

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 13, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, Just
Representatives Co-Chair Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green
ABSENT/ EXCUSED: Senator Adams

Co-Chair Horman called the meeting to order at 8:00 a.m.

Co-Chair Horman recognized the outstanding audit findings with the Department of Health and Welfare (DHW). She stated **Mr. Dean Cameron**, Interim Director of DHW, is working on a plan to address each concern, including a timeline for completion. The LSO Auditors and the JFAC Co-Chairs are satisfied with the progress made and look forward to the final plan.

Ms. Alex Williamson, Analyst, LSO Budget & Policy, gave an overview of the Department of Health and Welfare (DHW). DHW provides services and regulatory programs in partnership with taxpayers, consumers, and providers to promote economic well-being, support vulnerable children and adults, enhance public health, and encourage self-sufficiency. She pointed out the numerous statutes governing DHW and reviewed the organizational structure of the Department.

DHW has 12 budgeted divisions combined into six appropriation bills. These appropriation bills are labeled Family and Community Services (FACS), Welfare, Medicaid, Public Health, Behavioral Health, State Independent Living Council (SILC), and Other Programs.

Ms. Williamson reviewed DHW's estimated and actual expenditures over the past five years. She stated each of the 12 divisions will be reviewed in JFAC over the next few weeks.

In response to a committee question, **Ms. Williamson** said the agency currently has 155 FTP vacancies.

In response to committee questions, **Dir. Cameron** explained the hospital assessment line in the DHW budget. This is the projected amount of revenue to be received with the hospital assessment. DHW is requesting a FY 2025 budget line item for additional spending authority so it can send payment to the hospitals as per current law.

Dir. Cameron recognized DHW is the state's largest agency and affects large numbers of Idaho's citizens. Over 411K Idaho citizens receive some sort of benefit from DHW. In 2023, DHW completed a successful redetermination for Medicaid Expansion eligibility. The Department processed 154K renewals; 121K individuals were determined ineligible. He also referenced the new behavioral health contract with Magellan Health Care. This managed health care plan is a new approach for DHW.

In response to a committee question, **Dir. Cameron** acknowledged federal authorities are concerned with Idaho's rapid completion of the redetermination process. The Centers for Medicare and Medicaid Services (CMS) has issued new, different definitions of eligibility. CMS has told DHW to re-enroll 19K individuals and repeat the redetermination process. As the Department has repeated the process, it has determined many of those participants are no longer eligible for a variety of reasons. Dir. Cameron also stated CMS has requested DHW to keep children on the Medicaid Expansion Plan even though the law does not allow for this specific coverage. He commented Idaho was not the only state targeted and challenged with the redetermination results.

Ms. Williamson gave an overview of the DHW Division of Child Welfare. The Division has two budgeted programs: Child Welfare and Foster and Assistance Payments. The Child Welfare Program is responsible for the operating costs of the program, including personnel, operating, and capital expenditures. The Foster and Assistance Payments Program includes trustee and benefit payments for services or items purchased directly for children in the child welfare system.

Ms. Williamson reviewed the organizational structure of the Division and stated its budget is part of the Family and Community Services (FACS) appropriation bill. She gave a high-level review of the Division's FY 2023 expenditures. She reviewed the FY 2023 and FY 2024 budget enhancements.

Ms. Williamson explained the FY 2025 budget enhancement requests, including onetime cost-based pricing increases and ongoing nondiscretionary adjustments, as well as federal monies for the Idaho Children's Trust Fund.

Dir. Cameron answered committee questions. He gave further explanation about the short-term rental arrangements for some children in the foster care system. He noted the trend of fewer foster children and fewer foster parents; however, DHW has an increasing number of foster children with complex issues and significant ongoing mental health challenges. The need during the public health emergency was acute. More children needed more expensive congregate care or short-term rental beds. He explained the staffing for the short-term congregate care homes; DHW works to provide educational solutions for each child. He emphasized DHW prioritizes reuniting children with their parents or another family member.

In response to additional committee questions, **Dir. Cameron** gave further details about working with the private sector to open additional psychiatric residential treatment facilities. He acknowledged the heavy demand for these services. He expressed the need for additional foster and adoptive parents; this problem needs a multi-pronged approach.

Dir. Cameron gave concluding remarks about the Child Welfare budget. In FY 2023, DHW received more than 24K referrals; it screened those referrals and investigated 9K. Those investigations brought 1130 children into the state's care. DHW's goal is family reunification; 700 families were reunified and over 250 children were adopted into new homes.

Ms. Williamson gave an overview of the DHW Services for the Developmentally Disabled. The Division has three budgeted programs: Community Development Disability Services, Southwest Idaho Treatment Center (SWITC), and Extended Employment Services.

Ms. Williamson reviewed the organizational structure of the division and stated its budget is part of the Family and Community Services (FACS) appropriation bill. She gave a high-level review of the division's FY 2022 and FY 2023 expenditures.

Ms. Williamson reviewed the FY 2023 and FY 2024 budget enhancements. She explained the FY 2025 budget requests for supplemental appropriations. Formerly, DHW would use personnel vacancies to cover operating expenses. Last year the Legislature passed statute specifying state agencies must request authority to transfer personnel funding to operating expenses.

Ms. Williamson gave additional information about various FY 2025 supplemental, onetime, and ongoing requests, including requests related to SWITC.

In response to a committee question, **Ms. Williamson** gave further explanation about the Developmental Disabilities Program. This is a four-year, \$1M program. Last year the agency received \$250K; this year's request is for the FY 2025 portion.

In response to a committee question about SWITC, **Ms. Miren Unsworth**, Deputy Director of DHW, explained the demolition phase was completed this fall. The Department of Public Works has secured a design and planning firm to start the new building, and there is a current request for qualification for a general contractor. The search for a general contractor will last 12-18 months; the construction will last another 12-18 months.

Co-Chairman Grow pointed out in the proposed FY 2025 budget, three of the four supplemental requests are repeated in the ongoing requests. **Dir. Cameron** explained in years past, JFAC allowed agencies to move personnel monies to operating monies. Now intent language in statute prevents this action. These requests will transition DHW to the new method of budget accounting.

Ms. Williamson gave an overview of the DHW Division of Service Integration. This division focuses on improving customer services to clients and avoiding duplication of services. She stated its budget is part of the Family and Community Services (FACS) appropriation bill.

Ms. Williamson stated the division had no FY 2023 enhancements. The FY 2024 enhancement was related to the Division of Human Resources (DHR) consolidation.

Ms. Williamson explained the FY 2025 onetime supplemental request for additional funds for operating expenses. This request is related to the appropriation bill restriction to use personnel dollars for personnel expenses and operating dollars for operating expenses.

Co-Chair Horman expressed appreciation to **Dir. Cameron** for his work as the DHW Interim Director in the audit process and realigning the budgets for greater accuracy.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:29 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary