MINUTES

MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Call to Order: By **CHAIRMAN CHRISTINE KAUFMANN**, on January 7, 2005 at 8:05 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:
Rep. Christine Kaufmann, Chairman (D)
Sen. John Cobb (R)
Rep. Ray Hawk (R)
Rep. Joey Jayne (D)
Sen. Greg Lind (D)
Rep. Penny Morgan (R)
Sen. Dan Weinberg (D)

Members Excused: None.

Members Absent: None.

Staff Present: Pat Gervais, Legislative Branch
Laura Good, Committee Secretary
Lois Steinbeck, Legislative Branch

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

Committee Business Summary:
Agency Overview: Medicaid 101; Subcommittee Training

CHAIR REP. CHRISTINE KAUFMANN, HD 81, HELENA called the meeting to order and then invited each member of the Committee, Department and staff to briefly introduce themselves to each other and attendees.

CHAIR KAUFMANN introduced herself as the Chair of the Subcommittee. Ms. Kaufmann has served on appropriations during the entirety of her three session tenure, but this is her first opportunity to serve on the Joint Appropriations Subcommittee for Health and Human Services.

SEN. DAN WEINBERG (D), SD 2, WHITEFISH, introduced himself as a freshman legislator. He is a retired psychotherapist.

SEN. GREG LIND (D), SD 50, MISSOULA, introduced himself as a freshman legislator. He recounted his 1999 appearance before this Committee in which he gave testimony to **SEN. JOHN COBB (R), SD 9, AUGUSTA,** and colleagues.

SEN. COBB stated that his extended tenure on this committee has been aided by excellent staff, department members and public witnesses. He also commented on the stressful nature of this Subcommittee's responsibilities and wished his fellow members good luck.

{Tape: 1; Side: A; Approx. Time Counter: 6}

REP. RAY HAWK (R), HD 90, FLORENCE, is a retired auctioneer from the Bitterroot and a returning Representative. He has served previously on the standing committee for Health and Human Services.

REP. PENNY MORGAN (R), HD 57, BILLINGS, is a business owner and sophomore representative. This is her first term of service on an appropriations committee.

REP. JOEY JAYNE (D), HD 15, ARLEE, is beginning her third term in the house, and her third term of service on the Joint Appropriations Subcommittee for Health and Human Services.

Ms. Kristi Rosseland and **Mr. Bob Andersen** introduced themselves as representatives of the Governor's Budget Office.

{Tape: 1; Side: A; Approx. Time Counter: 8 - 9}

Mr. John Chappuis, Deputy Director of the Department of Public Health and Human Services (DPHHS), has been with DPHHS for over 25 years. He has worked with this committee since 1989.

Dr. Robert (Bob) Wynia, Director of DPHHS.

Ms. Laura Good, Committee Secretary.

Ms. Pat Gervais, Legislative Fiscal Division, has served the Subcommittee for three sessions. Her professional background includes work with hospitals, nursing homes, and other healthcare providers.

Ms. Lois Steinbeck, Legislative Fiscal Division, has served the Committee since 1987, as both a Governor's Budget Office representative and Legislative Fiscal Division staff. She has also worked for DPHHS.

{Tape: 1; Side: A; Approx. Time Counter: 10.3}

CHAIR KAUFMANN provided an overview of the updated Subcommittee schedule, which is available on the Legislative Fiscal Division website. She noted that the first several meetings will provide crucial background information to help new committee members understand the history and present operations of state departments and programs.

CHAIR KAUFMANN delayed discussion on proxy vote and other committee administrative duties, moving on to current business. She invited former Representative Edith Clark to come forward and address members on the history of the Joint Appropriations Subcommittee for Health and Human Services.

(Tape: 1; Side: A; Approx. Time Counter: 12.2)

Former Representative Edith Clark introduced herself as a former member of the Joint Appropriations Subcommittee for Health and Human Services, the Medicaid Redesign Team, and the Children and Family Services Interim committee. She currently serves as a private medical member and co-chair with Mr. Chappuis of the Montana Health Coalition, and co-chair of the Child and Family Services Advisory Committee. She also serves as an RN on the Developmental Disabilities Reimbursement Redesign Committee.

Ms. Clark encouraged committee members to familiarize themselves with Health and Human Services acronyms and jargon, to ask questions and seek any needed information.

{Tape: 1; Side: A; Approx. Time Counter: 14.9}

Ms. Clark also expressed that committee members are here to serve not only their own constituents, but also some of the most vulnerable people in the state. She stated that in FY 2003, there

were 108,000 Medicaid eligible Montanans, served by a budget of $650 million. She also noted that in FY 2005 this budget will increase to $680 million, significantly impacting not only the state budget but the state economy as a whole.

Ms. Clark went on to explain that committee members will hear varied and emotional testimony from many Montana citizens. She advised committee members to offer respect and courtesy to each witness. She noted that prioritization of services and funds is one of the most important responsibilities of committee membership.

She commended legislative staff, DPHHS staff, **SEN. COBB**, **REP. JAYNE**, Mr. Andersen of OBPP, lobbyists, and witnesses to committee members, encouraging them to rely on these individuals for information and expertise.

{Tape: 1; Side: A; Approx. Time Counter: 19.3}

Ms. Clark strongly advised the committee to develop permanent, stable sources of funding for programs, and cautioned against reliance on tobacco funds. She also advised committee members to be mindful of the far-reaching and often unintended repercussions of funding and rules changes, and encouraged committee members to communicate openly and focus funding efforts toward common goals.

She also recommended the Medicaid Redesign Report as an invaluable resource for members. The report covers eight legislative issues, which the Medicaid Redesign Committee saw as vital in maintaining a sustainable Medicaid program. These include:

- Improving services for Seriously Emotionally Disturbed (SED) children (addressed in the HB183 Children's Waiver proposal as carried by **REP. EVE FRANKLIN.**

- Implementing the Health Insurance Flexibility and Accountability Waiver (HIFA), which provides health care coverages and help to populations such as SED children leaving children's services and moving into adult services, CHIP eligible children and low-income working parents of Medicaid and CHIP children. HIFA will also take some funds from the Mental Health Block grant to provide for service area authorities and further development of the adult mental health system. HIFA will also provide one-time funding to enhance the Medicaid management information system, which is imperative in providing accurate and complete data regarding health care programs. Committee members may refer to page 12 of the Medicaid Redesign Report for more information on the HIFA waiver.

- Initiating change in Medicaid Eligibility (HB 117)

{Tape: 1; Side: A; Approx. Time Counter: 25.3}

- Seeking Tribal Exemptions, as allowed by Federal and State Law. This keeps eligibility changes from effecting Indian Health Services funding.

- Implementing pharmacy cost containment

- Exploring Family Planning waiver

- Develop a transportation brokerage system. **Ms. Clark** stated that there is a great need for public transportation in the state of Montana. SB 41, carried by **SEN. BOB KEENAN**, will seek the codifying legislation.

{Tape: 1; Side: A; Approx. Time Counter: 27}

Ms. Clark also presented the Child and Family Services Advisory Committee's recommendations on how members might approach the service and funding decisions posed by committee work.

- First, protect those most vulnerable and most in need, as defined by the combination of the severity of their economic, social and medical circumstances.

- Second, when considering changes in policy or reduction in services, preferences should be given to the elimination of an entire service, rather than sacrificing the quality of care of several programs through the dilution of funding.

- Third, when considering changes in policy or reduction in service, priority should be given to retaining those services that protect life, alleviate severe pain, and prevent significant disability.

{Tape: 1; Side: A; Approx. Time Counter: 28.2}

Drawing from her work on the Child and Family Services Advisory Committee and the Child and Family Interim Committee, **Ms. Clark** requested that legislators offer respect and any possible aid to Child Protective Services workers and foster parents, whose jobs are extremely necessary and extremely stressful. She expressed that by caring for a child's caregivers, legislators help to prevent future problems in that child's life.

{Tape: 1; Side: B}

She further asserted the importance of the Developmental Disabilities Reimbursement Design changes.

Finally, she encouraged committee members to be patient regarding the pace of system change, and thanked them for their time and their service to the committee.

CHAIR KAUFMANN opened the floor for questions from the committee to Rep. Clark.

Responding to a question from **SEN. COBB, Ms. Clark** advised members to seek membership on interim committees for health and human services, stating that such work would be beneficial for the both the individual member's learning and the work of the interim committee.

{Tape: 1; Side: B; Approx. Time Counter: 3.5}

Dr. Wynia thanked Ms. Clark for her comments.

Responding to a question from **SEN. WEINBERG, Ms. Clark** stated that Mr. Chuck Hunter and Ms. Joyce DeCunzo of DPHHS will be excellent sources of information regarding the rationale behind dividing children's services from adult services.

CHAIR KAUFMANN thanked Ms. Clark for her comments, closed questioning and called Dr. Wynia to begin the DPHHS overview.

{Tape: 1; Side: B; Approx. Time Counter: 5.1}

Dr. Wynia greeted the committee and noted the 2,900 staff, 11 divisions, 350 programs, innumerable acronyms, and $2.4 billion biennial budget overseen by DPHHS. He recommended that all committee members study HJ13 for more information on DPHHS (2003 Session, House Joint Resolution 13, "Urge DPHHS to study redesigning administered health programs". Primary Sponsor: Rep. Daniel J. Hurwitz).

Dr. Wynia also referred members to Pages 1-6 of the presentation hand-out, which cover the DPHHS mission statement, goals, organizational charts, accomplishments of 2004/2005 biennium, and organizational changes.

EXHIBIT(jhh05a01)

{Tape: 1; Side: B; Approx. Time Counter: 9.9}

Dr. Wynia provided an overview of DPHHS mission statement, goals, and its Organizational Chart (Pages 1, 2, 3, 4a, 4b,) and Accomplishments in 2005 Biennium (Pages 5 and 6). He also reported notable accomplishments in the areas of Provider Reimbursement, the Developmental Disabilities Program (DDP), the Department Audit, Disease Management, and the Public Health Care Program Redesign.

Finally, **Dr. Wynia** noted DPHHS organizational changes including the addition of the Office of Policy, Coordination, and Analysis (PCA), reorganization of the Public Health and Medicaid, and the addition of the position of Deputy Director to the Director's Office.

{Tape: 1; Side: B; Approx. Time Counter: 16.5}

Dr. Wynia turned the presentation to **Mr. Chappuis**, who began by describing the greatest challenges facing DPHHS during the 2006/2007 Biennium (Pages 8, 9, and 10). **Mr. Chappuis** reiterated Ms. Clark's sentiments regarding both the opportunities posed by HIFA waivers and the importance of providing bridge funding for care of SED children moving from children to adult services.

{Tape: 2; Side: A}

Mr. Chappuis discussed key facts regarding program funding, expenses and enrollment (Page 11), as well as Fiscal Year (FY) 2004 Personal Services and Full Time Equivalent (FTE) (Page 12) and DPHHS Staffing FY 2004 for Non-Institutional and Institutional Programs (Page 13). **Mr. Chappuis** also directed committee members to Pages 14, 15 and 16 for information regarding DPHHS General Fund Budget 2000 through 2007 (Page 14), a Comparison of Major Expense Categories (Page 15), and Cost Comparison 2005 to 2007 Biennial by Division (Page 16).

Finally, **Mr. Chappuis** discussed key elements of the Department's vision for the next biennium, which include refinancing, process re-engineering, Medicaid redesign, improving tribal relations, and continued work in improving financing services and freedom of choice for consumers of developmental disabilities services (Page 17).

{Tape: 2; Side: A; Approx. Time Counter: 6.4}

CHAIR KAUFMANN opened the floor for questions from committee members to Dr. Wynia and Mr. Chappuis.

Responding to a question from **REP. JAYNE** regarding the decrease in TANF caseload, **Mr. Chappuis** referred the committee to Mr. Hank Hudson.

{Tape: 2; Side: A; Approx. Time Counter: 6.6}

Mr. Hank Hudson, Administrator, Human and Community Services Division (HCSD), stated that the decrease in TANF caseload was primarily a response to a reduction in TANF cash benefits. This data comes from a University of Montana-Billings survey, which indicated that 1/3 of those leaving did so because they decided that the reduced TANF cash benefit was not worth the conditions of participation required by DPHHS. Another 1/3 left because they took employment and thus no longer qualified for TANF. Others left because changes in eligibility standards disqualified them for further TANF assistance.

Responding to follow-up questions from **REP. JAYNE**, **Mr. Chappuis** stated that both the DPHHS audit and a list of DPHHS bills up for the current session are available, and that he will secure copies of both documents for the committee.

Responding to a question by **REP. MORGAN** regarding the definition of subsidized adoption, **Mr. Chappuis** deferred to **Ms. Gervais**, who stated that financial and medical subsidies are provided to parents who adopt children determined as "special needs" according to the Montana statutory definition. This definition, which is identical to the federal definition, considers physical, mental, social, and other aspects of a child's life.

{Tape: 2; Side: A; Approx. Time Counter: 11}

Responding to another question from **REP. MORGAN**, **Mr. Chappuis** stated that DPHHS, the Director's Office, has added a refinancing unit and several FTE's to help with refinancing and offer consultation on management decisions. He also noted that as of December 15, 2004, the Office of Budget was transferred to the Director's Office. Furthermore, **Mr. Chappuis** noted that over $10 million in federal funds allocated for refinancing of the Mental Health Services plan was put into the Director's Office, and will be allocated to appropriate service divisions after the budget is finalized in June. More recently, the Schweitzer budget gave approximately $40 million in tobacco money to DPHHS; these funds were also placed in the Director's Office in anticipation of later allocation to divisions.

{Tape: 2; Side: A; Approx. Time Counter: 13.8}

Responding to a question from **REP. HAWK**, regarding the recent one million dollar shortfall for Child and Family Services, **Mr. Chappuis** stated that DPHHS was initially too optimistic regarding the Child and Family Services budget. In December, DPHHS realized that it did not have enough Medicaid savings to cover Child and Family Services expenses, and thus had to report the shortfall.

When asked by **SEN. COBB** about his visions and plans for DPHHS that have yet to be acted on, **Dr. Wynia** responded that he is interested in reducing the billing, collecting, and coding workload shouldered by doctors offices on behalf of Medicaid patients. Dr. Wynia stated that such a reduction would encourage doctors to take on more Medicaid patients.

{Tape: 2; Side: A; Approx. Time Counter: 17.1}

Responding to a question from **REP. HAWK** regarding the definition of a Seriously Emotionally Disturbed (SED) child, **Mr. Chappuis** deferred to Mr. Chuck Hunter.

Mr. Chuck Hunter, Administrator, Health Resources Division (HRD), stated that an SED child is a child whose emotional and social problems significantly hinder his or her development, and whose problems also cause him or her to require the services of more than one state agency or DPHHS division, such as children's mental health, school officials, and the juvenile justice system.

CHAIR KAUFMANN requested copies of the Medicaid Redesign Report, and **Mr. Chappuis** stated that he would provide copies for the Committee by Monday.

Ms. Steinbeck encouraged the Chair and members of the Committee, to read the DPHHS agency overview, which provides summaries of all major initiatives, including Medicaid Redesign, the Medicare Modernization Act, and the Developmental Disability System Change.

{Tape: 2; Side: A; Approx. Time Counter: 21}

CHAIR KAUFMANN excused the audience and invited Ms. Taryn Purdy to come forward and lead Subcommittee training.

Ms. Purdy submitted two documents to aid in training: a hand-out for New Subcommittee Members and a hand-out on Agency Subcommittee Groupings.

EXHIBIT(jhh05a02)

EXHIBIT(jhh05a03)

CHAIR KAUFMANN adjourned the meeting so that subcommittee training could proceed without minutes.

ADJOURNMENT

Adjournment: 9:30 A.M.

_____
REP. CHRISTINE KAUFMANN, Chairman

_____
LAURA GOOD, Secretary

CK/LG

Additional Exhibits:

EXHIBIT(jhh05aad0.PDF)