MINUTES

MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Call to Order: By **CHAIRMAN EDITH CLARK**, on January 30, 2003 at 8:10 A.M., in Room 472 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. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

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

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

Committee Business Summary:

Hearing & Date Posted:	Health Services Policy Division: Health Systems Bureau Laboratory Services Bureau Medicaid Services Bureau
Executive Action:	None.

A letter to the Subcommittee from Lou Thompson, Mental Health Services Bureau Chief, was distributed.

EXHIBIT(jhh20a01)

HEARING ON HEALTH POLICY SERVICES DIVISION

Health Systems Bureau

{Tape: 1; Side: A; Approx. Time Counter: 0.3 - 10.1}
Drew Dawson, Health Systems Bureau Chief, distributed a handout and referred to it as he provided a brief overview of the bureau, its functions, funding, and decision packages. DP 39, a distance learning coordinator, would convert existing modified full-time equivalents(FTE)to permanent positions. DP 41, recruitment of medical providers, would continue existing .5 FTE by transferring funds from contracted services to personnel.

EXHIBIT(jhh20a02)

{Tape: 1; Side: A; Approx. Time Counter: 10.1 - 15.}
CHAIRMAN CLARK asked why they had moved from contracted services to their own hire of FTE, and **Mr. Dawson** replied that because the contract people they hired were not familiar with the database system, it ended up being more cost effective to hire and train their own half-time FTE.

Responding to a question from **SEN. COBB** about what they expect from this program, he said that they expect to get 20 doctors in Montana. In addition to this, the .5 FTE would work to recruit primary care providers in rural areas in addition to the four medical graduates.

DP 57, the National Health Service Corps Student Resident Experiences And Rotation in Community Health(SEARCH)program, would allow expenditure of increased federal funds of $82,700 for National Health Service Corps/Student Resident Experiences and Rotations in Community Health. Of those who have participated in this program, 66 percent have chosen to practice in rural areas with 40 percent of those in federally designated underserved areas.

{Tape: 1; Side: A; Approx. Time Counter: 15 - 16.3}
CHAIRMAN CLARK asked if he had any sense of how many individuals were in the rotations. **Mr. Dawson** replied that the total number of rotations since the inception of the program is 429, and the average number of rotations per year is 53. About 64 percent are physicians, 20 percent are physician assistants, and 15 percent are nurse practitioners.

{Tape: 1; Side: A; Approx. Time Counter: 16.3 - 40}
DP 40, the obesity prevention program, would authorize expenditure of $417,510 in federal funds and make permanent two existing FTE positions; DP 45, the Behavioral Risk Factor Surveillance Coordinator, would make permanent one existing FTE to manage the program; and DP 54, the diabetes epidemiologist, would make permanent an existing .5 FTE to manage diabetes program statistical support and authorize expenditure of an anticipated increase of $148,239 FY04 and $147,842 in FY05 in federal funds.

EXHIBIT(jhh20a03)

DP 237, the cardiovascular health FTE, would make permanent 1.5 existing FTE approved by the 2001 legislature and provide available federal dollars. It would provide administrative support and a .5 epidemiologist of $108,125 over the biennium; DP 245, the elimination of the poison control system, would reduce the general fund portion of the poison control system by $77,908 over the biennium; DP 246, would reduce the tumor control registry support by $53,548 over the biennium; DP 100, the reduction of tobacco prevention funding, would replace $907,188 general fund with $907,188 in state special revenue(SSR)funding; and DP 52, the Montana Breast and Cervical Cancer Treatment program, would provide a general fund match of $207,174 in FY04 and $208,378 in FY05. He concluded his presentation with DP 53, which would make permanent an existing American Indian screening coordinator and authorize an additional $1.8 million in biennial federal funds for screening.

{Tape: 1; Side: A; Approx. Time Counter: 40 - 43}
CHAIRMAN CLARK requested assurance that when the funding goes away the positions will go away, and **Maggie Bullock, Administrator of Health Policy Services Division(PSD)**, said that they would since that is the way they have been operating the federal grants.

{Tape: 1; Side: A; Approx. Time Counter: 43 - 48.9}

LED Issues Concerning the Poison Control System

Lois Steinbeck, Legislative Fiscal Division(LED), referred to B-97 of the Budget Analysis and asked if there are enough carry-over funds in the preventive health block grant to backfill the cost of the poison control system. **Mr. Dawson** said that they have been looking at this, but the block grant must be prioritized by the advisory committee. It would be a short-term fix to the problem. **Ms. Steinbeck** then asked if some of the increased funding in breast and cervical cancer could be used to

offset some of the reductions in the tumor registry, and **Mr. Dawson** said that they looked into that funding, and it would not be allowable.

LFD Issue Concerning Tobacco Prevention and Control Funds

{Tape: 1; Side: B; Approx. Time Counter: 0.1 - 8.8}
Ms. Steinbeck distributed information on the costs of tobacco to Montana's Medicaid program and commented that the issue related to tobacco is alternative uses for I-146 that are not allocated by the Executive Budget. The Executive Budget used about $500,000 of SSR for prevention and tobacco control and left $8.5 million unallocated.

EXHIBIT(jhh20a04)

Ms. Steinbeck explained that I-146 created two SSRs, one for tobacco prevention and control and the other for the Children's Health Insurance Program(CHIP) and the Montana Comprehensive Health Association(MCHA). The issue related to the prevention allocation is whether there are other opportunities to use the $8.5 million that is not requested in the Executive Budget. Referring to Exhibit 4, she said that if the Subcommittee took a narrow view of this statute, one of the purposes of tobacco prevention is cessation activities for adults and cessation drugs would fall within such guidelines for use of the funds. If the Subcommittee were to take a broader view, it could use up to $13 million which would include a $4 million state match.

Ms. Steinbeck continued that the Executive Budget offset all of the general fund currently being paid for CHIP. It then offset Medicaid match with the funds allocated to CHIP for unspecified services, none of which is within the meaning of I-146. **Ms. Steinbeck** suggested that if they were to accept the Executive Budget as is, the legislature would need to amend the statute. Alternatively, they could accept the executive proposal, but fund the Medicaid match out of the prevention dollars instead of CHIP.

{Tape: 1; Side: B; Approx. Time Counter: 8.8 - 10.8}
Gail Gray, Director of the Department of Public Health and Human Services(DPHHS), said that there are different legal opinions on this, but they may as well just change the statute or not as they wish. **SEN. STONINGTON** asked if they would limit their ability to use that money for other purposes if they went that route, and **Ms. Steinbeck** said that they would.

{Tape: 1; Side: B; Approx. Time Counter: 10.8 - 13.7}
Mr. Dawson listed the definition of tobacco prevention in I-146. He said that there is evidence that cigarette consumption, particularly among youth, is declining in those counties with actively funded prevention programs. Responding to a query from **SEN. COBB**, he said that a large cigarette tax would be a significant component of prevention among youth.

{Tape: 1; Side: B; Approx. Time Counter: 13.7 - 22.6}
Ms. Steinbeck drew a graph on the whiteboard for the Subcommittee and explained the apportionment of I-146 funds. Of the 32 percent in prevention funds, the Executive Budget allocates $1 million to offset general fund, leaving $17 million. From the 17 percent CHIP/MCHA account, $5.5 million offsets current CHIP expenditures and $2.6 million is used for Medicaid match with a remaining projected balance of $1.5 million. **Ms. Steinbeck** suggested other uses for the remaining $17 million. Referring to B-15 of the Budget Analysis, she said that there is $28 million of unspent CHIP grant and reviewed other uses for the funds.

Ms. Steinbeck added further that leveraging federal funds adds complexity to their efforts. She suggested that the Department investigate other services currently funded through general fund that could use the excess federal CHIP match as well as some of the excess match in the tobacco program. She explained that CHIP is a fixed grant which can be expended for three years, after which the funds are reverted to the federal government.

{Tape: 1; Side: B; Approx. Time Counter: 22.6 - 25}
Ms. Steinbeck distributed a copy of the statute governing the use of tobacco settlement money and went over the federal reauthorization of the CHIP grant. She said that they would know if it were not going to be continued in the next biennium. **Director Gray** responded that they do not expect the grant to be discontinued because it is a popular program in most states. She added that under the refinancing they do fully intend to address the use of tobacco prevention funds in programs and stated that there would be many uses for CHIP. She addressed the poverty percentage limit, which would need to be changed if they were to put more money into the program.

EXHIBIT(jhh20a05)

{Tape: 1; Side: B; Approx. Time Counter: 25 - 34.6}
Responding to a request for comments on the unspent CHIP balance, **Bob Andersen, Office of Budget and Program Planning(OBPP)** said that the CHIP grant has created a situation similar to the Temporary Assistance to Needy Families(TANF)grant situation, where there were excess funds that needed to be expended. The

key issue, however, is sustainability over the long haul. They have three years within which to spend the $28 million, but if they do, any expansion would create a cliff effect in several years. He added that if the tobacco prevention funds are not used within two years, they revert to the tobacco trust. It was his recommendation to use CHIP for Medicaid match, and the statute currently allows such use. It says "matching funds for securing CHIP" and matching funds are what Medicaid is all about. If they wish to change the statute, then they should clarify its use for Medicaid match.

Referring to the table on B-15 of the Budget Analysis, **Ms. Steinbeck** said that DPHHS would be spending out of the federal fiscal year(FFY)2003 grant, and the grant that DPHHS would receive in 2004 and 2005 would remain on the table. There is a good chance that the State would be fully reverting one whole grant. CHIP does not remain inviolable in the bank account as TANF does since TANF is an entitlement for public assistance while CHIP is not. Use of the funds would only result in a cliff effect if they were to appropriate all of the money in the next year. While she agreed with Mr. Andersen on part of the statute he cited, there is another part, which says that it is for "CHIP related health insurance." She iterated that it is not legal to use this for Medicaid match.

{Tape: 1; Side: B; Approx. Time Counter: 34.6 - 37}
Maggie Bullock, Administrator of Health Policy Services Division(HPSD), said that if they were to appropriate all of the CHIP funds, they should worry that down the road the funds would not be there. They have chosen a sustainable program which has limited them to the amount of federal CHIP dollars brought into the State. Referring to Exhibit 4, she said that cessation drugs are an optional service.

{Tape: 1; Side: B; Approx. Time Counter: 37 - 48.9}
SEN. STONINGTON said that her sense is that they all want to see CHIP maintained, but they might all be nervous about expansion of the program. She asked for clarification on what needs statutory change, and **Ms. Steinbeck** responded that the use of CHIP funds in I-146 for Medicaid match is what needs statutory change. She explained how CHIP could be used to refinance other services.

SEN. STONINGTON said that another option that they discussed when making their committee bill was changing the effective date of the entire distribution of I-146 funds. She asked what delaying implementation of I-146 for two years would do to this picture. **Ms. Steinbeck** said that if I-146 implementation were delayed, the tobacco prevention and cessation funds would go into the tobacco trust fund after two years. If the Subcommittee were to accept

the Executive Budget as written, it would need to add $11.1 million in general fund back in place of the SSR that is currently used in the Executive Budget.

{Tape: 2; Side: A; Approx. Time Counter: 0.1 - 6.}
Referring to B-21 of the Budget Analysis, **Ms. Steinbeck** said that about $14 million a year would go into the Executive Budget from the general fund. There was further discussion of the delay of I-146 implementation and the use of the tobacco prevention funds to supplant general fund. **Ms. Steinbeck** cautioned that there is not a one-to-one match if it is used for general fund services in DD. The income and service criteria supported by the current general fund expenditures will not match up with income and services criteria in CHIP because of income eligibility limitations. They can not fund prevention out of the remaining $1.5 million unless they change the allocation between the two accounts statutorily.

{Tape: 2; Side: A; Approx. Time Counter: 6 - 10.2}
Referring to the proposed tobacco tax, **Mr. Dawson** said that for every 10% increase in the tobacco tax rate, there will be a 6.5% decline in youth smoking rates and another 2% decline in adult smoking. The most effective results for tobacco use prevention occur when they follow the Centers for Disease Control and Prevention(CDC) recommendations for tobacco use prevention. Montana is at 4% of CDC's recommendation for prevention and ranks 44th nationally for putting settlement dollars into prevention programs.

Laboratory Services Bureau

{Tape: 2; Side: A; Approx. Time Counter: 10.2 - 22}
Paul Lamphier, Laboratory Services Bureau Chief, reviewed the purposes of the Environmental Laboratory and the Public Health Laboratory, staffing, certification, and funding. He stated that the state labs are not in competition with other laboratories, but are the reference library for the smaller labs and stressed the need to for their services. He went over the types of testing each laboratory does. Both laboratories operate on a fee for service basis which goes into a state special revenue(SSR) account, and they also receive federal grants and state general fund.

EXHIBIT(jhh20a06)

{Tape: 2; Side: A; Approx. Time Counter: 22 - 32.8}
Dr. Lamphier reported that the Public Health Laboratory recently received a $911,085 windfall through a federal bioterrorism

grant. He reviewed the federally authorized purposes for which the bioterrorism grant can be used.

{Tape: 2; Side: A; Approx. Time Counter: 32.8 - 35.5}
Dr. Lamphier then reviewed the decision packages involved in his program and the impact that reductions or eliminations would have on their ability to function. DP 247, the laboratory general fund, eliminates general fund for the Public Health Laboratory. Responding to a question from **SEN. COBB** with regard to the number of services that would be reduced, **Dr. Lamphier** explained that they do a lot of low-volume testing on which they will never break even on this. Testing is outrageously expensive in that it is labor intensive, and supplies to perform tests outdate quickly, but they need the availability to test in Montana. Commercial laboratories outside of the state are not required to report on test results to the State so if testing were referred out-of-state, the Department would lose control of the surveillance aspect of the program.

{Tape: 2; Side: A; Approx. Time Counter: 35.5 - 48.9}
REP. HAINES asked if there were any alternative to their testing other than to go out-of-state, and **Dr. Lamphier** said that they are the only laboratory in Montana that does all of the testing. They are the reference laboratory. **REP. HAINES** added that if the testing were done out-of-state, a time factor would be involved as well as loss of surveillance, to which **Dr. Lamphier** concurred. Hospital labs and other labs ask for the public labs to test. **Dr. Lamphier** said that hospitals and other labs within the state are required to report disease outbreak, but if the testing were shipped out-of-state, there would be a considerable delay which could have serious ramifications should there be an outbreak of disease. If the Department were not aware of an outbreak, then infectious disease could go unmonitored until after the fact.

{Tape: 2; Side: B; Approx. Time Counter: 1.3 - 4.9}
SEN. COBB asked if they could take less than the $170,000 over the biennium, and **Dr. Lamphier** said that, as it is, they spend it all. Responding to a further question as to whether the fees are commensurate with cost, **Dr. Lamphier** explained that the fees must be reasonable for the hospitals or they will not use their services. If they were to charge what it actually costs them to do the tests, it would be considered outrageous and the specimen would be sent to an out-of-state laboratory. Hospital laboratories are not obligated to use the state laboratories. They must maintain "reasonable" fees comparable to those charged at commercial laboratories.

Responding to a question from **CHAIRMAN CLARK**, **Dr. Lamphier** said that they do have rule-making authority to change the fees, and

at the beginning of each biennium, they adjust the fees based on the projected biennial budget.

LFD Issue Concerning the Public Health Lab General Fund Reduction

{Tape: 2; Side: B; Approx. Time Counter: 4.9 - 10.4}
Referring to B-10 of the Budget Analysis, **Ms. Steinbeck** reviewed the issues with the general fund reduction, stating that the elimination will be for the entire general fund amount in the program. She asked whether the remaining amount of unspent public health grant authority could be used here and whether a statutory change could be considered to require more timely reporting from hospitals that send specimens out-of-state. **Dr. Lamphier** said that the regulation already exists, but laboratories do not have anyone monitoring, controlling, or regulating that regulation. **REP. HAINES** said that another alternative could be raising the fees and a statutory change requiring hospitals to send specimens to the laboratory regardless the cost.

Ms. Bullock said that **Ms. Steinbeck's** suggestion to use remaining federal grant dollars is not possible because the guidance on grants is very specific.

{Tape: 2; Side: B; Approx. Time Counter: 10.4 - 15}
Dr. Lamphier continued with his review of bureau decision packages. DP 70, the laboratory supply budget, requests $162,000 in SSR spending authority to meet the projected laboratory supply budget. While they do raise the fees biennially, inflation and previously cited factors increase this budget. DP 67 requests $390,000 in SSR authority over the biennium to replace obsolete laboratory equipment. DP 49 requests $51,988 in SSR authority over the biennium for the early payment of a loan used to purchase laboratory equipment.

{Tape: 2; Side: B; Approx. Time Counter: 15 - 17.2}
Director Gray commended the laboratory and **Dr. Lamphier** and suggested that Subcommittee members take a tour of lab when they have the chance.

{Tape: 2; Side: B; Approx. Time Counter: 17.2 - 22.9}
REP. HAINES referred to the three decision packages requesting about $600,000 in SSR spending authority and asked what type of balance they are working against. **Dr. Lamphier** said that they will adjust fees upward four percent which will cover the increased supply costs, so the supply budget is anticipated revenue. The other requests for spending authority are to cover them in case they receive some money. Responding to a question from **REP. HAINES** as to whether they do research or could do

research to help cover expenses, **Dr. Lamphier** said that they may do special studies, but they do not do research because it is prohibitively expensive and labor intensive.

Medicaid Services Bureau

{Tape: 2; Side: B; Approx. Time Counter: 25.4 - 48.9}
Jeff Buska, Medicaid Services Bureau Chief, referred to his handout and explained that the majority of Medicaid programs dealing with primary care and institutional services are in this bureau. The total Medicaid budget within HPSD is $242 million in FY02. The Medicaid Bureau provides coverage and reimbursement policy for healthcare services, but does not do Medicaid-eligibility determination. They are involved in setting the coverage policy and billing requirements for healthcare providers in order to receive reimbursement for healthcare services. They also set reimbursement rates for healthcare services. **Mr. Buska** reviewed the cost-containment measures that they have implemented.

EXHIBIT(jhh20a07)

{Tape: 3; Side: A; Approx. Time Counter: 0.3 - 5.3}
Mr. Buska addressed prior-authorization in detail as one of the key components to limiting expenses by limiting the use of out-of-state inpatient and outpatient hospital services through encouraging the use of in-state hospital services. **REP. HAINES** asked whether they evaluate out-of-state versus in-state service based on quality of care or familiarity with a condition, and **Mr. Buska** replied that they do. There is a lot of cooperation between physicians and the Mountain Pacific Foundation which does the screening for this. **Mr. Buska** went over the services that are prior-authorized.

{Tape: 3; Side: A; Approx. Time Counter: 5.3 - 8}
Responding to a query from **CHAIRMAN CLARK** regarding monitoring and the claims process, **Mr. Buska** said that they have a contract with Mountain Pacific Foundation for this. He added that they do try to keep track of the savings within the prior-authorization activities.

{Tape: 3; Side: A; Approx. Time Counter: 8 - 16.7}
Mr. Buska next went over the cost-containment measures that they have taken with regard to the pharmacy portion of the program.

{Tape: 3; Side: A; Approx. Time Counter: 16.8 - 23.1}
Mr. Buska reviewed the decision packages within the program. DP 50 is the Medicaid caseload adjustment for FY04 and FY05. DP 55 is the Medicare buy-in caseload adjustment for FY04 and FY05. He distributed a fact sheet on the Indian Health Service(IHS) and reviewed DP 68, IHS caseload adjustment. DP 72 is the increase for utilization review and combines increases in two contracts dealing with prior-authorization activities.

EXHIBIT(jhh20a08)

{Tape: 3; Side: A; Approx. Time Counter: 23.1 - 27.}
REP. JAYNE asked what the contract increase would be, and **Mr. Buska** said that it would be a $30,000 general fund increase to the contract to get it up to about $92,000, which is the amount that they have overspent. **Mr. Buska** said that if they did not get this money, they would be overspent in their contracts budget and may have to eliminate some of the prior authorization services. He explained that the services would be for all those inpatient and outpatient hospital services for which they are trying to encourage use of in-state services. Under Medicaid, clients have the freedom of choice to seek healthcare services, and those services may be provided out-of-state.

{Tape: 3; Side: A; Approx. Time Counter: 27 - 28}
Director Gray emphasized that the utilization of review contract is the gatekeeper, and it would cost the State millions if it were not there.

{Tape: 3; Side: A; Approx. Time Counter: 28 - 48}
Mr. Buska continued with his review of the second part of DP 72, which is the contract authority for the drug prior authorization unit. Currently, they are spending $183,000 per year on drug prior-authorization activities.

SEN. STONINGTON asked if he feels that they are utilizing all available tools and whether they are heading toward development of a formulary for prioritization of the types of drugs. **Mr. Buska** said that this is the direction, although the Medicaid program does limit what they can do because of federal laws which have set up the requirement for coverage of pharmacy services and participation in the drug rebate program. There is a formulary to the degree that they identify all of the drugs that are covered. **SEN. STONINGTON** asked how the rebate program works and whether they are getting anything back from it. **Mr. Buska** said that the Centers for Medicare and Medicaid Services(CMS) calculates the rebate amounts on a per unit basis. The Department keeps track of the prescriptions filled and the number of units on a quarterly basis. They generate invoices which

summarize the amount of the units they have paid for prescription drugs and pair it up with the rebate amount that CMS gives them. They then bill the manufacturers for that amount. Manufacturers are required to pay them within a certain period of time, although they do have the ability to dispute the units. Responding to a final question from **SEN. STONINGTON** on the issue of payment for prescriptions, **Mr. Buska** explained the formula that they use to determine the price they will pay; there is also a dispensing fee which they pay to pharmacists.

{Tape: 3; Side: B; Approx. Time Counter: 2.6 - 11.7}
Mr. Buska continued with his review of decision packages within the program. DP 65, the school services contract and program monitor, is a refinancing program on which they have been working for some time. This DP involves a collaboration between DPHHS and the Office of Public Instruction(OPI)to refinance how they pay for school-based services. Currently, the Medicaid program reimburses schools for healthcare services provided to students in a school setting, and the Medicaid program also pays both the federal funds and general funds for the services. The refinancing effort will utilize the general fund tax dollars being spent by OPI as the general fund match for healthcare services. They will now only reimburse the schools the federal portion of the reimbursement rates. Because they will be taking away some of the general fund currently paid for the services, the Department is looking at other health services provided in the school and adding those as a covered benefit under the Medicaid program. They use the contract services of Maximus to assist them with this program.

{Tape: 3; Side: B; Approx. Time Counter: 11.7 - 15.7}
DP 66, the Medicaid pharmacy audit, will fund a contract for independent audit services of the pharmacy program. They will issue a request for proposal(RFP)for the contract. They anticipate that they will offset the cost of the contract with general fund savings.

{Tape: 3; Side: B; Approx. Time Counter: 9.2 - 29.6}
Mr. Buska continued that DP 74, the county public health department administrative IGT, requests federal match for county dollars. DP 240 would have eliminated the End Stage Renal Disease(ESRD)Program, which is 100 percent general fund, but the Governor requested that they reinstate the decision package. They are proposing to move $100,000 into the across-the-board provider rate cuts in DP 254. In that move, the across-the-board rate reduction percentage will increase from 1.8 percent to 2.02 percent. DP 242 will reduce optional services for a general fund savings of $250,000 each year of the biennium. They are proposing to eliminate the coverage of organ transplants which

will save about $90,000 per year for the services. They will lower the limit savings of $11,000. They have already implemented this last item by administrative rule. There may be a cost shift for these services. They will also eliminate Medicaid coverage of disposable incontinence supplies, but will still cover reusable supplies for clients for a general fund savings of $149,000 per year. They have taken into account the cost shift to Senior and Long Term Care(SLTC)into their calculation of the savings. DP 244 will limit physician visits to ten per year. They will hire a contractor to review the services and medical necessity of services and are developing a RFP to implement this. They are working on a disease management program to monitor this and will hopefully generate savings for the Medicaid program.

REP. HAINES asked for clarification on the disease management program, and **Mr. Buska** said that they work with the client to educate about the disease to try to help reduce physician visits. **Ms. Bullock** said that they are working with the Department of Administration(DOA)on the RFP.

LFD Issue and Waiver Expansion

{Tape: 3; Side: B; Approx. Time Counter: 33.3 - 39.4}
Ms. Steinbeck and **Mr. Buska** had a lengthy discussion on the necessity of cost-neutrality to the federal government where waiver expansions are concerned.

{Tape: 3; Side: B; Approx. Time Counter: 39.4 - 48.9}
Mr. Buska reviewed DP 254, which would reduce Medicaid provider reimbursement rates. DP 257 would change the mileage reimbursement rate from $.34 to $.13 per mile which will put them in alignment with itemized deductions under Internal Revenue Service(IRS)regulations and in alignment with neighboring states. They are considering increasing the per diem reimbursement for clients when they travel as well.

{Tape: 4; Side: A; Approx. Time Counter: 0.9 - 10.5}
Mr. Buska continued his review of decision packages with DP 258, pharmacy program changes. They will be instituting controls on refilling prescriptions and changing dispensing limits. **REP. JAYNE** asked for a line item of how they came up with the $82,372, and **Mr. Buska** said that he would have to find that information for them.

DP 260 represents HPSD's share of the combined eligibility changes proposed by the Human and Community Services Division(HCSD) in Medicaid. DP 282 is an FTE reduction.

EXHIBIT(jhh20a09)

Mr. Buska concluded that containing healthcare costs within the Medicaid program is a tremendous challenge, and they have been working to implement different strategies to contain costs of the program. While there are things beyond their control, they try to project and account for them. The goal is to provide access to services and pay for appropriate healthcare.

{Tape: 4; Side: A; Approx. Time Counter: 10.5 - 11.5}
Director Gray thanked the staff of this division and said that they are wonderful people committed to the people of the State. She concluded that their partners in primary care, hospitals and other providers, have helped with ideas and decisions.

ADJOURNMENT

Adjournment: 11:43 A.M.

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REP. EDITH CLARK, Chairman

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SYDNEY TABER, Secretary

EC/ST

EXHIBIT(jhh20aad)