

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, March 07, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Grow, Bjerke, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Mickelsen (Furniss), Handy, Lambert, Petzke, Tanner, Green
ABSENT/ EXCUSED: Senators Burtenshaw, Just
CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:00 a.m.

LSO STAFF PRESENTATION: **DIVISION OF MEDICAID - DEPARTMENT OF HEALTH AND WELFARE, LBB 2-37; Alex Williamson, Analyst, LSO Budget and Policy Analysis**

Ms. Williamson provided a Base Review for the Department of Health & Welfare including organizational structure and budget detail (see, attachment 1). The Idaho Department of Health and Welfare 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. [Chapter 10, Title 56, Idaho Code] The Division of Medicaid is responsible for administering plans to finance and deliver health services for people at risk due to low income and other factors, such as youth, old age, pregnancy, or disability. Services are provided pursuant to state and federal Medicaid requirements. Statutory Authority: Title 56, Chapter 2, Idaho Code.

The Division of Medicaid is organized into five budgeted programs including Medicaid Administration and Medical Management, Coordinated Medicaid Plan, Enhanced Medicaid Plan, Basic Medicaid Plan, and Expansion Medicaid Plan. Ms. Williamson provided the 2024 Federal Poverty Guidelines Chart to show what individuals qualify for the Expansion Plan. A household of 4 would need to make less than \$43,056 per year in order to qualify.

Ms. Williamson stated the Medicaid Division is currently authorized 213 FTP as of Feb. 1, 2024 and the Medicaid Division is a standalone appropriation bill. She provided the Five-Year Estimated Expenditures versus Actual Expenditures for FY 20-FY24, and stated the climbing expenditure amounts were due to the public health crisis and increases in provider rates. She also provided the Five-Year Expenditure graph showing FY 24 original appropriation with supplemental recisions included, the Five-Year Expenditure graph with FY 25 Medicaid budget (S 1268) with the addition of nondiscretionary adjustments, and the Five-Year Expenditures graph with FY 25 recommended by the Governor.

The FY 23 Expenditures totaled \$4,272,283,562, with 98.7% to Trustee and Benefit payments, .9% Operating Expenditures, .4% Personnel Costs, and 0% Capital Outlay. She provided the last four years of expenditures color coded by plan including Basic Medicaid, Coordinated, Enhanced and Expansion Plans. She provided a graph showing the FY 23 Participants by Medicaid Plan broken out by percentages, a Five-Year Base Snapshot for FY 20-FY24, FY 23 Budget Enhancements, FY 24 Budget Enhancements, and the FY 25 Budget Request.

The Governor's Recommendation included onetime supplemental, onetime enhancement, ongoing enhancements for total Ongoing Base Change from Enhancements of \$123,380,600. In ongoing enhancements, the Governor's recommendation is 28 FTP, while the agency request was 60 FTP.

DISCUSSION:

In response to a request from **Representative Furniss** for a breakout of actual numbers represented in the Expenditures by Medicaid Plan graph broken out by state and federal funds, **Ms. Williamson** stated she would provide the Committee with specific expansion numbers and stated that the breakout was 90% federal versus 10% state.

In response to a question from **Co-Chair Grow** about where the additional cost being put on states from the federal government is shown, **Ms. Williamson** stated that because it's a decrease on the federal side and a corresponding increase on the general side, it nets and you won't see the \$58 million specifically listed, but it is built into the first line on the ongoing enhancements called non-discretionary adjustments.

Dean Cameron, Interim Director of Department of Health of Welfare stood for questions from the Committee.

In response to a question from **Representative Raybould** regarding reconsideration required by CMS, Director Cameron stated there were 18,000 individuals who were determined as ineligible by the department. Idaho was one of the first states to go through the redetermination process. It was determined that Idaho could not push back legally on the determination and so decided the better course of action was to reenroll those individuals.

In response to a question from **Co-Chair Grow** about what would be the dollar cost to the state to reenroll the 18,000 individuals, Director Cameron deferred to Juliet Charron, Medicaid Administrator with the Department of Health and Welfare for further clarification. Ms. Charron stated there is a renewal process the Division of Welfare will go through and stated she did not have an exact time frame of when that determination would be made, but anticipated one year to work through the process. Ms. Charron stated she would follow-up with more detail and numbers.

In response to a question from Senator VanOrden about why the budget is increasing when so many people through redeterminations are not on the budget, Director Cameron stated that individuals with health conditions would ensure they have coverage and the assumption is that those individuals taken

off weren't cost drivers or utilizers and those that stayed were cost utilizers.

Representative Lambert stated she received a phone call from a social worker in her district concerned about residential habitation agencies and the funding being reduced and she could not find any detail in the budget book and asked for further clarification. Director Cameron stated that information is not in the budget book. In 2019 the Committee improved rate increases with the intent that additional funds through rate increases would get to direct care workers. However, the Department did an audit of how rate increases were applied and found that unfortunately only 5% of rate increase went toward direct care, while the majority went in other directions including large bonuses given to personnel that weren't direct care. An audit was just finished and shared with the Committee Co-Chairs and the Department intends to recoup the funds spent inappropriately. The Department's recommendation is to roll back to 2019 rates, believing there should be a consequence to spending money inappropriately and money not going to where it was requested for.

Co-Chair Horman stated she appreciates the Department's work to make sure funds are spent appropriately and wondered if the Department could just go back to those where there is misuse rather than decrease rates across-the-board. In response, Director Cameron stated the Department had considered options and determined there needs to be equity in rates, as the rate is the rate for the service. The Department's role is to audit and be transparent and bring the issue and recommendation to the Committee to determine rates.

In response to a question from **Senator Bjerke** about how the FTP request was determined, Director Cameron stated his department worked with DFM to arrive at the requested 28 FTP.

In response to a question from **Senator Cook** about who performed the provider rate review, Director Cameron deferred to Juliet Charron, Medicaid Administrator. Ms. Charron stated the review was performed by Medicaid internal staff. In a follow-up, Senator Cook asked how wages were determined. Ms. Charron stated the department received self reported data from providers, and also looked at job postings for agencies the department works with, and the education of staff. Ms. Charron stated the department would provide a detailed outline of all sources used. Senator Cook stated he believed the ratio is not accurate. Ms. Charron stated she would be willing to meet with any Committee members to go through the report.

In response to a question from **Representative Tanner** about nondiscretionary adjustments, Director Cameron stated nondiscretionary items reflect the anticipated costs and the risk of not funding would be coming back next year with a hole in the budget. Director Cameron stated he would be willing to meet with any members to discuss how numbers were determined and urged caution in reducing funding. In response, Representative Tanner stated the rising costs can greatly impact the state and the time is not to look at nondiscretionary and stop the pattern of the department asking for more money with no off-ramp. Director Cameron stated the department has been and is working toward trying to control costs through FTP cost containment, and moving toward managed care and stated nondiscretionary cuts would just

kick the can down the road and be damaging to the state.

The Committee discussed managed care policy, rising Medicaid costs, and potential cost cutting measures. **Director Cameron** emphasized his department is always working to improve and reduce costs.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 9:49 a.m.

Senator Grow
Chair

Linsy Heiner
Secretary