

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 18, 2016
TIME: 9:00 A.M.
PLACE: Room C310
MEMBERS: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
**ABSENT/
EXCUSED:** None
CONVENED: Chairman Keough convened the meeting at 9:00 A.M.
**STAFF
PRESENT:** Tatro

HEALTH AND HUMAN SERVICES

AGENCY DEPARTMENT OF HEALTH AND WELFARE (DHW)

PRESENTATION: Overview

PRESENTER: **Richard Armstrong, Director**

To view the Director's presentation, please click on the following link: [Department of Health & Welfare Overview](#)

Besides a brief budget overview, **Armstrong** discussed the Department's five proposals for the coming year: 1) Primary Care Access Program (PCAP), 2) employee CEC, 3) establishing a third community crisis center, 4) impact of Supreme Court's ruling on Supported Living Services under Medicaid, and 5) benefit use in major programs. He reviewed FY 2017 budget recommendations by fund source, by program and by category.

The Governor has proposed an all-Idaho initiative (not health insurance) known as the Primary Care Access Program (PCAP) which connects uninsured adults earning less than 100% of poverty with a provider to coordinate primary and preventive healthcare services. PCAP is for Idaho adults in the "Gap" who do not qualify for Medicaid or for a tax credit to purchase health insurance. Participants must share costs through an income-based sliding fee and actively participate in their care plan. The program does not provide comprehensive services such as hospitalization or specialty care and it is not an entitlement program. Enrollment is subject to available funding. PCAP is based on Patient-Centered Medical Homes (PCMH) where teams of practitioners take a proactive and comprehensive role to treat and coordinate healthcare needs. The primary care provided is responsible for a patient's basic preventive, physical and mental health needs. If approved the program would begin January 1, 2017, with a recommended budget of \$19.3 million in dedicated funds through the end of the FY 2017 fiscal year. Ongoing funding for FY 2018 would total \$30 million.

Armstrong thanked the Committee for the 3% CEC increase last year and then discussed the Department's turnover rate and employee survey data. Employee turnover of 15% last year was the highest it had been for several years. Exit interviews indicated the main factor was low pay; employees going to new jobs reported an average increase in pay of 26%. Employee retention is critical so the Governor's proposal for another 3% CEC for FY 2017 was well received.

Crisis centers provide safe, voluntary, effective and efficient alternatives to jails and hospital emergency rooms. Idaho currently has centers in eastern and northern Idaho and the Department has budgeted for a third crisis center at a cost of \$1.7 million.

After being sued by a group of Medicaid providers, in 2012 Idaho was ordered by the federal court to increase reimbursement rates for Supported Living Services within the Medicaid program. In April of 2015 the U. S. Supreme Court vacated the lower court's order for higher rates and informed Idaho it needed to reinstate previously approved rates and collect three years' worth of overpayments from providers which would have cost over \$55 million. The Department was concerned that hundreds of participants would lose their ability to live independently because some providers could be put out of business. In December of 2015, Idaho Medicaid was notified that it would not be required to collect back payments but rates needed to revert back to 2012 rates. Medicaid developed temporary rates that will go into effect on February 1, 2016. A survey of all 63 agencies involved will be conducted in order to do a cost analysis to establish appropriate rate which will take about six months; rates will then be adjusted accordingly. The Department had planned to revert \$10 million for FY 16 and another \$10 million for FY 2017, but the amount to be reverted is now uncertain. The Director assured JFAC he will keep the Committee informed regarding this matter.

Armstrong provided an updated chart showing public assistance use by Idaho citizens which covers Food Stamps, Medicaid, cash assistance and subsidized child care for working parents. Also included in the chart are the number of people who applied through Your Health Idaho insurance exchange and qualified for a tax credit. Approximately 77,000 Idahoans have applied and qualified for a tax credit to offset insurance costs. Exchange and tax credits have become very important to the State's catastrophic program costs; where once indigent costs were skyrocketing they have now declined.

Indirect Support Services

PRESENTER: David N. Taylor, CPA, CFE, Deputy Director

To view the presentation, please click on the following link: [Indirect Support Services](#)

Besides the FY 2017 budget recommendation from the Governor, **Taylor** also discussed a report on some legislative intent language, commented on the Department's audit findings and provided other pertinent information. Support Services budget is 1.5% or \$42 million of the total Health and Welfare budget of \$2.78 billion. He also discussed the \$42 million budget by fund source and object. As the name implies, Support Services provides administrative services in support of the Department's programs including the Office of Financial Services, the Division of Information Technology Services, the Division of Operational Services, and the Bureau of Audits and Investigations.. **Taylor** expressed thanks to his staff and to the Governor for the three percent merit-based pay increase for state employees.

There are five items in the Governor's budget recommendation: one FY 16 supplemental for \$1.3 million (federal appropriation), Program Maintenance replacement item (one-time) of \$1.287 million for vehicles, and IT equipment, and following three line items: 1) \$261,400 for the criminal History Unit staffing, 2) a workload shift to the Attorney General's Office, and 3) creation of the Primary Care Access Program for \$794,400. **Taylor** also discussed some intent language in last year's House Bill 288 wherein Support Services provide reports bi-annually to Legislative Services Office and the Division of Financial Management comparing the total cost from all funding sources used for the MPIU and the collections related to those efforts.

Of the ten audit findings assigned to Support Services for resolution, three are related to "period of availability," three are attached to Federal Funding Accountability and Transparency Act (FFATA) reporting, and two are associated with cash draws and financial reporting, and the remaining two are connected with TANF. The Department disagrees with the Period of Availability finding and believes adopting the recommendation would require the Department to transition from Idaho's current cash accounting methodology and change to a very expensive and unnecessary accrual accounting system. **Taylor** has received correspondence from the SNAP program that they will uphold legislative audit's conclusion. The Department of Health and Welfare has corrected or submitted the required reports and is developing policies and processes to fix the FFATA findings. Regarding the Child Care and TANF financial reporting, Legislative Audit reviewed the process for Child Care reporting and determined the amounts submitted are now supported with adequate documentation and they have closed the Child Care portion of the finding. TANF officials indicated they do not sustain the findings nor legislative audit's recommendation; therefore, the Department considers the remaining portion of finding 2013-213 resolved. Finding 2014-210 relates to the Department's federal cash draw process; to ensure compliance DHW has hired additional staff to assist with the monitoring and review of the cash draw process. Legislative Audit will perform audit procedures on the cash draw calculations as part of the 2015 Single Audit fieldwork to determine if DHW has addressed that finding. Regarding 2014-212 for Medicaid and CHIP Financial Reporting, DHW has submitted the necessary report adjustments and improved its quarterly reporting process. Legislative Audit is currently reviewing the work and will report on it in March of 2016.

Taylor gave the Committee a heads-up on a possible request the Department will make during the 2017 legislative session stating the following: 1) During the 2010 legislative session, DHW made an ongoing request of \$1.4 million in General Funds to maintain critical services, 2) In February, 2010, due to declining State revenue, DHW offered to utilize available Social Service Block Grant (SSBG) funds instead of the \$1.4 million general fund request, 3) the 2015 SSBG award was approximately \$500,000 below the 2010 and 2011 amount so the SSBG funds will soon be depleted.

Division of Public Health

PRESENTER: Elke Shaw-Tulloch, MHS, Division Administrator

To view the presentation, please click on the following link: [Public Health Services](#)

The status of a legislative audit was discussed; the Department implemented procedures to review the subrecipient indirect cost rate plans on a rotating two-year schedule. Procedures include a review of subrecipients' indirect cost allocation plans, including calculations and supporting documents, and verification that costs are allowable.

Public Health is supported by the following eight bureaus: Newborn Screening, Physical Activity and Nutrition, Healthcare Shortage Designations, Vital Records Management, Time Sensitive Emergencies, Public Health Accreditation, Laboratory Testing, and Epidemiology. The mission of Public Health is preventing communicable disease and other health threats through targeted efforts, supporting and encouraging healthy lifestyles, healthy communities and healthy environments, and partnering with the health care system.

The FY 2017 Public Health by appropriation is \$114.7 million; information was also provided by fund source and by category. The Governor recommended the following: 1) \$170,000 in general funds to replace the state communications radio console and antiquated phone system; 2) \$596,000 for vaccine coverage for TRICARE-insured children serving approximately 7,700 children; 3) \$128,000 in general funds for the Expanded Access Program for Epidiolex coverage); 4) \$83,300 in federal spending authority to E-WIC transition; 5) \$20,000 in general funds for a new 100-foot irrigation well at the State Public Health Laboratory; 6) \$1,256,700 for cessation services, NRT and evaluation, and \$1,450,000 for media and sponsorships to enroll people in cessation services for a total of \$2.706,700, one-time, from the Millennium Fund, and 7) replacement and repair items for \$140,200.

ADJOURNED: There being no further business, Chairman Keough adjourned at 10:45 A.M.

Senator Keough
Chair

Peggy Moyer
Secretary