the problems of at-risk children and families and that are provided in a flexible manner to meet the needs of those children and families. The unified budget shall include programs by service and funding from the: Department of Family Services, Department of Corrections and Human Services, Department of Social and Rehabilitation Services, Department of Health and Environmental Sciences, Department of Labor and Industry, The Office of Public Instruction and Board of Crime Control. The budget shall be presented to the Joint Oversight Committee on Children and Families, The Office of Budget and Program Planning (OBPP), The Legislative Fiscal Analyst (LFA) by October 1, 1996 and shall be published in the Governor's budget to the 55th legislature.

COST ESTIMATE FOR
PINE HILLS SCHOOL

EXHIBIT 8 2-14-95
DATE 2/15/95
SB _____

(Legislative Request from Representative Cobb)

1.	Plan for a new secure cottage	\$100,000
2.	Complete security fence for South end of campus; and corrections of plumbing and ventilation problems in four living cottages.	\$100,000
3.	Repair and additions:	
a.	Central air conditioning in Academic Building.	\$ 80,000
b.	Emergency back-up generator system in heating plant and four living cottages.	\$ 88,000
c.	Replace floor covering in Custer Lodge.	\$ 12,000
d.	Completion of main kitchen floor.	\$ 8,000
e.	Kitchen counter replacement for four living cottages.	\$ 13,000
f.	Window replacement in dormitory living areas in Russell and Custer lodges.	\$ 20,000
g.	Pre-cast concrete desks in Sundance Lodge.	\$ 5,000
h.	Reconstruction of steam tunnel roof slabs.	\$ 25,000
i.	Completion of security fence for North half of campus.	\$ 60,000
j.	Handicap access in Administration and Academic Buildings.	\$ 40,000
	Subtotal:	\$351,000
	Add Contractor's Profit and Overhead @ 15%	\$ 53,000
	Subtotal:	\$404,000
	Add Architect's Fees @ 10%	\$ 40,000
	Subtotal:	\$444,000
	Add Contingencies @ 10%	\$ 44,000
	Total Repairs and Additions	\$488,000
	Total:	<u>*\$ 688,000</u>

* Does not include \$33,000 for fire-rated draperies in Russell Lodge and Academic Building which should be included in the operating budget.

DISCUSSION DRAFT
SB

Remaining Executive Action - Department of Social and
Rehabilitation Services

Budget Item/Program

LFA Budget Analysis

LEGISLATIVE ACTION NEEDED

Assistance Payments Program

- | | Committee | issue/SRS |
|---|-------------|-----------|
| | response | |
| 1. Teen Parent program | | |
| 2. Child care operating costs, benefits,
grants, provider rate increase
(Also see DFS Executive Action Handout) | B 40, 43-44 | |

Eligibility Determination (Nonassumed County Field Staff)

- | | |
|--|------|
| 2. Personal services reduction (no motion) | B 47 |
|--|------|

State-Assumed County Administration

- | | |
|--------------------------------|------------------|
| 3. Deer Lodge indigent program | Public testimony |
|--------------------------------|------------------|

Operations and Technology Division

- | | |
|---|------|
| 4. TEAMS and SEARCHS contracts - see Table 17 | B 78 |
|---|------|

Medical Assistance Division

- | | |
|--|---------|
| 5. All present law adjustments and new proposals | B 60-73 |
|--|---------|

DEPARTMENT ISSUES

- A.
- B.
- C.
- D.
- E.
- F.

DISCUSSION DRAFT

CHAIRMAN COBB'S ISSUES

- I. Primary care growth rate
- II. Child care

Attachment 1 - Language for Department of Social and Rehabilitation Services

Program/Language

Program 01 Family Assistance Program

1. "The AFDC payment level for the 1997 biennium shall be established at no less than 40.5% of the federal poverty index."
2. "The department must require that JOBS participants be tracked up to one year after their termination with the JOBS program as a condition of letting JOBS contracts with the department of labor and industry. Exemptions from this requirement include JOBS participants who are no longer Montana residents or JOBS participants who cannot be reached despite good faith efforts on the part of the department of labor and industry. The department shall report to the 55th legislature regarding the employment and earning status of former JOBS participants served by the department of labor and industry during the 1997 biennium."

Program 05 Child Support Enforcement

3. The subcommittee directed staff to work on language regarding the transfer of child support enforcement revenue to the general fund.

"The state share of AFDC-related support collections and all AFDC and non-AFDC federal incentive payments and program collected fees must be deposited in the state special revenue account from which the state share of the administrative and operational costs of the child support enforcement program must be paid. The department shall transfer to the general fund from the child support enforcement account any cash balance in excess of \$500,000."

The subcommittee could consider modifying this language to require the reversion of \$11,746 in fiscal 1996 and \$595,309 in fiscal 1997 due to welfare reform efforts.

Program 09 Operations and Technology Program

4. "Funds for item [welfare fraud transfer] are to fund welfare fraud investigation. The department of justice may hire FTE rather than contract for services, if the department certifies to the office of budget and program planning that FTE are more cost effective than contracted services."

Program 14 Developmental Disabilities Division

5. "Provider rate increases funded in item [developmental disabilities benefits] must be allocated between general operating inflationary increases and wage increases for the lowest wage employees of developmental disabilities providers. 62.5% of the provider rate increase must be allocated to salaries for low-wage employees and the remainder of the rate increase must be granted with no specific expense allocation."

6. "Funds in items [personal care in group homes and additional federal authority] may be used to match general fund if personal care in group homes becomes a medicaid-reimbursable service or if other general funded services become medicaid eligible. The department must revert one half of all general fund refinanced through medicaid funding of personal care in group homes or other developmental disability services and may not transfer any of the amount to be reverted to other uses in the department or in another department. The department shall separately track and document medicaid expenditures financed through items [personal care in group homes and additional federal authority] and submit documentation on refinanced expenditures and general fund reversions."

Language in the 1995 Biennium Appropriations Act that the Subcommittee may wish to Review

- xx. "The department is authorized to retain 7.5% of the federal community services block grant and pass through the remaining 92.5% to the human resource development councils (HRDCs). If during fiscal 1996 or fiscal 1997 the block grant falls below the federal fiscal year 1990 grant level, the department shall retain only 5% of the grant amount and pass through the remaining 95% to the HRDCs."
- xx. "The legislature intends that expenditures for all provider rate increases approved by the legislature be limited to the dollar amounts appropriated rather than the percent increase on which the original estimates may have been based. The department will be in compliance with this provision if:
- (1) it estimates total cost for each medicaid service category in June prior to the beginning of each fiscal year of the 1997 biennium; and
 - (2) the percentage increase or base adjustments approved the department are limited to the dollar amount appropriated for each provider rate increase."
- xx. "The department shall implement 53-6-101(9) if medicaid expenditures exceed appropriations in [this act] in either year of the biennium."
- xx. "The department may pursue funding of any existing eligible state general funded services under the federal ICF/MR program if the federal government fails to approve adequate medicaid waiver funding under the home- and community-based waiver program."
- xx. "If the department considers contracting for operation of the TEAMS and/or SEARCHS computer applications on a privately owned and operated mainframe or midrange computer *or if the department plans to purchase a midrange computer for the operation of these systems*, the department shall submit to the office of budget and program planning and to the legislative finance committee a comparison of the cost of operating the system on the state mainframe computer managed by the department of administration *or on a midrange computer owned by the department*. The department of administration shall estimate rate changes that would occur due to removal of TEAMS and/or SEARCHS from the state mainframe. If the office of budget and program planning determines that statewide

cost savings are greater than the private contract cost savings *or savings due to purchase of a departmental midrange computer*, the department shall operate TEAMS and/or SEARCHS on the state mainframe computer if continued operation of TEAMS and/or SEARCHS on the state mainframe does not conflict with federal regulation."

Italics represent wording changes that the subcommittee may wish to consider.

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A TABLE 17 (page B-78) Contracted Services Cost Changes

AMS FM Contract	FY96 \$565,142	FY97 \$667,238
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The table represents the 3% COLA and MACCS & FAIM Adjustments.
FAIM

	FY96	FY97
COLA 3%	\$85,142	\$172,838
MACCS	\$300,000	\$300,000
FAIM (already approved)	\$180,000	\$180,000
COLA 97 only (already approved)		\$14,400
TOTAL	\$565,142	\$667,238

We have agreed to adjust the COLA to 2.7% (LFA issue B-79)

FY96 Decrease	FY97 Decrease
\$8,514	\$17,514

The table represents the increase from FY94 Actuals to FY96 & FY97 requests without the deflation rate applied. Request based on annualized FY94 expenditures Actual Increase (after deflation is applied)

	FY96	FY97
	\$288,819	\$270,180 Total Increase
	\$838,755	\$820,116 Total request

The table represents amounts requested over FY94 actuals Cola adjusted to 2.7% (LFA issue B-79)

FY96 Decrease	FY97 Decrease
\$3,121	\$6,419

Prorate usage issue not applicable to FM Contract (LFA issue B79)

EARCHS Mainframe processing	\$382,014	\$382,014
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EARCHS FM Contract	\$193,280	\$225,422
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EXHIBIT 10
DATE 2/15/95
SB _____

EXHIBIT 11
DATE 2/15/95
SB _____

Paul Peterson
6216 Longview Drive
Missoula, MT 59803
(406) 251-6070 (H)
(406) 728-1630 (W) February 15, 1995

February 15, 1995

Chairman John Cobb
Joint Appropriations Sub-Committee on Human Services
Capitol Station
Helena, MT 59620

Dear Chairman Cobb and Members of the Committee:

I am a past user of the Medicaid program and would like to explain to you how it has helped me and the people around me.

In 1976 I began to loose both my kidneys and sight due to juvenile diabetes. By 1980 I was on dialysis and could only see shadows. I had to have dialysis runs 3 times a week and felt like I had the worst case of the flu along with a hangover for 24 hours after each run. During the time period between 1979 and 1986 I earned my BS in Computer Science from the University of Montana, many times leaving my tape recorder in class to take notes for me while I went to the bathroom and vomited.. I also had a failed kidney transplant in 1982, the results of which reduced my weight to 145 lb. I am 6'2". I was also on Medicaid during this period.

I had a degree, but in order to work I had to find a way to pay for about \$30,000 a year in dialysis costs, not including medication and other doctor costs, while a pre-existing condition clause would expire on a private insurance program that would cover me if I got a job. This did not stop me from looking, however. I tell you this to establish that I am not a lazy bum.

In 1990 I got a second transplant that is working now. In fact, it is working like a new part in a car. I am working full time at a demanding job with changing responsibilities including supervision, writing, using data bases, research, travel and a lot of pride to maintain.

What would make the system better and save money you say? People should to be able to stay on Medicaid during any pre-existing condition clause when they go to work. It really doesn't take a rocket scientist to figure out that a person earning money is less expensive to society than one not doing so. I am an example.

I now pay taxes, am not receiving SSI, SSDI or Medicaid benefits. The system can be made much better simply by implementing this one change because one of the biggest problems in going to work for those of us with disabilities is the inability to get medical insurance. I should add here that the only reason I was able to cover the period of the pre-existing condition clause is because I

was able to be covered under my wife's plan where she works.

Mr. Chairman and members of the committee, in my job and my civic life I see people in similar positions almost on a daily basis. Every legislative session they fret about what they will have to do without come July 1 or October 1. Please make their fretting needless. Please do not cut entire programs. Rather, continue working with Medicaid and SRS to find creative ways to save money within programs.

I understand the need to reduce the growth in Medicaid. After all, I am now a tax payer. How about finding ways to get people with disabilities to work instead of possibly doing things that will threaten their health.

I suggest doing what can be done at a state level to alleviate the pre-existing condition clause problem I outlined above and passing a resolution to ask the national legislature to do the same. I also would like to see HB504 passed, the bill reforming the Personal Assistance Program in Medicaid. I believe that it will help keep people out of nursing homes and more independent.

Mr. Chairman and members of the committee, thank you for hearing

me.
Paul Peterson
Sincerely,

Paul Peterson

EXHIBIT 12
DATE 2/15/95
SB _____

Pam Nelson
819 Oak ST.
Missoula, MT 59801

February 15, 1995

Chairman John Cobb
Joint Appropriations Sub-Committee on Human Services
Capitol Station
Helena, MT 59620

Dear Chairman Cobb and Members of the Committee:

I have been using the Medicaid system for the past 12 years. I feel that I am a very conscientious consumer. I keep myself healthy in order to not use the doctor unnecessarily. I talk with medical suppliers to see what are the cheapest durable and non-durable medical supplies that are available. I use the dental services twice a year along with many of the other services now available to us. Physical Therapy and occupational therapy, prescription drugs, in-home nurses personal care attendants and lab and x-rays are some of the other services I use.

One of the wasteful things that I don't understand is why I am not allowed to buy my ventilators at \$7000 instead of renting them at about \$1500 monthly. The ventilator I am now using has been working for 8 years now. I think that you can see that if Medicaid purchased a ventilator and simply maintained it instead of renting it a lot of money could have been saved.

These services help keep me healthy so I may keep up with the very active life style that I now live. I am a busy mother, grandmother, board member of a church, Peer Counselor and a volunteer to "Think First", where we talk with children in schools about safety awareness.

We are in a society that has not allowed people with disabilities to work to be able to pay insurance for ourselves. When this is available, I am sure many of us will be doing for ourselves what we are now asking you to do for us. I hope that you would see the value in us and keep the medical services now available so that we can keep our bodies healthy and our lives productive. I strongly urge the committee to look at cost savings within programs versus cutting entire programs.

I want to thank you for listening to me and I hope that you would understand with a listening heart.

Sincerely,

Pam Nelson



*Coalition of Montanans
Concerned with Disabilities*

P.O. Box 5679
Missoula, MT 59806
(406) 721-0694

EXHIBIT 13
DATE 2/15/95
SB _____

February 14, 1995

Representative John Cobb
Joint Subcommittee on Appropriations
Capitol Station
Helena, MT 59620

re: Medicaid budget cuts

Dear Chairman Cobb and Committee Members:

I am testifying today as the state President of the Coalition of Montanans Concerned with Disabilities, or CMCD. CMCD is Montana's state-wide disability rights coalition, and we have been quite concerned about proposed cuts to Medicaid services, particularly the Optional services, since we were formed several years ago. We must emphatically state that these "optional" services are anything but optional to the people who use them, all of whom, at least in our constituency, have disabilities, and most of whom have severe disabilities. Most of our members are either unable to work or their ability to work is substantially impacted by either their disabilities or the forced dependency that is built into the Medicaid, Medicare, and Social Security systems in the form of work disincentives. The federal government and most states have lacked the political will to face these issues of work disincentives and health care reform, and until they do, Montanans with disabilities will be dependent upon these public programs or face illness, further debilitation, the loss of independence or even death if these services are removed.

In the special session of 1993, the Legislature voted to allow the Department of Social and Rehabilitative Services to prioritize Medicaid services in light of the budget that was available to them to pay for services. The disability community dodged a bullet after Medicaid expenditures came in lower than had been expected. People who literally did not know where they would be living after April 1, 1994 were given a reprieve after Governor Racicot's office announced that the savings achieved in the Medicaid budget allowed the continuation of Medicaid optional services, particularly the Medically Needy program and adult dental services, through the end of the biennium. Now, we again sit in a committee hearing room not knowing if hundreds of Montanans will be institutionalized, against their will, because of the elimination of the services that allow them to live

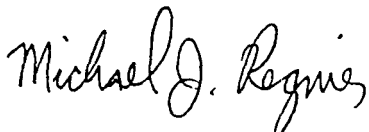
independently in the community. To those who are new to this committee, please let me reiterate some of the points you have probably heard from others regarding Medicaid, particularly the optional services.

First, the Medically Needy program is used, for the most part, by people who have worked and paid into the Social Security system. Because of their eligibility for Social Security payments, most earn slightly too much money to qualify for Medicaid. However, since Medicare does not pay for many Medicaid services, such as Personal Assistance Services, they must "spend down" every month to well below the poverty level in order to qualify for Medicaid services, and gladly do so in order to maintain their health and independence in the community. Elimination of the Medically Needy program would mean catastrophe in their lives, including the complete loss of their freedom by virtue of their being forced into institutions just to maintain their lives and health. And the worst thing about these proposals is that they will actually cost taxpayers more, not less. Community-based personal assistance only costs 70% of the cost of institutional care, and in a session that is characterized by a mandate from taxpayers to cut unnecessary costs, it does not make sense to cut services that save money and allow people to live independently in the community.

The same logic applies to other optional services, such as adult dental and therapeutic services, as well as hospital and physician's services. It makes no sense to cut services that allow people with disabilities to maintain their health and prevent worsening of their disabilities. Once further debilitation occurs, federal law mandates the provision of expensive hospital services, and these costs can be avoided by paying for services that prevent secondary disabilities before they occur. These costs will simply be shifted from one set of services to another, at greater expense and with needless suffering.

We therefore strongly urge the committee not to cut any of these Medicaid services that allow people to continue to live in their homes in a healthy and independent manner.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Regnier".

Michael J. Regnier
President, CMCD

mjr

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES

EXHIBIT

DATE

SB

14
2/15/95



MARC RACICOT
GOVERNOR

PETER S. BLOUKE, PhD
DIRECTOR

STATE OF MONTANA

February 14, 1995

P.O. BOX 4210
HELENA, MONTANA 59604-4210

Representative John Cobb
State Capitol
Helena, MT 59601

Dear Representative Cobb:

As Administrator of the Medicaid Services Division and a member of the Statewide Trauma Task Force, I have become keenly aware of the need for a statewide trauma system and the cost to the state of not having one.

Trauma is the leading cause of death for Montanans from age one to 44 resulting in more deaths than all other causes combined. The direct costs of hospitalization and medical care are enormous. For every person who dies, it is estimated that 1,120 need emergency department care and 42 require hospitalization. Estimates of injury cost in Montana exceed \$40 million each year in direct medical expenses.

Many of these costs are reimbursed by the Medicaid program at a significant cost to Montana taxpayers.

My office has attempted to identify the exact costs to the Medicaid program resulting from injuries to Medicaid recipients. Since injury codes are not always entered on claim forms, it is difficult to estimate total costs of injury.

Motor vehicle related trauma is the single largest cause of fatal injury in Montana. Many motor vehicle accidents result in persons suffering traumatic brain injury.

The Medicaid Division did complete a detailed study on the costs to Medicaid of providing care to persons with traumatic brain injury. In 1992, that study indicated Medicaid spent almost \$14 million on this care.

If only 10 percent of the injuries could have been prevented by a statewide trauma system, Medicaid savings would be \$1.4 million.

I urge your committee to reconsider its action on DHES's request for federal funding for a statewide trauma system. The funding is critical to the successful implementation of a trauma system in Montana that will save money and lives.

Sincerely,

Nancy Ellery

Nancy Ellery
Administrator

c: Appropriations Sub Committee Members
Representative Wiseman
Bob Robinson, DHES
Drew Dawson - DHES
Peter Blouke -DSRS

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES

EXHIBIT 15
DATE 2/15/98



MARC RACICOT
GOVERNOR

PETER S. BLOUKE, PhD
DIRECTOR

STATE OF MONTANA

P.O. BOX 4210
HELENA, MONTANA 59604-4210

February 14, 1994

Representative John Cobb
Capital Station
Helena, MT 59604

RE: Medicaid Transportation Program Issues raised at the February 13 Human Services Subcommittee Hearing:

Dear Representative Cobb:

In response to questions raised during public testimony today, the Department has researched many of the issues and would like to present these responses:

Issue #1. No written instructions or guidelines concerning implementation and compliance with SRS/ ITM were issued.

Department Response: The Department notified providers of their plans four months prior to contract implementation. Brief written instructions were also issued at the beginning of this contract. In an effort to minimize burdens and transition the program in, recipients were required to request authorizations for services beginning in September of 1994, but authorizations were not required for payment until October, 1994. While this did in fact allow some time to get recipients used to calling for the authorization and allowed a grace period for providers, it also delayed identification of provider problems until mid-October. The provider manual changes did not go out until January and the Department acknowledges that this did create many of the problems. ITM, Consultec and the Department have met with various providers to address concerns and fix problems as they arose and will continue to do so. Medicaid also issued warrants to providers to ease cash flow burdens when problems caused payments to be late. Department staff have reviewed all of the problem claims of three major cab companies in an effort to identify problems and correct them with a minimum burden to providers. We believe that while there may still be some problems with the system, we have identified and corrected many of them. The Department remains willing to work with providers and consumers to reduce administrative burden as much as possible and still provide appropriate low cost transportation. ITM is responsible for prior authorization of non-emergency transportation. We have advised clients and providers that they do not need to call ahead if an emergency exists.

Issue #2. Administration workload to providers has increased.

Department Response: In order to standardize services across the state and contain transportation costs, a state-wide prior authorization system was implemented. As with any system that requires prior authorization of services there will be an administrative burden. In an effort to reduce the burden, we have implemented blanket (monthly) authorizations for people who have recurring appointments, such as dialysis and chemotherapy patients. We have implemented coding changes to identify same day trips to prevent denial as duplicates. We have tried to get clients to plan ahead and call as soon as possible and during non peak hours to insure better services. We have met with providers and consumers to identify and correct problems and we are very willing to continue to meet to identify ways to address the administrative burdens.

Issue #3. Dispatched information from ITM consistently includes incorrect dates, address and pickup times.

Department Response: We have identified problems of incorrect dates, addresses and pickup times. It is very difficult to identify whether these are problems at ITM or incorrect information is being given by the client. We are interested in identifying situations when they arise so that this can be minimized. ITM records all incoming phone conversations so that problems can be identified and worked out. ITM is also required to meet performance standards set out in the contract. However, they cannot be held responsible for mistakes by others.

Issue #4. Providers have experienced excessive delays in reimbursement from the state and in many cases, non payment.

Department Response: Again, Medicaid has issued payments to ease cash flow problems that were occurring early in the process. It is our understanding that things have improved and will continue to improve as time goes on. If providers are still experiencing cash flow problems or processing problems, we would like the opportunity to know about them and address them specifically.

Issue #5. There have been no denials of transport services. Why is the Department continuing the contract?

Department Response: Many less costly services have been provided since the contract began. These include using commercial air instead of more costly air ambulance services and using private vehicle mileage (at \$.29/mile) or bus services instead of more expensive taxi services. In addition ITM has denied many ambulance services as not being medically necessary. Many times the provider may not be aware of these savings since arrangements are made between the contractor (ITM) and the client. In addition, many services previously being authorized at the

local county office of Human Services are now being done by medically trained individuals at ITM. This system has identified people using Medicaid transportation to access non medical services, people obtaining travel funds and not keeping appointments and other abuses. Taxi services in the past have been easy to access by clients and were very attractive to use because they provided minimum waiting time, maximum convenience, and privacy. Clients and the providers did not have any incentive to find a less expensive means. Because taxi cabs are more expensive than other means that may be available, proper management is need to insure that these services are utilized only if they are the least expensive and most appropriate means available. The contractor is responsible for making these determinations.

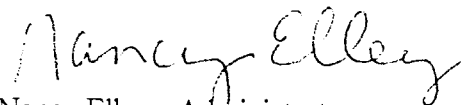
We also believe that alternatives exist to some taxi services. For example, some clients are transported via taxi from Hamilton to Missoula and returned at a cost of \$119-127, while others are being transported within the Missoula area at a cost of \$21-25. Many other taxi services charge between \$3-10 for trips in the community. Even these are expensive services when alternatives such as friends or relatives are available to transport. It should be noted that the Medicaid program is required to reimburse for transportation only when no other resources are available.

Issue #6. There is a need for rate increases for non emergency medical wheelchair transportation to allow access to medical services.

Department Response: The Department agrees that private companies who provide this transportation are an integral part of the system and should be reimbursed adequately for their services. We also believe that there are many alternative sources of transportation in Montana that need to be identified and utilized as appropriate. Each year the Department of Transportation's Transit Services Bureau gives grants for the purchase of lift-equipped vans for non- profit organizations. Currently 59 lift-equipped vans are located throughout the state and the Department is looking at ways to maximize the use of these vans when possible. Since these vans are purchased with federal money, use may be available at a lower cost.

The Department is committed to working with consumers and providers to work out problems with this program and are committed to resolving these problems so that cost-effective transportation can be provided to Medicaid recipients..

Sincerely,

A handwritten signature in cursive script that reads "Nancy Ellery".

Nancy Ellery, Administrator
Medicaid Services Division

cc: Human Services Subcommittee Members

Notifications

- May 1994 memo sent to all interested parties regarding the Department's intent to contract services for medical travel
- August 19, 1994, all Montana Hospital Providers, Physician Practitioners and Mid-Level Practitioners were notified of Contract with ITM and urged to contact ITM
- August 24, 1994, transportation Providers were notified of Contract with ITM and urged to contact ITM
- Various notifications sent to provide information and clarifications for providers from the Department, ITM and Consultec September 94 - January 95
- Revised Provider Manuals were issued in January 1995

Meetings

- Department staff, ITM staff and Consultec have met in person and via telephone on numerous occasion (over 20) with Mission Valley Medi-Cab, Old Trapper Taxi, Diamond Cab, Kalispell Taxi, Foosco Inc (Billings taxi) and Two Shew Inc (Billings taxi). These are all non-emergency or taxi providers.

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