

MINUTES
Approved by the Committee
Equitable Assessment of Costs Related to Medicaid Expansion
Friday, September 13, 2019
9:00 A.M.
Room EW42
Boise, Idaho

Cochair Wood called the meeting to order at 9:00 a.m.; a silent roll call was taken. Members present: Cochair Representative Fred Wood and Representatives Megan Blanksma, Jim Addis, Britt Raybould, and Brooke Green; Cochair Senator Jim Rice and Senators Mary Souza, Van Burtenshaw, Dave Lent, and Maryanne Jordan; non-legislative members Todd Smith and Jeff Taylor; Legislative Services Office staff Elizabeth Bowen, Jared Tatro, and Jennifer Kish; absent/excused: Dave Jeppesen.

Other attendees: Lisa Hettinger - Idaho Dept. of Health and Welfare; Hillarie Hagen, Liz Woodruff - Idaho Voices for Children; Norm Varin - Pacific Source Health Plans; Kathryn Mooney - CAT Fund; Corey Surber - Saint Alphonsus; Jeremy Pisca - Risch Pisca; Jeff Crouch, Brody Aston - Mountain Health COOP; Toni Lawson, Brian Whitlock - Idaho Hospital Association; Mike Brassey - St. Luke's Health System; Russ Hendricks - Idaho Farm Bureau; Sara Stover - Dept. Financial Management (DFM); Betsy Russell - Idaho Press; Jennifer McClelland - Idaho Dept. of Insurance; Sue Clear; Claire Tardiff - Ada County Prosecutor's Office; Kelli Brassfield, Seth Grigg - Idaho Assoc. of Counties; Don Hall, Brent Reinke - Twin Falls County; Luke Kilcup - Lobby Idaho; Erin Bennett - American Heart Assoc. (AHA); Liz Hatter - Veritas Advisors.

NOTE: presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature website: <https://legislature.idaho.gov/sessioninfo/2019/interim>; and copies of those items are on file at the Legislative Services Office located in the State Capitol.

Co-chair Wood solicited a motion to approve minutes of the August 9 meeting: a motion was made, duly seconded, and unanimously approved by a voice vote, reflecting Co-chair Wood's suggested corrections.

At 9:05 a.m., Seth Grigg, Executive Director for the Idaho Association of Counties, was called to the podium for his report on [County Expenses for the Medically Indigent Program](#) (2019).

- Sen. Souza asked whether all counties' mental health expenses were similar. Mr. Grigg reported that expenses were higher in urban areas. Cochair Rice inquired whether that was a direct correlation to the growing the population. Mr. Grigg submitted that it was possible but noted that, even with the population increase, data indicated that physical health costs were falling while mental health costs were increasing.
- Rep. Green asked whether the increase in involuntary mental health was related to drug use/treatment or more direct mental health issues. Mr. Grigg reported that his office was attempting to obtain such data but did not have it at the time.
- Ms. Hettinger asked whether data was available to compare treatment costs and populations of IMD designated versus non-IMD designated facilities. Mr. Grigg reported that individuals committed in the Treasure Valley were most often to IMD facilities, but outside of the Treasure Valley it was more often the hospitals' psychiatric wards. Ms. Hettinger inquired whether it was known which facility was paid by what entity. Mr. Grigg reported that he had such data per county but not per facility for involuntary mental health.
- Sen. Jordan inquired how well the association was prepared to collect data once medicaid expansion was in effect. Mr. Grigg expected trends to be identified within the first six months or within the year; and then would be able to predict the impact on the CAT and indigent funds. Sen. Jordan asked whether excess CAT funds returned to the general fund each year. Mr. Grigg

believed that to be true. [Jared Tatro later corrected that excess CAT funds remained in the CAT Fund until the Legislature decided to reclaim the monies; the excess does not automatically revert to the general fund.]

- Rep. Blanksma asked what percentage of data (page 16) was in regard to the 24-hour hold. Mr. Grigg remarked that the data did not go that deep.
- Sen. Souza asked whether any trends about voluntary mental health were able to be discerned. Mr. Grigg reported that the crisis centers were having an impact, because essentially it was a safe place to take someone rather than the county jail.
- Cochair Rice queried whether the increased expense for involuntary mental health was related to an increase in charges for services, rather than the number of individuals seeking assistance. Mr. Grigg noted that the rates were standardized by medicaid, so it stood to reason that the number of individuals was increasing. Cochair Rice asked whether an increase in co-occurring mental health and drug use was discernible. Mr. Grigg reported that such data was collected. Cochair Wood asked whether Mr. Grigg was speaking of increases as the number of patients or the cost of treatment. Mr. Grigg responded the increase to be patients.
- Ms. Hettinger inquired whether the category of involuntary mental health included all individuals with behavioral health issues or those with substance abuse disorders. Mr. Grigg explained that the data did not differentiate.
- Cochair Rice questioned what percentage of all the claims made would stay within the county indigent program rather than go to the CAT Fund, as compared to the percentage of claims that go to both programs. Cochair Wood proffered that the percentage was an 80-20 split. Ms. Mooney, Program Director for the CAT Fund, submitted that the CAT Fund only paid on voluntary mental health claims, most often because there was a medical claim. She noted that these instances were not 24-hour holds but more typically durations of 3-5 days. Cochair Rice questioned whether the overall indigent expenses on involuntary commits/mental health holds were included in the counties' indigent expenses or could any of those be covered by medicaid. Mr. Grigg explained that the data included the involuntary commitments and in most cases the county was paying for that claim (page 8). Cochair Rice asked about the actual expense to the county for the mental health holds, because the data seemed to include that category on one claim while omitting it on others. Ms. Mooney explained that it becomes the counties' responsibility because an individual in such a situation most often does not have personal insurance and does not qualify for medicaid. Cochair Wood inquired what amount would be paid by medicaid, after expansion, on involuntary mental health holds. Ms. Hettinger explained that upon an individual's admittance to a full-service hospital - if medicaid eligible - then medicaid would pay for that claim.
- Rep. Blanksma asked whether a 24-hour hold was covered by the county indigent fund or the county justice fund. Mr. Smith reported that his county (Madison) would use the indigent fund because the justice fund was "tapped out."
- Sen. Souza asked for clarification whether an individual with a substance abuse issue, placed into an involuntary mental health hold or a 24-hour hold, was the same type of reimbursement as an individual with a more traditional mental health issue. Ms. Hettinger remarked that yes - with a medicaid claim - the reimbursement method was the same. Cochair Rice asked how the approval of the IMD waiver would affect such situations. Ms. Hettinger expected the state plan amendment to have a significant impact for those with a substance use disorder, except for those individuals with co-occurring issues, which may fall into other categories and not be covered until the state has an IMD waiver.
- Rep. Green asked whether any savings would be passed on to property owners. Mr. Grigg observed that the amount of savings would be different for each county and that decision would have to be made by each county. Cochair Rice noted that a property tax working group had recently been authorized and he expected that committee to discuss such issues.

- Cochair Wood asked how the \$453.00 per member cost was calculated ([Table 3 - page 3](#)), whether it was the Milliman reported cost and whether DHW was consulted on that amount. Mr. Grigg explained that it was determined by dividing the expected cost to implement medicaid at the state level by the predicted 91,000 individuals expected to participate (per Milliman report).
- Rep. Green asked whether there would be an increase in property tax in an effort to cover the counties' share of expense for medicaid. Mr. Grigg surmised that would be an option.
- Rep. Blanksma noted that the proposed legislation (DRELB016) used revenue sharing to cover the counties' expenses ([Tables 7-10](#)) for the expansion of medicaid, but it allowed for other avenues (such as the adjustment of justice levies) to compensate for the counties' expenses. She added that DRELB016 also had a provision for the counties to be "held harmless" for a certain period.
- Rep. Blanksma asked whether there was data available on the per person cost / per county. Mr. Grigg reported that such data was available and noted that these tables were based on population whereas the other models were not.

At 10:30 a.m., the committee recessed for a break.

At 10:40 a.m., Jared Tatro, Principal Budget and Policy Analyst for LSO, was called upon for the first of his presentations: [Expansion Funding for Current Fiscal Year and Requested Expansion Funding for FY2021](#).

- Sen. Souza inquired where the \$3.3 million (FY2020) and \$6.6 million (FY2021) savings came from IDOC services. Mr. Tatro explained that the total offset for IDOC was approximately \$8.4 million, of which the \$6.6 million (FY2021) was shown; the difference would be Millennium Fund monies, which would be zeroed out. The offsets are from two appropriated budget programs identified as (1) substance abuse treatment services within community-based programs (which would be covered by medicaid under current expansion plans) and (2) the hospital in-patient payments, services rendered while not in the jail.
- Rep. Raybould inquired whether the general fund offsets would remain available for medicaid expansion expenses for future fiscal years. Mr. Tatro surmised that the funds would be available, but cautioned that the judicial branch's needs were still unknown at this time.
- Rep. Green asked whether funds for tobacco cessation programs would still be available from the Millennium Fund. Mr. Tatro noted that funds would be available if the Legislature wanted to continue that program with those funds. He explained that the \$10.7 million allocated (line K) was after funds had been distributed to the Project Filter program, the health districts, the attorney general, the treasurer, and other Health and Welfare programs.
- Rep. Raybould clarified that the \$8 million for FY2021 (line H) was not being "taken" from the CAT Fund but rather "not being allocated" in that year to the CAT Fund. Mr. Tatro agreed, noting that it was a reduced expenditure.

Mr. Tatro then reviewed with the committee [Alternative Expansion Funding Options](#), which elicited no questions from committee members.

Mr. Tatro's last presentation was [How Other States Fund Medicaid Expansion](#).

- Sen. Jordan asked whether there was any data on the administrative costs relative to the revenue collected by the states that used premiums for funding. Mr. Tatro admitted that he did not have that data but believed it could not be a "break-even" reality, per his discussions with Indiana staff.
- Sen. Jordan inquired whether New Mexico's county-generated tax (page 2) was a new tax to generate funding for medicaid expansion or did it restructure an existing tax. Mr. Tatro remarked that he was not sure how the tax was implemented, though he noted it occurred in 1992 (see endnote 17).

At 11:18 a.m., the committee recessed for lunch.

At 1:10 p.m., the committee reconvened and entered into the discussion portion of its agenda.

- On the topic of General Fund offsets: **MOTION: Rep. Raybould moved that the general fund cost offsets as requested for FY2021 (per Mr. Tatro's presentation #1) be part of the committee's recommendation to the Legislature; Rep. Addis seconded the motion.** DISCUSSION: Sen. Jordan cautioned the committee keep its recommendations to the scope of SCR 117. Cochair Rice expressed concern about approving the motion without necessary data from the judicial branch. **The motion passed unanimously by voice vote.**
- On the topic of the Catastrophic Health Care Cost Program (CAT Fund): **MOTION: Sen. Jordan moved that the CAT Fund remain in existence with reduced funding as requested for FY2021 (per Mr. Tatro's presentation #1) and enact efforts to study the impact of medicaid expansion on the CAT Fund for one year as part of the committee's recommendation to the Legislature; Rep. Green seconded the motion.** DISCUSSION: Rep. Blanksma remarked that the CAT Fund did not need to continue in perpetuity since funds could be reallocated through other avenues to perform the same purpose for medicaid expansion. Rep. Raybould clarified that the requested \$8 million for FY2021 was in addition to the funds that remained in the program's account for its operation. Rep. Addis observed that the CAT Fund may serve a purpose in the future if changes were made to the ACA. Cochair Wood reminded the committee that a claim made to the CAT Fund took approximately 12-16 months to resolve; he cautioned using the term "eliminate" rather than "sunset" for both the CAT Fund and the county indigent fund. Cochair Rice was in favor of sunsetting the CAT Fund program and redirecting its funds. Sen. Jordan clarified that her motion did not request that the CAT Fund continue in perpetuity but rather recognized the significant reduction in funding to it in anticipation of medicaid expansion covering some of the same needs. Rep. Green supported the need for time to study the effects of medicaid expansion and cautioned setting a sunset date on the CAT Fund program. **SUBSTITUTE MOTION: Rep. Blanksma moved that the reduced expenditures to the CAT Fund (actual) be used to offset costs of medicaid expansion; Cochair Rice seconded the substitute motion.** DISCUSSION: Sen. Souza asked for clarification that the substitute motion intended to assign the \$8 million requested for the CAT Fund in FY2021 to be redirected to medicaid expansion costs. Cochair Wood clarified that the dollar amount was not necessarily the \$8 million but rather the actual reduced expenditure as determined by JFAC that would be directed to medicaid expansion costs. **The substitute motion passed unanimously by voice vote, negating a vote on Sen. Jordan's motion.**
- On the topic of the county indigent fund: Cochair Rice noted that the two areas to address were (1) involuntary mental health holds, which are paid through county indigent funds and consequent levies, and (2) voluntary mental health and other medical care; however, involuntary health holds would be impacted by waivers and plan changes. He cautioned to not require the counties to pay out funds in addition to having funds cut. He suggested taking a percentage of the counties' funds to equal \$10 million to cover that anticipated expense. Cochair Wood summarized that the two questions needing answers were (1) what is the total that the counties owe to cover medicaid expansion and (2) how do the counties pay the state that amount. Sen. Souza supported a minimal revenue sharing model with the counties for FY2021 and then using data from the current fiscal year and a portion of FY2021 to revisit the issues to provide a more permanent and knowledgeable solution. Rep. Green supported having the counties report where savings were found after a year's worth of the program's implementation. Mr. Smith inquired whether a sunset of the indigent program to occur by January 1 would require an amendment to statute. Cochair Wood agreed that it would. Rep. Blanksma noted that DRELBO16 had language to deal with that situation. Cochair Wood reminded the committee that it would take approximately 18 months to "unwind" the CAT Fund program, whereas the county indigent fund would take approximately 6 months to do the same. He cautioned that taking no action was not taking action as per the committee's charge. **MOTION: Rep. Green moved that, following one-year's implementation of medicaid expansion, the counties return to recommend how/when to sunset the county indigent fund or to identify any savings to be returned to the state for medicaid expansion; Sen. Jordan seconded the motion.** DISCUSSION: Cochair

Wood inquired whether the motion required the counties to provide funding for FY2021. Rep. Green explained that it did not. **SUBSTITUTE MOTION: Cochair Rice moved that the committee recommend that the counties provide up to \$10 million dollars to the state for FY2021 for medicaid expansion expenses; Rep. Blanksma seconded the substitute motion.** DISCUSSION: Sen. Jordan noted that there was still no method that was fair and equal for the counties to repay the state for medicaid expansion. She added that Proposition #2 stated that the state would pay the 10% due to the federal government for medicaid expansion - it did not state that the counties would pay. Cochair Rice rebutted that the citizens would pay for the expansion in one form or another at the state or county level. Sen. Souza opined that the amount of \$10 million was fair considering that the initial amount was reported to be \$20 million. She noted that no source for the funds had been named, especially that no one had identified property taxes to be earmarked or raised as the funding source. Mr. Smith expressed concern about the unknowns, but surmised that, in the long-run, medicaid expansion would save the counties money in indigent funding needs. **The substitute motion passed by majority voice vote - Sen. Jordan and Rep. Green requested to be recorded as voting nay.**

- **MOTION: Cochair Rice moved that the committee recommend to be reappointed for another year; Rep. Blanksma seconded the motion; the motion passed unanimously by voice vote.** Cochair Wood noted that he and Cochair Rice would initiate the concurrent resolution to reauthorize the committee.
- **MOTION: Cochair Rice moved that the committee recommend that the method of collecting funds for medicaid expansion be done through sales tax distribution, contingent on combining the counties' charitable and justice levies; Rep. Blanksma seconded the motion.** DISCUSSION: Sen. Souza requested that the sales tax distribution from the counties be an equal percentage of the current distribution to maintain fairness. Rep. Raybould inquired whether the committee would accept proposals from the counties on methods to fund medicaid expansion. Cochair Rice remarked that it would not be inappropriate to have county proposals in the committee's report to the Legislature. Rep. Green reminded the committee that she had made a motion to allow counties to bring proposals, after a year's time had passed to study the data. **The motion passed by majority voice vote - Sen. Jordan and Rep. Green requested to be recorded as voting nay.**
- **MOTION: Cochair Rice moved that the committee recommend that the actual costs for indigent care be paid from any existing county reserves currently dedicated to county indigent medical care and that any costs above that be reimbursed to the county from the sales tax distribution up to the amount the county would have received.** DISCUSSION: After much explanation, Cochair Rice withdrew his motion. (Motion had not received a second.)
- **MOTION: Cochair Rice moved that the committee recommend a staggered implementation for the counties' collection of funding for medicaid expansion; Rep. Raybould seconded the motion.** DISCUSSION: Cochair Rice noted that funding was already in place as of January 1 and that, while the state fiscal year starts July 1, the county fiscal year starts October 1. Rep. Green asked for clarification that the staggered collection referred to the earlier recommended amount of "up to \$10 million"; Cochair Rice stated that it did. Rep. Green lamented that the committee was now recommending a delayed implementation rather than recommending a year to study the data before implementing a process. Ms. Bowen noted that medicaid operated on a fiscal year beginning July 1, and inquired whether this staggered implementation would be more of a reimbursement with the state paying in advance, otherwise, how would a staggered implementation be beneficial. Cochair Rice explained that it would permit a portion of the sales distribution tax to be distributed and would indicate when it should be collected. Rep. Raybould reminded the committee that the "up to \$10 million" was not a final number but rather a recommendation for somewhere to start. Mr. Brian Whitlock noted that the federal fiscal year also began October 1, and inquired whether the committee expected the "up to \$10 million" to be collected within a nine-month period with the staggered implementation. Cochair Rice explained that the recommendation could allow for a portion of the "up to \$10 million" to be

collected within the offset nine months. **The motion passed by majority voice vote - Rep. Green requested to be recorded as voting nay.**

- **MOTION: Cochair Rice moved that the committee recommend that if a shortfall of funding for medicaid expansion occurs, in lieu of all the other recommendations, that the Legislature consider using Millennium Funds to absorb the shortfall; Rep. Raybould seconded the motion.** DISCUSSION: Sen. Jordan remarked that her opposition to the motion was more about the lack of data and willingness to wait for that accurate data rather than the use of the Millennium Funds. **The motion passed by majority voice vote - Rep. Green requested to be recorded as voting nay.**

Cochair Wood requested that LSO staff identify which of the approved recommendations would require proposed legislation. Ms. Bowen acknowledged the request and offered to prepare the final report for the committee's review at, or before, the next committee meeting.

- Rep. Green requested that the counties prepare their recommendations/comments to the committee's recommendations and provide that response to the committee at the next meeting. Mr. Grigg, in order to prepare such information, inquired whether he could preview any proposed legislation to comprehend the full impact to the counties. He also asked for more clarity from the committee on what was to happen to the CAT and county indigent funds per the recommendations (continue as is, limit eligibility, etc.) Cochair Wood observed that the committee did not address any changes in operation for the CAT or county indigent funds nor did the committee address how to cover those above the 138% FPL. He asked that the counties consider proposing how to cover those above the 138% FPL.

The meeting was adjourned at 2:52 p.m.