MINUTES

MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Call to Order: By **CHAIRMAN CLARK**, on January 8, 2003 at 8:05 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:
Rep. Edith Clark, Chairman (R)
Sen. John Cobb, Vice Chairman (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Sen. Bob Keenan (R)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Robert V. Andersen, OBPP
Pat Gervais, Legislative Branch
Lois Steinbeck, Legislative Branch
Sydney Taber, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp refers to material below it.

Committee Business Summary:
Hearing(s) & Date(s) Posted: DPHHS Overview
Medicaid Services Overview
HPSD Overview
SLTC Overview
DSD Overview
Executive Action: None.

CHAIRMAN CLARK introduced the Subcommittee members and staff and welcomed the Department of Public Health and Human Services.

DIRECTOR'S OVERVIEW OF DEPARTMENT OF HEALTH AND HUMAN SERVICES

{Tape: 1; Side: A; Approx. Time Counter: 7 - 12.4}
Gail Gray, Director of the Department of Public Health and Human Services (DPHHS), introduced John Chappuis, Deputy Director and Medicaid Services Chief, to the subcommittee and presented her overview of DPHHS. She stated that the biennium has been challenging, and that the needs of Montanans have been greater than the resources available to serve them. She emphasized that the dual problems of increasing needs and diminishing resources are not unique to Montana, and that it is time to set fiscal and programmatic priorities for the Department.

EXHIBIT(jhh03a01)

{Tape: 1; Side: A; Approx. Time Counter: 12.4 - 32.8}
Director Gray reviewed the DPHHS mission statement, goals, and organizational chart and highlighted Department accomplishments for the 2003 biennium in the following areas:

the bio-terrorism grants of $8 million
the electronic benefits transfer program
improvements in child support collections
third party liability
inter-governmental transfers (IGT)
portability in Developmental Disabilities (DD).

Director Gray stressed that the basic service package remains largely intact despite $28 million in general fund budget reductions in this biennium.

{Tape: 1; Side: A; Approx. Time Counter: 32.8 - 36}
Director Gray addressed Department organizational changes: the Deputy Director position, reorganization of the Fiscal Services Division (FSD), reclassification of an existing position to create an internal auditor, and establishment of the Office of Program Finance for the purpose of identifying refinancing opportunities.

{Tape: 1; Side: A; Approx. Time Counter: 36 - 46.2}
Director Gray then reviewed Department challenges for the 2003 biennium: the growth in Temporary Assistance to Needy Families (TANF) and Medicaid caseload, the change in the Child Support Enforcement Division (CSED) formula, Child and Family Services Division(CFSD)budgeting difficulties in the foster care and

subsidized adoption programs, and the growth in service utilization for the Mental Health Services Plan (MHSP).

{Tape: 1; Side: B; Approx. Time Counter: .1 - 2.7}
Director Gray reviewed the summary of budget reductions for the Subcommittee. **SEN. COBB** requested a list of cuts and those affected, and **Director Gray** agreed to provide a list. She emphasized that the base reductions are not just due to revenue shortfall, but are also due to caseload increases and loss of federal funds.

{Tape: 1; Side: B; Approx. Time Counter: 2.7 -6.4}
Responding to a question from **REP. JAYNE** regarding the reasons for caseload increase, **Director Gray** stated that there are a variety of factors: the general economy, fewer work hours or work benefits, changes in family circumstances, and medical emergencies. The increase is not due to migration to the state from outside. She handed out a graph which indicated that there was a surprising increase in caseload after 9/11, particularly in Medicaid eligibles. **Director Gray** then reviewed some key Department facts and trends.

EXHIBIT(jhh03a02)

{Tape: 1; Side: B; Approx. Time Counter: 6.4 - 8.3}
Responding to a question from **SEN. COBB, Lois Steinbeck, Legislative Fiscal Division (LFD),** stated that Medicaid general fund growth in the 2003 biennium is less than in the 2005 biennium. The Department is not spending less general fund, but the historical budget request of the Medicaid agency has not shown such a limited amount of Medicaid growth. There have been service and provider rate reductions in all Divisions except in Disability Division (DD).

{Tape: 1; Side: B; Approx. Time Counter: 11.9 - 13}
SEN. STONINGTON asked about trends that the provider rate decrease has had on provider willingness to accept Medicaid clients, particularly dental providers. **Director Gray** responded that evidence indicates that providers are serving current Medicaid clients, but are not taking new clients.

{Tape: 1; Side: B; Approx. Time Counter: 13 - 16.8}
SEN. COBB asked why providers are not taking new clients and whether they are all booked or if it is the money. **Director Gray** answered that it is both. Medicaid is a state and federal partnership in which the federal government calls the shots in terms of the accounting and specialized rules, and it does not

pay in full. The Medicaid program spends well over $500 million in a year. There has been a band-aid approach to containing growth, and the Department thinks that it needs to be reviewed and redesigned as a whole.

{Tape: 1; Side: B; Approx. Time Counter: 16.8 - 30.5}
Director Gray continued her presentation covering personal services decreases, FTE requests, additions, and eliminations. She then reviewed the staffing, major expense categories, and cost comparisons. In closing, **Director Gray** reviewed the Department vision for the next biennium:

refinancing
FAIM renewal
Medicaid re-design
improving tribal relations.

MEDICAID OVERVIEW

{Tape: 1; Side: B; Approx. Time Counter: 30.5 - 48.2}
John Chappuis, Deputy Director of DPHHS, distributed an overview of the Medicaid Program, a Policy Review, and information on Montana County Health. He touched on the mission statement, objectives, and key program administrators and gave a brief overview of the Medicaid services provided. He went over the federal match rate, which is between 72% and 73% for most Medicaid services; Indian Health Services (IHS), which is 100% federally funded; and administration, which is a 50-50 match in most cases. He then briefed the Subcommittee on mandatory and optional services provided by the state.

EXHIBIT(jhh03a03)
EXHIBIT(jhh03a04)
EXHIBIT(jhh03a05)

Mr. Chappuis reviewed the Medicaid programs offered:

TANF
TANF Families
Extended Medicaid
Pregnant Women
Children
Aged, Blind, and Disabled
Medically Needy
Indian Health Services (IHS).

{Tape: 2; Side: A; Approx. Time Counter: 0.6 - 6}
In response to questions from Subcommittee members, **Mr. Chappuis** explained the IHS, federal requirements, and funding sources.

The IHS is 100% federally funded, but the government requires that Medicaid be billed first; the IHS is payer of last resort. For those Medicaid eligible Native Americans who would normally be in IHS, the Medicaid Program is 100% federally funded through Title XIX. **Mr. Chappuis** stressed that the state puts no general fund in this program and explained further that the state is at the maximum allowable rate. IHS is paid a rate for a series of services, providing a better rate and added services. Should a Native American go to off-reservation facilities, services are billed normally under Medicaid. The pass-through is federal law, and is used to ensure that IHS is the payer of last resort.

LFD Comments on Eligibility

{Tape: 2; Side: A; Approx. Time Counter: 6 - 8.8}
Ms. Steinbeck commented that many states have increased Medicaid eligibility by raising financial eligibility. Montana Medicaid Program eligibility is near or at federal minimums, and Montana has imposed resources tests. The Executive Budget contains a recommendation for Medicaid eligibility changes to count some resources previously excluded from consideration. Resources tests are not specified in the statute, but DPHHS is allowed to establish resources tests by rule. The Department has not adjusted for Medicaid eligibility in this area. The Department could also restrict Medicaid eligibility by changing the resources test.

{Tape: 2; Side: A; Approx. Time Counter: 8.8 - 11}
Mr. Chappuis briefed the Subcommittee on the Mental Health and Chemical Dependency portion of the Medicaid Program. A full array of services is offered through the program, and it has grown dramatically.

{Tape: 2; Side: A; Approx. Time Counter: 11 - 22.3}
In response to a question from **SEN. STONINGTON** regarding medication, **Mr. Chappuis** said that there is a comprehensive package under pharmacy, which is not included in this Division. All drugs are paid through the Health Policy and Services Division (HPSD).

Mr. Chappuis then reviewed the Medicaid waiver programs for the Developmentally Disabled (DD), Community Support (CS), and Senior and Long Term Care (SLTC), and some of the services offered under this program. He touched on the Medicaid breakdowns by county, services, and providers. He then stated that, overall, there is good access to a large variety of services. **Director Gray** interjected that there are many services available to children which are optional for adults.

LFD Explanation of Early Periodic Screening Diagnostic Testing

{Tape: 2; Side: A; Approx. Time Counter: 22.3 - 24.6}
Ms. Steinbeck explained that under Early Periodic Screening Diagnostic Testing (EPSDT) if a child is diagnosed with a condition and there is an available prescribed treatment which is an allowable Medicaid service, by federal rule, the state must pay for that treatment, whether it is part of its Medicaid plan or not. The only place where optional services can be eliminated, cost shift aside, would be for adults. There is direction from the federal government, in terms of the mental health Medicaid services, that medical necessity can be defined such that the Department can gate-keep on EPSDT. Without a waiver, the Department cannot fully ignore the entitlement that EPSDT creates. **Director Gray** concurred with this assessment.

Continuation of Medicaid Overview

{Tape: 2; Side: A; Approx. Time Counter: 24.6 - 31.8}
Mr. Chappuis explained the fee for service, special fee for service, Resource Based Relative Value System (RBRVS), and Passport to Health (PASSPORT)payment rates. In response to a question from **SEN. COBB**, he explained that there are a variety of providers, such as physicians, dentists, and hospitals. The Department has not seen a trend of PASSPORT providers refusing new clients. Most clients are with PASSPORT, and providers have proven to be good gatekeepers.

{Tape: 2; Side: A; Approx. Time Counter: 31.8 - 37.8}
Mr. Chappuis continued his presentation with a cost analysis breakdown. Figures show that there is a growth trend in pharmacy and inpatient hospital costs due to rates, utilization, new clients, and the disabled. IGT are also included in this trend.

LFD Explanation of Intergovernmental Transfer Role in Trend

{Tape: 2; Side: A; Approx. Time Counter: 37.8 - 47.2}
Ms. Steinbeck explained that the legislature has not considered IGT as one-time payments because continuation of IGTs is subject to changes in federal rules. Should the federal rules change, the Subcommittee would have to reconsider whether the payments would continue since IGT are not built into ongoing rate structures. While they are costs, there is no cost to the state general fund. There is currently $22 million in IGT payments to counties for Medicaid services provided by county entities.

Mr. Chappuis then went over cost containment measures for Medicaid expenses in pharmacy and school-based services. He

discussed the large growth in pharmacy use and explained the refinance plan for school-based services.

School Refinancing

{Tape: 2; Side: B; Approx. Time Counter: 1.2 - 16.7}
In discussion with Subcommittee members of the school refinance, **Mr. Chappuis** explained that school districts will be ready to bill and back bill to October 1 for services. The services are primarily for one-on-one aides, and the majority of recipients are Medicaid eligible. School districts could receive as much as $10 million which would come from the district's general fund. Schools would be responsible for the state match, about 30% of the cost.

Mr. Chappuis reviewed some Medicaid history, expenditure and enrollment trends and explained why the HMO system did not succeed in Montana. He then went over costs, trends, and major growth areas, of which pharmacy has shown the greatest growth. Referring to Exhibit 2, he pointed out that Medicaid eligibles have also shown a major increase, particularly in the area of the disabled. He explained that DPHHS rarely raises provider rates without legislative approval, but this past year rates for private duty nursing were raised to prevent the loss of the program.

{Tape: 2; Side: B; Approx. Time Counter: 16.7 - 26}
Mr. Chappuis continued with the analysis in Exhibit 3 of cost per service and units of service and continued with explanation of projected growth in expenditures. Drug program growth is a big driver in the budget and will become the second largest service in the Medicaid Program probably by next year.

Medicaid Rethinking

{Tape: 2; Side: B; Approx. Time Counter: 26 - 34.5}
In response to a request from **SEN. STONINGTON** to outline the type of rethinking he envisages, **Mr. Chappuis** answered that he would like to look at ways to improve access and the service package. Referring to Oregon's programs, he suggested options to improve flexibility in the program such as prioritization of services, shifting risk, and insurance coverage for healthier clients. He suggested that they should re-explore options such as HMOs and mental health managed care because the federal government allows more flexibility in service mix and gate-keeping procedures. While there may never be enough penetration for HMOs due to small population size, there may be regional solutions.

{Tape: 2; Side: B; Approx. Time Counter: 34.5 - 43}
REP. JAYNE asked **Mr. Chappuis** to explain what impact the addition of lineal descendants of Salish and Kootenai tribal members to tribal enrollment would have on services that are provided to the Confederated Salish and Kootenai Tribe and on state funds. **Mr. Chappuis** explained that Medicaid has thresholds and if the people coming on or going off the tribal rolls are already meeting eligibility requirements, then they would still be covered by Medicaid. If there are new tribal enrollees and they are already on Medicaid and using IHS rather than private services, it would increase the federal share and improve the state picture. If, however, many people were no longer on the tribal rolls or able to use IHS, but instead used state services, there would be an increase in state costs. He added that a person can be both Medicaid and TANF eligible since there is a de-linking to Medicaid. If a person is TANF eligible, he or she is usually Medicaid eligible. There is not an automatic link, but clients would fall into various categories of Medicaid.

{Tape: 2; Side: B; Approx. Time Counter: 43 - 49}
SEN. COBB asked if they are trying to get rid of or merge the various categories. **Mr. Chappuis** said that they would look at coverage.

OVERVIEW OF SENIOR AND LONG TERM CARE DIVISION

{Tape: 3; Side: A; Approx. Time Counter: 0.6 - 16}
Kelly Williams, Administrator of the Senior and Long Term Care (SLTC), began her Division overview referring to her handout . She went over some organization history and Division programs and reviewed the Division mission, aging demographics, and role. **Ms. Williams** then highlighted specific programs offered by SLTC, benefit expenditures, and sources of funding. The Nursing Home Program is the largest benefit expenditure in the budget, followed by the Medicaid Waiver and Personal Assistance Programs. She then touched on those served by SLTC and its providers.

EXHIBIT(jhh03a06)

Ms. Williams outlined the management philosophy of the Division, which is to invest in that which will ensure quality of service rather than expansion of programs and eligibility. They have managed to control Medicaid entitlements, invested program savings and new funding in service quality, used targeted expansions of non-entitlements, and sought federal and other funding to provide more programs or services without committing state general fund.

{Tape: 3; Side: A; Approx. Time Counter: 16 - 22}
Ms. Williams reviewed the impact of actions taken by the special session on the Division's ability to implement the approved 2001 budget: provider rate increases were delayed and then eliminated for all but nursing facilities; waiver expansions for 2003 were held to the 2002 level; personal care attendant direct care salary increases were delayed, subjected to 3.5% cuts, and are still being held; funds from lien and estate recovery were used to offset general fund base expenditures in 2003 for the first time; FY02 general fund expenditures for SLTC's Medicaid entitlements were $1.25 million under appropriated levels; and SLTC is projecting Medicaid entitlement spending at below legislative appropriated levels. She stressed that her Division manages within its budget and added that SLTC surpluses are diverted to other program areas.

{Tape: 3; Side: A; Approx. Time Counter: 22 - 49}
Ms. Williams proceeded to outline the SLTC issues and budget request before the 2003 Legislature to address the issues of: Medicaid entitlement growth, maintenance of quality, availability of nursing home services, demand for increase in home and community services, staffing crisis, abuse and neglect of the elderly and disabled, maintenance of quality care at Veteran's Nursing Homes, and support of aging Montanans and the families that support them.

{Tape: 3; Side: B; Approx. Time Counter: 1 - 8.3}
Ms. Williams continued with her outline of SLTC issues and budget requests and concluded that the budget does not reflect the historic philosophy of the Division. The budget reductions could: impact the quality of services, cause nursing home closures, and affect the ability to provide community services.

LFD Policy Issues with Regard to Senior and Long Term Care

{Tape: 3; Side: B; Approx. Time Counter: 8.3 - 13.7}
Ms. Steinbeck reviewed LFD issues which Subcommittee members may wish to consider. The LFD estimate of nursing home costs is lower than the executive by about $850,000 general fund. The executive proposal to eliminate the Hospice program includes the entire reduction, but not the cost shift if clients remain in nursing homes or go to the hospital. Finally, the state supplement caseload growth does not include any impact from moving persons in the nursing care center to community services. If DPHHS approves the executive proposal, the Subcommittee will need to add general fund or assume a reduction in SLTC.

The other issue is an expansion of the nursing home IGT. When the 2001 Legislature approved the nursing home IGT, it used $2

million each year in revenue that would have gone to county nursing homes to offset general fund in mental health Medicaid benefits. The Subcommittee could have an option similar to that to use some of the money in IGT to offset general fund reductions elsewhere or within SLTC.

{Tape: 3; Side: B; Approx. Time Counter: 13.7 - 18}
Ms. Williams clarified for members that the nursing home waiver is a waiver from the Medicaid Service Program that allows individuals to stay in their own homes rather than institutions. The proposal of the legislature to rollback the budget to 2000 levels would have an added impact on the ability of the Division to provide services.

OVERVIEW OF HEALTH POLICY SERVICES DIVISION

{Tape: 3; Side: B; Approx. Time Counter: 18 - 49}
Maggie Bullock, Administrator of the Health Policy and Services Division (HPSD), began an overview of her Division. She reviewed the organization, mission, function, programs, and funding sources of the Division. She briefed Subcommittee members on the most critical decision packages for each Bureau and several DPHHS legislative proposals.

EXHIBIT(jhh03a07)

Ms. Bullock stated that one result of 9/11 was the infusion of federal money to strengthen public health infrastructure. Federal funds are being used to remodel the lab and to strengthen communication between counties and state.

{Tape: 4; Side: A; Approx. Time Counter: 0.8 - 6.2}
Ms. Bullock continued with her presentation of major decision packages and Department legislative proposals and stressed that the proposed elimination of some prevention programs will result in cost increases in the future. Concluding her presentation, **Ms. Bullock** mentioned that the state health planning grant would look at other ways to fund the uninsured and under-insured in the state.

LFD Issues with Regard to Health Policy Services Division

{Tape: 4; Side: A; Approx. Time Counter: 6.2 - 8.8}
Ms. Steinbeck stated that she has asked the Department to identify any increase in federal grants that can be used for proposed general fund reductions. She reviewed the issues with regard to I-146, the initiative that allocated part of the tobacco settlement funds to tobacco control and prevention. The Executive Budget does not include an expanded tobacco control

program. There is about $9 million available each year, and the Executive Budget offsets current general fund expenditures of about $500,000. **Ms. Steinbeck** has asked the DPHHS to identify Medicaid expenditures currently provided for smoking cessation for adults, which is an allowable purpose of that $9 million. The Subcommittee could consider using funds allocated in I-146 to offset current general fund expenditures in the Executive Budget.

{Tape: 4; Side: A; Approx. Time Counter: 8.8 - 13}
In answer to questions from **SEN. STONINGTON** regarding the tobacco fund and parameters for its use, **Ms. Steinbeck** stated that staff would look at the statutes that had been passed. The legislature sets out purposes for which it may be used and allocates to two state special revenue (SSR) accounts. Statute does not deny supplantation, so the Subcommittee can choose to appropriate money from those two accounts to offset current general fund costs. **Ms. Steinbeck** said that DPHHS is establishing a board to meet for the comprehensive tobacco prevention piece of the initiative. In the last biennium, DPHHS had an advisory board, which presented a report to this Subcommittee outlining a comprehensive prevention and treatment smoking cessation program costing $4 to $5 million a year, which would have been funded from tobacco funds.

{Tape: 4; Side: A; Approx. Time Counter: 13 - 22}
REP. HAINES asked how much tobacco money there was that the Subcommittee could use. **Ms. Steinbeck** estimated $18.5 million a year in the prevention program and $1.5 million in the allocation for CHIP and the Montana Comprehensive Insurance Association (MCHA). The Executive Budget offsets Medicaid match using I-146 allocations to CHIP. There is no expansion of CHIP. The LFD issue questions whether this is legal, and the statute needs to be changed if the Subcommittee authorizes the expenditure of CHIP related funds for general Medicaid match.

The final issue related to CHIP is that should the Subcommittee choose to fund the executive request, there is an additional $20-$28 million in federal CHIP grant authority available to the Subcommittee to refinance other expenditures.

The LFD staff recommended that legislation be proposed to eliminate the End-Stage Renal Disease Program (ESRD)if the Executive Budget is adopted. Greg Petesch, Director of Legal Services, Legislative Fiscal Division, prepared a legal analysis and concluded that in order to eliminate optional Medicaid services, statutes need to be changed. Elimination of the Montana Initiative for the Abatement of Mortality of Infants (MIAMI) program would also require legislation.

OVERVIEW ON DEVELOPMENTAL DISABILITIES SERVICES DIVISION

{Tape: 4; Side: A; Approx. Time Counter: 22- 50}
Joe Mathews, Administrator of Disabilities Services Division (DSD), presented an overview of the Division and briefly touched on the organization, major programs, institutions, funding sources, and mission of DSD. He went over the definition for developmental disability and gave a brief history of the Division philosophy.

EXHIBIT(jhh03a08)

Mr. Mathews briefed the Subcommittee on the **Travis D Lawsuit**, which deals with segregation of people with developmental disabilities in institutions when they could be served in the community. This issue revolves around funding and the struggle to continue to bring people out of institutions while still serving people on community waiting lists.

Mr. Mathews then explained the two DD Medicaid waiver services, the funding mix, match rates, refinancing, direct care staffing problems, and provider and Division relationship. The majority of services in DD are waiver services, so the legislature controls the amount of money spent on services. Also, the federal government is looking more critically at waiver programs to ensure quality assurance, health, and safety.

{Tape: 4; Side: B; Approx. Time Counter: 0.3 - 12.9}
Mr. Mathews reviewed the Vocational Rehabilitation (VR) Program and the parameters for services to individuals. The Division coordinates efforts with businesses and community organizations to help people get off other rolls and become effective tax paying citizens. He discussed the services that are offered and needed to help disabled individuals live independently. He then went over other DD programs - the Developmental Disabilities Advisory Council and the Montana Telecommunication Access Program (MTAP).

Mr. Mathews stated that the major issues for DD are refinancing, Medicaid services reviews, and institutional populations. briefed the Subcommittee on the composition of the institutional populations and the efforts that have been made to return these people to the community. He touched on the **Olmstead Decision** and the two major lawsuits filed against the Division.

In conclusion, **Mr. Mathews** said that the Division is trying to keep the DD system whole, keep dollars annualized, refinance, provide appropriate services, and move institutionalized individuals into the community.

LFD Issues with Regard to Disability Services Division

{Tape: 4; Side: B; Approx. Time Counter: 12.9 - 20.9}
Pat Gervais, LFD, stated that the most significant issue in DD is the refinancing. The Executive Budget for this division increases $7.7 million above the 2003 biennium level, which is a larger general fund increase than the $5.7 million general fund increase of the entire agency. The Division has historically funded slots within the congregate living setting with general fund even though some of those individuals were Medicaid eligible. Effective December 1, 2002, the Division is now billing all of those people to Medicaid and expects to realize a $1.8 million general fund savings. The Division also proposes other refinancing efforts, and the Executive Budget reinvests the refinanced general fund in this Division by service expansion and strengthening services.

Additionally, the Division indicates that it hopes that service and rate reductions can be avoided by refinancing services so that reductions would not need to be implemented. One of the policy decision for the Subcommittee to consider is whether it wishes: to accept the Executive Budget and reinvest those general fund savings in this Division, to invest general fund savings in other areas, or to have it revert to the general fund.

Pending litigation has the potential to require service expansion and increased costs. The legislature may wish to discuss options to limit service expansion through resource and income criteria and public policy for serving those who do not meet Medicaid criteria.

Other issues include, the corrective action plan that has been implemented as a result of the Medicaid waiver review. The certification issue at Boulder. The Department has opened a new unit at Boulder which is part of the rationale for the supplemental appropriation and cost overrun in that portion of the budget. In 2001, the legislature included language to decrease the population at the two institutions. The population has remained constant, despite efforts to move people to the community.

{Tape: 4; Side: B; Approx. Time Counter: 20.9 - 22.9}
It was agreed that the Subcommittee would meet at 7:30 am in the new room assignment in 472.

ADJOURNMENT

Adjournment: 12:00 P.M.

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REP. EDITH CLARK, Chairman

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SYDNEY TABER, Secretary

EC/ST

EXHIBIT(jhh03aad)