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# JFAC COMMITTEE MEETING MINUTES

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1/15/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 10:48 a.m. with Chairman Bell presiding.

## **Roll Call:**

Senators: Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Schmidt, Lacey

Representatives: Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King

Absent/Excused: None

Staff Present: Ellsworth

Others Present: David Taylor, Department of Health & Welfare;  
Sara Stover, Division of Financial Management

## **DEPARTMENT OF HEALTH AND WELFARE**

### **Division of Welfare**

**Presenter: Russ Barron, Division Administrator**

- ❖ Division of Welfare makes up 5.7% of the Department's overall budget
- ❖ Budget overview for FY 2014
  - Trustee & benefits; \$79M, 55%
  - Personnel; \$34.7M, 24.2%
  - Operating; \$29.8M, 20.8%
  - One-time operating; \$10M, 7%
    - Total; \$143.5M
- ❖ In 2012 the Division of Welfare served 1 in 3 Idahoans
- ❖ 2012 Program Services administered
  - Food Stamps, \$366M: 331,000 served; administration costs, 3.8%
  - Child Support, \$200M: 300,000 served, administration costs, 10.35%
  - Medicaid Eligibility Determination, \$1,646M: 298,000 served, administration costs, 0.69%
  - Aged, Blind & Disabled, \$8 M: 17,250 served, administration cost, 5.30%
  - Idaho Child Care Program, \$22M: 6,550 served, administration cost, 6.48%
  - Temporary Assistance, \$17M: 5,900 served, administration costs, 5.88%

- Community Services, \$3M: 224,000 served, administration costs, 1.62%
- Emergency Food Assistance, \$2M: 183,000 served, administration costs, 0.40%
- Home Energy Assistance, \$26M: 49,000 served, administration costs, 0.15%
- Weatherization, \$8M: 2,000 served, administration costs, 1.37%
- ❖ Food stamp population and services details
  - Children 48%= 109,851
  - Non-disabled adults 39%=88,235
  - Disabled adults 10%
  - Seniors 3%
- ❖ Eligibility: requirements and responsibilities
- ❖ 2012 child support program cooperation requirements
  - One of five states requiring food stamp participants to cooperate with Child Support
  - Budget holdbacks ended their ability to require food stamp participants to cooperate with Child Support
  - Operating one of the most cost effective Child Support programs with one of the lowest staff to case ratios in the country
  - Cooperation with Child Support is important to foster responsible participation in government programs
- ❖ Recognition
  - Successfully maintained web data reliability for Child Support audit
  - Best timeliness in food stamps in the country
  - Most cost-effective eligibility business processes
  - Highest in Food Stamp program accuracy
  - Effective Medicaid eligibility processes (CHIP)
  - Most effective and efficient Weatherized program
  - Most improved Child Support arrears collections
  - Received competitive private grant for integrated service delivery
- ❖ Medicaid and the Affordable Care Act (ACA)
  - Recommendations today:
    - Only for the mandatory requirements of ACA
      - One-time funding for modernization project
      - Minimum ongoing funding for mandatory changes
- ❖ Medicaid Readiness one-time funding
  - Modernization
  - Mandatory expansion
  - Connection
- ❖ Additional Idahoans on Medicaid
  - Mandatory Medicaid expansion, 60,000
- ❖ Eligibility efforts and tasks each month
- ❖ Operational funding for mandatory ACA
  - Responsibly implement mandated requirements (The Patient Protection & Affordable Care Act)
  - Apply expertise to minimize resources and costs

- ❖ Governor's SFY 2013 & 2014 budget
  - Medicaid Readiness supplemental (2013)
  - Medicaid Readiness
  - Medicaid for ACA operations
  - SNAP/Child Support Program coordination
  - Energy Assistance spending authority
- ❖ Governor's budget recommendation
  - Medicaid Readiness 2013 supplemental
    - One-time development for Medicaid Readiness; \$6,320,000 federal funds –required for mandatory Medicaid changes
  - Medicaid Readiness 2014
    - One-time development for Medicaid Readiness (required mandatory Medicaid changes)
      - General Funds – one-time; \$910,000
      - General Funds – one-time; \$8,190,000
  - Medicaid Eligible/un-enrolled caseload; \$622,200
    - General Funds, \$156,00, one-time \$10,300
    - Federal Funds, \$445 ,600, one-time \$10,300
  - MAGI (Modified Adjusted Gross Income): Mandatory Medicaid changes for 2014
    - General Funds, \$312,000, one-time \$20,600
    - Federal Funds, \$891,200, one-time \$20,600
  - Mandatory Medicaid changes in operations for 2014
    - Total on-going
      - General Funds \$468,000
      - Federal Funds \$1,336,800
    - Operating one-time 50/50
      - General Funds, \$30,900
      - Federal Funds, \$30,900
  - Snap (Special Needs Assistance Program)/ Child Support Program Cooperation
    - Child Support Personnel & Operating
      - General Funds, \$146,800
      - Federal Funds, \$146,800
  - Grocery tax credit donations – Energy Assistance authority
    - Dedicated Funds – one-time, \$832,900
    - Dedicated Funds. \$22,700
    - Total\$1,058,600

## **Division of Medicaid**

**Presenter: Paul Leary, Administrator**

- ❖ SFY 2014; Division of Medicaid is 81.4% of the Health and Welfare budget
- ❖ Total budget recommendation: \$2.06B

- Trustee & Benefits; \$1.98B, 96.4%
- Personnel; \$14.7M, .07%
- Operating; \$58.9M, 2.9%
- ❖ Budget recommendation by program
  - Basic Plan: \$555.4M, 27.0%
  - Enhanced Plan: \$1.1B, 53.5%
  - Coordinated Plan: \$323.5M, 15.7%
  - Administration: \$76.4M, 3.7%
- ❖ Member and Cost by Plan SFY 2013
 

	Average members/month	Percent of Budget
○ Basic Child	147,370	19.15%
○ Basic Adult	22,315	10.26%
○ Enhanced Child	25,814	19.82%
○ Enhanced Adult	15,058	31.38%
○ Coordinated	23,153	19.40%
- ❖ 2014 recommendation by fund source-Total \$2.06B
  - Federal Funds: \$1.38B, 67.0%
  - General Funds: \$476.7M, 23.2%
  - Dedicated Funds: \$33.8M, 1.6%
  - Receipts: \$168.4M, 8.2%
- ❖ Legislative Intent from 2012 Session-HB 682
  - Section 6 - Reappropriation
    - Authorized carryover of unencumbered and unspent General Funds from FY 2012 into FY 2013
    - One-time reappropriation of General Funds of \$37,632,000
  - Section 7 – Nursing Facility adjustment
    - Nursing Home gap Trustee and Benefit assessment reduced from \$13,500,000 to \$12,000,000
    - This \$1,500,000 was made available to devote to the Nursing Home Upper Payment Limit (UPL) assessment
    - Upper Payment Limit is the gap between what Medicare would pay and what Medicaid paid
  - Section 8 – Actual and forecast detail reporting
    - Monthly forecast meetings including Department, Legislative Services Office and the Division of Financial Management
    - Format of the report(s) continue to evolve to meet needs of all parties
  - Section 10
    - All initiatives fully implemented
      - Actual General Fund savings for SFY 2012 was \$33,457,909 (over \$111 total fund impact)
      - Estimated General Fund savings in HB 260 for SFY 2012 was \$33,380,000
- ❖ HB 609 (2012 session) restored some benefits beginning July 1, 2012
  - Dental benefits for adult waiver participants
- ❖ Psycho-social Rehab and Development Therapy; Legislative Intent from 2012 Session-HB 682

- ❖ HB 682
  - Section 11- Medicaid Managed Care
    - Actuary analysis completed for SFYs 2009, 2010 and 2011 – and sent to Legislature – will be updated for SFY 2012 in early calendar year 2013
    - Ongoing reports to Legislative Services Office and Division of Financial Management
    - Reported on all activities to the Legislature’s Health Care Task Force in August 2012
    - Recent activity
      - Health Home and Multipayer Patient Centered Medical Home Collaborative pilot implemented January 1, 2013
      - Selection of Behavioral Health Managed Care contractor-program scheduled to implement July 1, 2013
      - Grant application for innovation planning grant to develop primary care network model for Idaho – notification pending
      - Medicaid Adult Quality grant – informatics development
      - Contracted for services to help develop managed care plan – includes plan for mandatory “New Eligible” population
      - Finalizing dual eligible managed care proposal with CMS – for implementation January 2014
- ❖ Medical Assistance Services Trustee and Benefits for SFY 2013
  - Return of excess funding
    - Total General Fund, (\$46,277,100)
      - One-time supplemental, (\$37,632,000)
      - Ongoing supplemental, (\$8,645,100)
        - Stable Medicaid claims system and environment – CMS certified
        - Caseload growth over 10% at times during the recession – under 2% for SFY 2014
        - Correct coding initiative implemented along with other initiative
        - Better claims adjudication
- ❖ Medicaid expenditure trends
- ❖ Residential Habilitation rate increase
  - Ongoing supplemental of \$12,200,000
    - General Funds, \$3,660,000
    - Federal Funds, \$8,540,000
      - Court ordered rate increase
      - No access or quality issues identified – judge responded to unaudited cost survey
      - Department is appealing the decision
      - State required to pay higher rate during the appeal
- ❖ Insurance Premium Tax
  - Ongoing supplemental of \$2,990,300
    - General Fund request

- Section 41-406 Idaho Code prescribes that 20% of funds be used for Adult Pilot and 80% for CHIP-B and Children's Access Card
- Excess funds in adult account, but a deficit in the children's account
- Governor's recommendation does not include this supplemental, but supports changing legislation to allow funds to be used as needed
- Need should sunset October 2015
- ❖ Rate Increase – Personal Assistance
  - Ongoing supplemental of \$1,584,000
    - General Funds, \$475,200
    - Federal Funds, \$1,108,800
      - Rate increase effective April 1, 2013
      - Rate alignment with facility personnel
      - Allows flexibility for agencies and small Residential and Assisted Living Facilities
      - Annualization SFY 2014 adds an additional \$4,752,000 total funds - \$1,425,600 General Fund and \$3,326,400 Federal Funds
- ❖ Medical Eligible/not enrolled
  - Ongoing funding \$17,444,000
    - General Funds, \$5,014,200
    - Federal Funds, \$12,429,800
  - Response to the individual mandate that is part of the Affordable Care Act
  - Estimate that between January 1, 2014 and June 30, 2014 22,000 individuals current eligible for Medicaid, but not enrolled, will enroll in Medicaid
  - Estimated cost of 196 per member per month – prepared by Milliman
- ❖ Mandatory Medicaid changes
  - Ongoing funding, \$32,249,000
    - General Funds, (\$2,014,800)
    - Federal Funds, \$34,1263,800
  - Mandatory changes in Medicaid eligibility methodology – Modified Adjusted Gross Income (MAGI) – may result in Medicaid enrollment increase from individuals currently not eligible for Medicaid
  - These individuals meet the definition of “Newly Eligible” in the Affordable Care Act – 100% federal
  - Estimates are that 16,500 individuals, currently not eligible, plus 10,800 current CHIP children will be enrolled in Medicaid in SFY 2014
  - Cost estimated by Milliman is \$542/month for adults and \$156/month for children
- ❖ Primary Care Rate Increase
  - One-time Federal funding, \$9,500,000
    - Adds \$9,500,000 of ongoing federal funds approved for SFY 2013
    - Rate increase is for calendar years 2013 and 2014 – expires January 1, 2015
    - Rate increase treated as a quarterly bonus

- ❖ Nondiscretionary Adjustments (Gross)
  - Ongoing fund request, \$67,830,000
    - General Funds, \$14,377,000
    - Federal Funds, \$53,453,000
      - Approximately 27% due to cost-based and mandatory pricing
      - Approximately 34% due to caseload growth
      - Remainder due to utilization and other factors
- ❖ Nondiscretionary Adjustments (Net)
  - Net results with FMAP adjustment
    - General Funds, \$2,590,800
    - Federal Funds, \$65,239,200
  - Projected increase in the Title XIX federal medical assistance percentage (FMAP) results in an increase need for \$11,786,200 of Federal funds and a decrease of \$11,786,200 in the General Fund
  - General Fund nondiscretionary request is less than 0.7% of previous year General Fund appropriation
- ❖ Medicaid Readiness
  - One-time funding, \$1,000,000
    - General Fund, \$100,000
    - Federal Funds, \$ 900,000
  - Year three of Medicaid Readiness project
  - Modification of Medicaid Management Information System (MMIS) to meet new mandatory regulations in the Affordable Care Act
    - Accept new eligibility groups from IBES
    - New benefit plans and plan design
    - Federal reporting
- ❖ 2014 modernization recommendation - \$10,300,000
  - Welfare Division, \$9,100,000
  - Medicaid, \$1,000,000
  - IT Services, \$200,000
    - This funds third phase of project
    - Development costs are funded by 90% federal, 10% state
- ❖ Electronic Health Care Record
  - One-time funding, \$21,085,000
    - General Funds, \$38,500
    - Federal Funds, \$21,046,500
  - Federal program that incentivizes Medicaid providers to adopt, implement or upgrade Electronic Health Records
  - The incentive payments for the Electronic Health Records (EHR) is 100% Federal
  - Cost of administration of the program is 90% federal and 10% state funds
- ❖ Providers enrolled in EHR program
  - Eligible Providers, 419
  - Hospitals, 23
  - EHR incentives paid - first 6 months, \$8,654,781



- ❖ Children's Health Insurance Plan Survey
  - Ongoing funding, \$46,000
  - Administrative funding is at 50% Federal and 59% State
  - New federal requirement starting in calendar year 2013
  - Requires an annual survey of the State's Children's Health Insurance Program (CHIP)
  - Must use a National Committee on Quality Assurance certified vendor
- ❖ Mental Health Managed Care Evaluation
  - One-time funding, \$50,000
  - Administrative funding is at 50% Federal and 50% State
  - Federal requirement for independent evaluation for states that receive 1915(b) waivers
  - 1915(b) – Freedom of Choice Waiver will be used in conjunction with the Behavioral Health Managed Care program
- ❖ Health Home Network Development
  - Total funding request, \$1,324,200 (50% Federal and 50% State)
    - Ongoing funds, \$324,200
  - Creates and supports an enhanced primary care case management system
  - Supports Multi-payer Collaborative
- ❖ Money Follows the Person (MFP)
  - One-time federal funding, \$555,300
    - SFY 2014 will be the third year of a five year demonstration
    - Helps to transition Medicaid participants from institutional care to home and community care when more appropriate
    - Grant provides transitional services and supports
- ❖ Benchmarks for MFP Project
- ❖ First Year's experience
  - Participants moved, 64
    - Developmentally Disabled (DD) Waiver, 16
    - Aged and Disabled (A&D) Waiver, 47
    - Enhanced Plan, 1
  - More appropriated care at lower costs – comparative costs (FFY 2012) annual
    - Immediate Care Facility, \$94,063/member/year
    - DD Waiver Community, \$55,382/member/year
    - Nursing Facility, \$72,350/member/year
    - A&D Waiver Community, \$22,814/member/year
- ❖ Children Health Care Improvement Collaboration(CHIC)
  - One-time Federal Funds, \$531,000
  - Fourth year of five year grant to improve children's health care in Idaho and Utah through Children Healthcare Improvement Collaboration
  - Three initiatives for the pediatric population
    - Test patient centered medical home
    - Develop Health Information connectivity
    - Create pediatric improvement partnership

- ❖ CHIC accomplishments to-date
  - Patient Centered Medical Home
    - Two general pediatric practices and one developmental pediatric practice started May 2012
    - Practice improvement specialist provided to each practice
  - Learning Collaborative
    - The current learning collaborative includes 9 practices across the state focused on improving immunization rate in 22-26 month old children

## **Division of Licensing and Certification**

**Presenter: Tamara Prisock, Administrator**

- ❖ Reasons for separating Licensing and Certification from the Division of Medicaid
  - Separate the regulatory enforcement functions from Medicaid benefit management
  - Position the department to explore possibilities for moving other licensing and certification functions to the new division to improve service and efficiency
- ❖ 2014 total recommendation, \$5.5M
  - Personnel, \$4.6M
  - Operating, \$.09M
  - Federal Funds, \$3.3M
  - General Fund, \$1.5M
  - Receipts, \$0.7M
- ❖ Division's core purpose
  - To ensure Idaho health facilities and agencies comply with applicable federal and state statutes and rules
  - To promote individual rights, well-being, safety, dignity, and the highest level of functional independence
- ❖ Number of Idaho Facilities licensed and certified
  - 13 types of facilities
  - Over 3,100 facilities, agencies, and providers
  - Over 21,000 treatment beds
- ❖ Number of Idaho facilities by type (shown on handout)
  - Long-Term Care, 78
  - ICFIDs, 67
  - Hospitals, 51
  - Home Health agencies, 82
  - Hospice, 71
  - End stage renal disease (dialysis units), 26
  - Ambulatory surgical centers, 52
  - Rural health clinics, 45
  - Out-patient physical therapy, speech pathology, 26

- Residential assisted living, 284
- Certified family homes, 2,187
- Developmental disabilities agencies, 70
- Residential habilitation, 65
- ❖ Division: The issues today
  - Modernization of business processes
  - Retention of registered nurses as surveyors
  - Balancing enforcement with education
- ❖ Common constituent calls/complaints
  - Complaints about resident care in specific facilities
  - Complaints from facilities/providers about revocation actions
  - Complaints from facilities/providers about the length of time it takes to get licensed or certified

**ADJOURNED**

Maxine Bell, Chairman

Kathryn Yost, Secretary