

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By CHAIRMAN JOHN COBB, on January 4, 1995, at
8:00 a.m.

ROLL CALL

Members Present:

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

Members Excused: None.

Members Absent: None.

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

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

Committee Business Summary:

Hearing: Continuation of Department of Social and
Rehabilitation Services
Executive Action: None.

*{Tape: 1; Side: A; Approx. Counter: 005; Comments: This meeting was recorded
on two 90-minute tapes using a Sony recorder on 2.4 tape speed (slow)}*

HEARING ON CONTINUATION OF SRS OVERVIEW

Dr. Peter Blouke, Director of the Department of Social and
Rehabilitative Services (SRS), opened by distributing a report
which provides a brief overview of the Montana Medicaid program.
EXHIBIT 1 Dr. Blouke introduced several of his staff

administrators, and turned the presentation over to **Mr. Roger LaVoie, Administrator of the Family Assistance Division.**

Informational Testimony FAIM :

Mr. LaVoie provided the subcommittee with the attached Families Achieving Independence in Montana (FAIM) fact sheet and flow chart on welfare reform. He emphasized that Montana has taken the lead in welfare reform and the department's proposal to the federal authorities is more in depth and broad than any other proposal presented by other states in the nation. **EXHIBIT 2**

Mr. LaVoie referred the subcommittee to the attached flow chart on Exhibit 2, and described the FAIM program. He said the three major components of the package were the Job Supplement Program, the Pathways Program, and the Community Service Program.

FAIM was designed to change the focus of the AFDC program from a check-receiving program, to one that achieves self-sufficiency by enhancing family and work values and increasing recipients' personal dignity.

Questions, Responses, and Discussion:

SENATOR LYNCH questioned the difference in time limits for the Pathways Program.

Mr. LaVoie explained that the 18 month time limit for a two parent family was because it was easier to make a living with two potential breadwinners in the home as well as being easier to take care of the children. He said it was easier for a two parent household to manage family affairs such as income and caring for the children.

SENATOR LYNCH expressed his concern for the children of the home. He felt that the shorter time period for two parent households to receive benefits encouraged less chance for adequate attendance to the children as well as divorce.

Mr. LaVoie responded that the only consequence to the time limit was that an adult in the family would have to perform community service work, if available, at the end of the 18 month period for full benefits. He indicated that the child's portion of the benefits continued indefinitely regardless of any time limits. He pointed out that Montana's program was more compassionate than some national proposals because benefits continue after the time expires for assistance.

SENATOR LYNCH felt that a problem remained in this program for individuals who do not possess work experience and social skills to function in a normal work environment. He did not believe that issues were being addressed for those who are unemployable and wanted to know what was being done.

Mr. LaVoie agreed that there were recipients who were on the program who have lost work skills that were not capable of getting a job which paid more than minimum wage. However, the Department felt these individuals could perform community service work.

Mr. LaVoie reported that 45 percent of AFDC recipients have been on the program two years or longer. He acknowledged that there is a vast variety of people and problems yet to work with, but believed that job training and practice along with several components would address these issues. He emphasized that one of the major components of the program was that people had to work for their benefits after the time limit expired.

CHAIRMAN COBB asked why this was a statewide program, whereas other states were testing the program in a few counties and how it would affect cost neutrality, and if it would be broken into controlled and experimental groups?

Mr. LaVoie answered that the proposed system was cost neutral in comparison to the present structure. He stated that the requirement was that it had to be cost neutral, so the Department balanced the system by making some changes in the Medicaid Program, which freed up money to be used for services such as daycare so people could go to work. He said that as well as being cost neutral, the program was a grant experiment. **Mr. LaVoie** said that 80 percent of the AFDC population would comprise the experimental group and 20 percent would be in the control group. He contended that the reason it was a statewide program was because the package was a very comprehensive package.

CHAIRMAN COBB asked the department to provide further information regarding the budgetary impact of changing the Pathways Program time limit from 18 months to 24 months for all AFDC recipients, and information regarding whether or not there was sufficient staff and training available to implement the new welfare reform program. **Mr. LaVoie** said he would provide the information requested. **SEN. SWYSGOOD** also asked the department to provide information explaining what happens to recipients enrolled in the CSP Program when there is insufficient community service work available.

Dr. Blouke stated the welfare reform package submitted to the federal government was the product of the work of many people across the state. He acknowledged that there were many difficult issues involved and that no simple answer existed.

CHAIRMAN COBB asked if the food stamp benefit was increased if the AFDC money was cut. **Dr. Blouke** confirmed that if the AFDC benefit was reduced than the food stamp benefits would go up.

Informational Testimony Child Support Enforcement:

Dr. Blouke then referred the subcommittee to the Program Overview (see Exhibit 1 from January 3, 1995), page 17 for his program summary on Child Support Enforcement and began his presentation. He said the caseload handled by CSED was 42,000 families and is growing at approximately 300 cases per month.

Questions, Responses and Discussion:

SEN. SWYSGOOD said that he believes that if child support was paid, there would be fewer recipients on programs such as Medicaid and AFDC. He questioned whether or not the difference between the state and federal ratio of collections was a result of AFDC recipients' lesser ability to pay child support. **Dr. Blouke** said yes in part, and also in part due to the fact that the Department was handling a larger number of non AFDC collections.

SEN. SWYSGOOD indicated that he as a legislator received many calls regarding the collection of support payments. He said his constituents settled for working two jobs, usually at minimum wage, struggling to stay off of the welfare system, and they wanted to know why they were unable to collect their child support. He asserted that efforts need to be concentrated on enhancing the collection of child support payments and by doing so, he felt it would ultimately save the state and federal government money and allow the people struggling to stay off the system a better opportunity to become self-sufficient. **Dr. Blouke** agreed with the importance of child support collections and its effect on AFDC. He then explained the collection procedures.

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REP. BETTY LOU KASTEN commented that there was concern in her area from people regarding employers and the "rigmarole" involved in collections. She has also received correspondence from District Judge John Larson of Missoula that outlined the need for more cooperation from the state because of discrepancies that occurred between state procedures for collection and his rulings. **Dr. Blouke** responded that the various roles and responsibilities did need to be straightened out. He stated that the Department was required by federal law to meet very specific requirements to collect child support.

SEN. JAMES BURNETT asked how determination was made for support collections. **Mary Ann Wellbank, Administrator, Child Support Enforcement Division**, gave a review of the procedures involved.

Informational Testimony Medicaid Services:

Dr. Blouke presented an overview on Medicaid Services. He stated that the Medicaid eligibility determination process was very complex with approximately 42 different eligibility categories. He said that Medicaid covered about 1/5 of the state population and the program is very important to a very large segment of

Montana's population. He said anyone on AFDC program is automatically eligible for Medicaid. In 1994 there were 91,000 recipients that received services throughout the state. He named a few of the requirements for Medicaid Services; income and resource requirements for the aged, blind, and disabled. Another eligibility category is medically needy when a person can become eligible for Medicaid due to high costs of medical bills if he also meets Medicaid resource tests. He addressed cases where a person is eligible for Medicaid and Medicare. Medicaid will help pay for Medicare deductibles. There are 7,638 Medicaid providers, i.e., practitioners, facilities, and clinics, that offer services throughout Montana. He said nursing homes account for one third of the Medicaid budget.

Dr. Blouke addressed the Medicaid program stating that the administrative costs averages three to four percent of the Medicaid budget, or .96 cents out of every Medicaid dollar goes out to benefits. A large percent of the administrative costs takes care of the contracts, i.e., Consultec is the fiscal intermediary that processes and pays the bills for the 2.5 million claims filed each year.

Dr. Blouke addressed the department's implementation of the Passport to Health Program. This program allows the recipient to select a primary health care provider who will then coordinate a major part of the medical care for that client. The base of this program is funded 70% federal funds, and 30% general funds. This amounts to every dollar the state pays, the federal government pays \$2.57. He said Montana has one of the highest match rates which is a very cost effective way to help pay medical services. Administrative costs are split 50/50.

Dr. Blouke discussed surveys that are conducted by the Department of Health and Environmental Sciences (DHES). These surveys include inspections and certification for the Medicaid and Medicare programs. The department funds a portion of the surveys relating to licensing and certification of Medicaid facilities. He said the federal funds that help with this are in the department's budget, and the general fund portion comes from the DHES.

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DHES also investigates allegations of abuse and neglect of the people in these facilities.

Dr. Blouke addressed the Indian Health program. He said the Medicaid funds are 100% federal funds that pass through the department to the Bureau of Indian Affairs for the medical services provided to the Indians and facilities for health service. He said when a tribe decides they want to become Medicaid providers, funding switches to a 70:30 ratio through the Bureau of Indian Affairs. He said Medicare does not pay for drugs for the elderly.

The Catastrophic Care Act of 1988 created a new entity known as the Qualified Medicare Beneficiary (QMB), and changed the structure of the Medicare part B of the program. Part B pays the premiums, deductibles, and co-insurance of Medicare beneficiaries with incomes that are below the federal poverty level and with resources that are less than twice the supplemental security income program, but emphasized that plan B of the program pays for physician services. Medicare reimburses 80% of those costs which are federal funds and reduces Medicaid's liability to the 70/30 split.

Mr. Blouke addressed the Elderly and Disabled Waiver program that was created in 1981. The program provides an alternative for elderly and disabled people who are in institutional care, to be cared for in their homes or community by managed care programs, personal care, homemaker services, and modifications to homes to make them more accessible for the disabled.

Mr. Blouke said the department also funds a portion of state institutions' costs through the Medicaid program, with the two largest beneficiaries of this program being the Montana Developmental Center (MDC) in Boulder and Eastmont Human Services Center (EHSC) in Glendive. These institutions are identified as ICFMRs or community care facilities for the mentally retarded. The Montana Veterans' Home in Columbia Falls, and Center for the Aged are considered nursing home facilities and do not receive funds. He said the Warm Springs Hospital receives minimal funds due to current federal regulations and the department cannot reimburse for individuals that are over 21 years of age and under 65 years of age. The department's budget funds the federal portion, and the general funds are appropriated to the Department of Corrections and Human Services for MDC and EHSC.

Dr. Blouke spoke on the "Boren Amendment" governing reimbursement of nursing homes and hospitals. This amendment was passed with the Social Security Act and requires states to make payments that are reasonable and adequate to meet the costs incurred by efficiently and economically operated facilities. Medicaid reimburses 62% of the nursing homes beds in the state, or 4,000 Medicaid patients per month who receive nursing home care. There are 96 nursing home providers in Montana.

He believes the department's reimbursement levels meet this criteria, but must abide by the amendment to determine nursing home and hospitals' reimbursement levels. The 1995 reimbursement formula projects that the average cost of a nursing home facility is \$84.52 per day. **Dr. Blouke** said the department's reimbursement rate through the Medicaid program averages \$80.15 per day. He said a nursing bed tax was created by the 1993 legislature at \$1 per day with an increase to \$2.80 per day in 1995. This money generates funds to be used as leverage for federal funds which enables the department to provide a rate increase to meet the "Boren Amendment."

Mr. Blouke addressed Inpatient hospital benefits as one of the major costs in the Medicaid primary care program. The department's reimbursement levels to hospitals have to meet the Boren Amendment criteria. Hospitals are reimbursed on a DRG basis which is a Diagnostic Related Group, a system developed at the federal level for Medicare and determines the cost of the various diagnosis. **Mr. Blouke** said the Special Session of the 1993 Legislature made a significant increase in the Medicaid patients co-payment for inpatient services, and that hospitals cannot deny services based on the patient's ability to pay.

Mr. Blouke addressed a major change in residential psychiatric services for children. He said the 1993 Legislature eliminated the Medicaid reimbursements for inpatient hospital psychiatric benefits for youth and eliminated the family-of-one rule. This rule only counted the institutionalized child's income in determining Medicaid eligibility, with the exception of a trust fund, then the family's income is used.

Mr. Blouke addressed Targeted Case Management allowed by the federal government. The program targets high risk pregnant women by getting the care and services to these women to reduce the incidence of low birth weight infants. Another part of this program targets those with developmental disabilities 16 years of age and older. The program allows the department to leverage federal funds instead of spending 100% general fund. He said Mike Hanshaw, Administrator of the Developmental Disability Division, will address the specifics later. Another group that is targeted are those with severe mental and disabling illnesses. Targeting this group allows the department to use Medicaid dollars to reimburse for services that otherwise would be general fund monies. And the last group targeted are the emotionally disturbed. The program allows the department to provide services for a larger population than they would normally be able to.

Nancy Ellery, Administrator of the Medicaid Program, distributed the Montana Medicaid Booklet. **EXHIBIT 3** Her staff developed the booklet to help people understand the programs the department provides and the benefits that are available for the consumer.

Ms. Ellery addressed initiatives and management care concepts. She said there are there initiatives in the managed care area: 1) the Passport to Health Program that has been in place for two years; 2) expanding Health Maintenance Organizations (HMO) in the physical health area; and 3) implementing mental health managed care. **Ms. Ellery** informed the committee that the Passport program has a gatekeeper concept. Each member of the family has to choose a primary care physician to receive doctor care, and hospital and specialty care requires authorization from their primary care doctor. She said this program reaches 90% of the targeted population or 34,000 recipients and 500 providers in 34 counties are enrolled in this program. This program has improved access to care and contained costs.

Ms. Ellery addressed new managed care options that will be implemented in June 1995. One option is the HMO initiative that will allow clients to have a choice of remaining in the passport program or if there is an HMO doctor available in the town where they live to enroll in HMO. The mental health access program will be more difficult to implement because they will have to receive a Section 11-15 waiver from the federal government, which is a demonstration waiver.

Ms. Ellery said their object is to contain the rate of growth in the program as well as access to care. The program is unique in that Montana is the first to ask for this waiver which will allow the department to combine all three of the public mental health funds in the state which includes the SRS, Department of Family Services, and the Department of Corrections and Human Services. She said they will contract this service out to a managed mental health entity (this will include mental health clinics already in operation), and will also allow expansion in the eligibility of the mental health area, i.e., to reimburse the people at the Warm Springs State Hospital that are over 21 and under 65 years of age. She said this will allow the hospital to develop a full continuous care program, and will be managed by a mental health care company.

Ms. Ellery addressed long-term care stating there hasn't been much attention at the federal or state level to accomplish long-term care reform. 85% of the department's long-term budget, or \$110 million, goes to nursing homes, and 15% to home care. The funding is now one-third of the department's budget and the population is growing. Part of the solution is to increase home care alternatives that can be provided under the waiver, i.e., adult foster care; personal care facilities; and assisted living (independent apartment), which the department reimburses for treatment services that are provided, not room and board, and provides the option of not having to go into a nursing home.

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Ms. Ellery continued discussing long term care alternatives and the Department's intention to educate people on how to plan ahead for long term care and retirement options.

Dr. Blouke addressed the Montana Telecommunications Access Program. This program provides services and equipment to people who are deaf or hard of hearing. The funding for the program was authorized in the 1991 legislature, and all telephone customers statewide are charged .10 cents a month. The program is operated by members of a board which is administratively attached to the department.

Dr. Blouke described the Operations and Technology Division, and the support services they provide, i.e., budgets, finance information systems, facility support, and purchasing. He gave a brief overview and description of other support systems in the

division, and the various programs that are used on the computer network throughout the state.

Dr. Blouke discussed the Vocational Rehabilitation Division, and gave an overview of the programs operated by the division. He said the division is composed of the vocation for mental patient program and visual services. The program provides services for clients who are not able to enter into competitive employment, and assist those who are able to enter into employment. He said there has been a significant shift in the program in the last five to seven years to assist those that are seriously disabled instead of those that were easier to rehabilitate. There are 10 Vocational Rehab offices located in the larger cities of Montana that give direct services through the SRS program. This program is funded through Section 110 benefits. He said it used to be an 80%:20% federal/state split, but was changed about three or four years ago to a matching ratio of 78.7%:21.3% federal/state.

Dr. Blouke addressed the Independent Living program which is operated by the Vocational Rehabilitation Division. This program is designed to assist individuals to live as independently as possible by assisting them with income support services, recreational, counseling, social services, and many more. This allows the individuals to remain in the community and live as normal as possible. The funding for this program is 90% federal funds and 10% general funds. He said there are only four independent living centers in Montana. **Dr. Blouke** commented that the level of clients will drop off between 1995 and 1996 due to a drop in the funding level of \$100,000 from general funds not included in the Governor's Executive Budget in the 1996-1997 biennium.

Mr. Blouke described visual services stating this service is required by federal law. The funding for this service is received through Section 110 benefits, and is 79:21 federal/state funds: This service also allows the individuals who have lost their sight to maintain the maximum level of independence. He said the program has a difficult time in recruiting visual services specialists.

Dr. Blouke addressed the medical program which is 100% general funded. This program assists those that are in need of medical assistance to preserve or restore their eye sight. He said there is an extended employment program for the visually handicapped and is also 100% general funds.

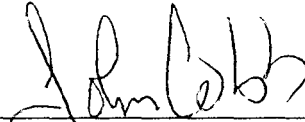
Dr. Blouke said that Montana should be proud of their developmental disability services. He said Montana has been more passionate, aggressive and successful in the issues of deinstitutionalized initiatives than the other state. He attributed this to the DD staff and the legislature for being willing to confront the issues and provide the necessary funding. There are 52 corporations that are contracted throughout the state to provide services for over 3,000 people. The funding for

the program is approximately 43% general funds, 29% Medicaid through the waiver, and 25% from the Social Services block grant.

Dr. Blouke said that the above issues that are important will be addressed in more detail at a later date. One of the issues not addressed is that the Governor's Executive Budget includes a 1½% provider increase.

ADJOURNMENT

Adjournment: 12:00 p.m.



JOHN COBB, Chairman



CLAUDIA JOHNSON, Recording Secretary

Note: These minutes were edited by Lois Steinbeck.

JC/cj

HUMAN SERVICES AND AGING

Joint Appropriations Subcommittee

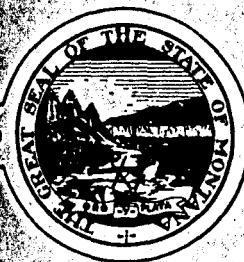
ROLL CALL

DATE 1-4-95

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

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES

EXHIBIT 1
DATE 2-4-95
HB _____



MARC RACICOT
GOVERNOR

PETER S. BLOUKE, Ph.D.
DIRECTOR

STATE OF MONTANA

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

January 3, 1995

Dear Legislator:

Medicaid expenditures are a major component of state spending. Given the size and growth of the Medicaid budget, state spending in this and other areas will receive much of your attention in the next regular session.

It is for this reason that I want to provide you with a brief report describing Montana's Medicaid program. Hopefully, this report will give you a good overview of this complicated program.

In view of the mission of the Medicaid program, the report also focuses upon current and planned initiatives to help serve the health care needs of low-income Montanans and to control program expenditures.

If you have any questions about the Medicaid program or this report or would like additional information, please contact Nancy Ellery at 444-4540.

Thank you for taking the time to learn more about Montana's Medicaid program.

Sincerely,

Peter S. Blouke

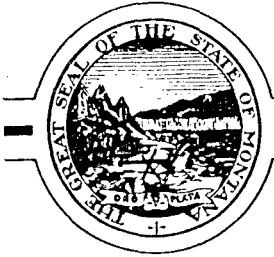
Peter S. Blouke, Ph.D.
Director

Attachments

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

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES

EXHIBIT 2
DATE 1-4-95
HB _____



MARC RACICOT
GOVERNOR

PETER S. BLOUKE, PhD
DIRECTOR

STATE OF MONTANA

P.O. BOX 4210
HELENA, MONTANA 59604-4210
(406) 444-5622
FAX (406) 444-1970

FAIM FACT SHEET

Last spring, Montana submitted a comprehensive proposal to redesign the Aid to Families with Dependent Children (AFDC) program in Montana. Entitled "Families Achieving Independence in Montana" (FAIM), this waiver request asks permission from the Federal government to change the focus of the AFDC program from a check-receiving program to one that focuses on achieving self-sufficiency. Expected results are the strengthening of the values of family, work, and responsibility while also increasing clients' personal dignity.

FAIM's design came from the recommendations of the Governor's Welfare Reform Advisory Council, which began deliberations in July, 1993. The Council was composed of representatives of and solicited testimony from: the business community, clients and advocacy groups, the religious community, service providers, Native Americans, the academic community, local governments and state agencies. The Council examined welfare reform strategies of state and local governments around the country as well as reform happening on the national level.

Important components of FAIM include:

• THE JOB SUPPLEMENT PROGRAM

For families who are eligible to receive AFDC, but choose not to, an array of services will be offered. These services include: sliding fee scale child care, some medical assistance, food stamps, enhanced child support enforcement activities, and assistance in applying for the Earned Income Credit as a monthly benefit in the family's paycheck.

• THE PATHWAYS PROGRAM

The duration of Pathways is two years for single-parent households (18 months for two-parent households) and consists of completion of a Family Investment Agreement, with participation requirements structured towards families availing themselves of employment and training opportunities.

Pathways time limits do not apply to children or certain adults (those with verifiable barriers such as a mental or physical disability, a child under the age of one, or no access to child care).

- THE COMMUNITY SERVICES PROGRAM

If a family still requires financial assistance at the end of the Pathways program, then AFDC is still provided for the children's needs. Able-bodied adults will complete an average of 20 hours of community service activities per week (if available in the community) in return for the adult portion of the grant. If no community service activities are available in their communities, adults will continue to receive their full AFDC grant.

- MEDICAID

There are no changes proposed under Montana's welfare reform in service coverage available for children, pregnant women, the elderly, and the disabled.

The FAIM proposal is to offer employable, able-bodied adults a choice among:

- *Mandatory participation in a Health Maintenance Organization (HMO) in the geographic areas where an HMO is available---allowable services are those which are provided by the HMO;

- *Having Medicaid pay a portion of the premium payment of private insurance;

- *A Basic Medicaid package which excludes eyeglasses/optometric services, therapies (physical, occupational, and speech), dental, and hearing aid/audiology services.

Federal requirements state that this welfare reform package can't cost more than the current program does. It was necessary to find ways to pay for the enhanced services involved in FAIM: expanded child care, higher resource limits, one vehicle exclusion, etc. It is believed that reduced Medicaid coverage for employable, able-bodied adults will help pay for some of these program enhancements, while supporting the general philosophy of welfare reform and retaining "cost-neutrality."

It is very important that Montana's proposal be evaluated in its totality as a systemic approach to welfare reform. Our goal is to get people into productive activities, and this means making employment more attractive than welfare. Our intent is not punitive, but one that will ensure the essential supports necessary are provided to transition from welfare into the mainstream of society.

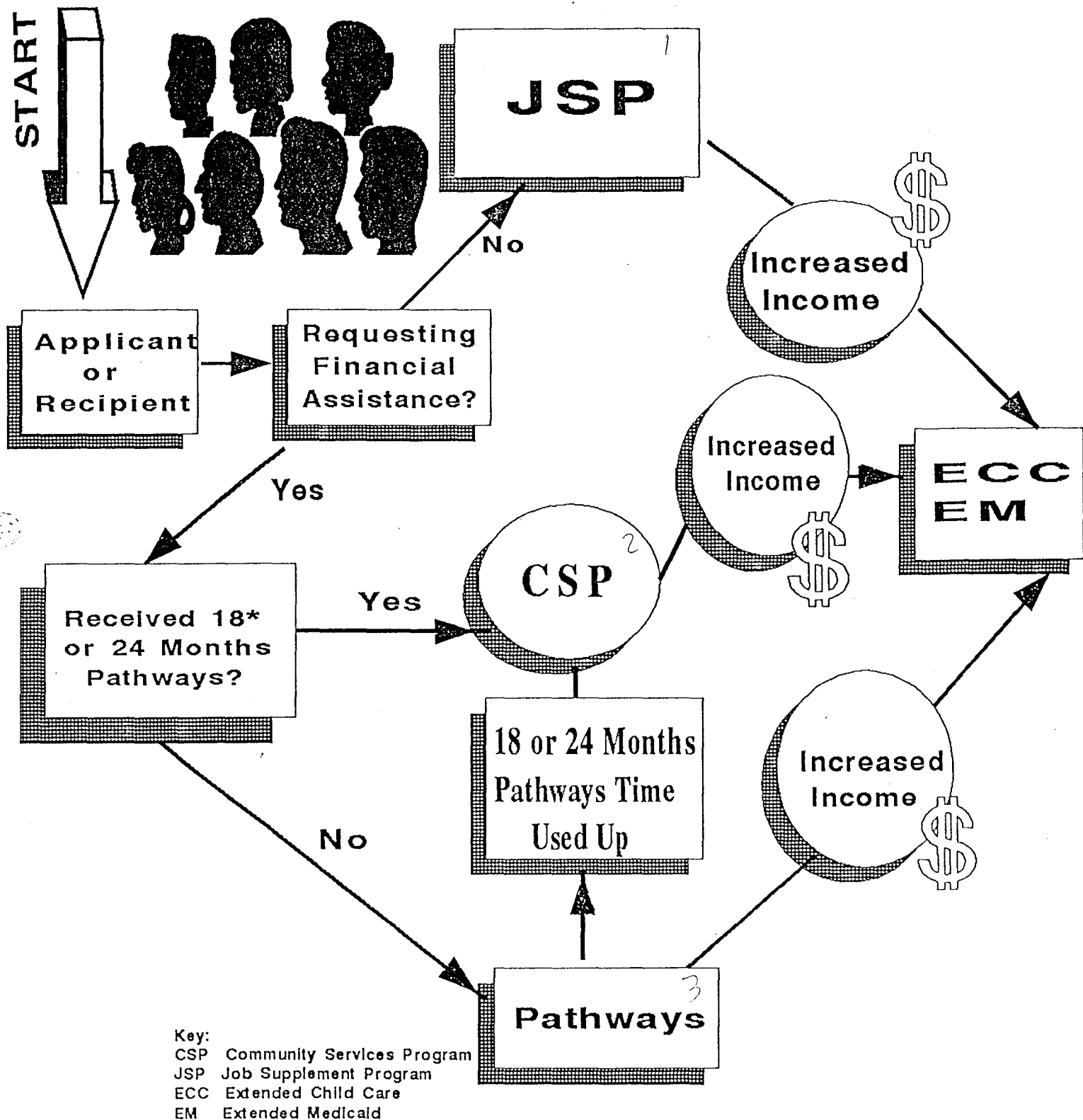
If you have questions regarding FAIM, please contact the Department of Social and Rehabilitation Services/ Family Assistance Division at (406) 444-4545.

"Families Achieving Independence in Montana"

EXHIBIT 2

DATE 1-4-95

FAIM Flow Chart



* Single parent households are entitled to 24 months Pathways assistance, two-parent households are entitled to 18 months Pathways.

MONTANA MEDICAID

Meeting the Health Care Needs of Eligible Low Income Montanans

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

PLEASE READ CAREFULLY AND KEEP THIS BOOKLET

It contains very important information about the Medicaid program. Please keep in mind
that Medicaid-covered services are subject to change.

Montana Medicaid Program
Department of Social and Rehabilitation Services
111 N Sanders
PO Box 4210
Helena MT 59604-4210

1-800-362-8312
(406) 444-4540

Effective Date: April, 1994
Medicaid Benefit Booklet