MINUTES
Approved by the Committee
Equitable Assessment of Costs Related to Medicaid Expansion
Monday, June 17, 2019
9:00 A.M.
Room EW42
Boise, Idaho

Co-chair Wood called the meeting to order at 9:00 a.m. and requested the roll be called. Members present: Co-chair Representative Fred Wood and Representatives Megan Blanksma, Jim Addis, Britt Raybould, and Brooke Green; Co-chair Senator Jim Rice and Senators Mary Souza, Van Burtenshaw, Dave Lent, and Maryanne Jordan; non-legislative members Dave Jeppesen, Director of the Idaho Department of Health and Welfare; Todd Smith, Commissioner for Madison County; and Jeff Taylor, Sr. VP and CFO for St. Luke's Health System; LSO staff Elizabeth Bowen, Paul Headlee, and Jennifer Kish.

Other attendees: Toni Lawson - Idaho Hospital Association; Tim Olson - Pacific Source/America's Health Insurance Plan (AHIP); Don Hall - Twin Falls County; Jim Baugh - DisAbility Rights Idaho; Liz Hatter - Veritas Advisors; Bret Rumbeck - Blue Cross of Idaho; Lorna Jorgensen - Ada County; Corey Surber - Saint Alphonsus; Justin Corr - Bilbao & Co.; Yvonne Baker - Canyon County Indigent Services; Katie Reed - Ada County Indigent Services; Fred Birnbaum - Idaho Freedom Foundation; Jennifer McClellan - Idaho Dept. of Insurance; Luke Kilcup - Lobby Idaho; John Foster - Kestral West; Robin Lee Brosar - City of Boise; Amanda Bartlett, Lauren Bailey - Office of Performance Evaluations (OPE)

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 called Mr. Seth Grigg, Executive Director for Idaho Association of Counties, to the podium for his presentation "County Budgets, the Indigent Program, and Medicaid Expansion: Now What?" Mr. Grigg's presentation gave an overview on the following: county budgeting, property tax, county indigent program, and the impact of Medicaid expansion to those items and additional areas.

- Co-chair Rice asked whether urban renewal districts within a county's boundary influenced levy caps. Mr. Grigg explained that once the county's market value is set the city works with that value until it expires; any new construction/increased market value is dedicated to the urban renewal agency until the new value is established. He stated that levy cap relief can not be re-established until a construction roll closes, so yes, urban renewal districts do influence the caps.
- Co-chair Rice inquired whether an entity was still limited by the levy rate, hence, an entity could not claim all of its foregone tax percentage if doing such would put it over the levy cap. Mr. Grigg agreed with Co-chair Rice's statement.
- Sen. Souza inquired as to the verity that, when a foregone percentage was used, an entity could choose to have it as a one-time use **or** choose to roll into the bottom-line for future use. Mr. Grigg explained that a reclaimed value could stay in the bottom-line for future use **but** if not budgeted for three consecutive years the value would "roll-off" and expire.
- Rep. Addis asked about the composition of the 19.1% tax exemption identified in slide #31. Mr. Grigg pointed to slides #34 and #35 for the information.
- Sen. Jordan asked how recent the data of slide #35 was. Mr. Grigg reported it was from 2017. Sen. Jordan inquired how soon the 2018 data would be available. Mr. Grigg expected it to be available October/November of this year from the tax commission.
- Rep. Raybould queried the definition of "county resident." Mr. Grigg explained that an individual qualified as a county resident upon proof of having lived in the county for thirty (30) days.

- Sen. Souza asked whether the county had to pay any excess of the $11,000.00 if the catastrophic health care cost (CAT) program denied a claim. Mr. Grigg explained that the county was "capped" at the $11,000.00 value; the hospital would assume responsibility for the excess, which could be absorbed by any number of other funds or charity organizations.
- Co-chair Wood encouraged committee members to read/review title 31, chapter 35, Idaho Code; especially, the explanation of "medically indigent" as found in section 31-3501, and how it is interpreted for requirements of the Affordable Care Act (ACA). Mr. Grigg emphasized that the county and/or the CAT fund was designed to be the payer of last resort.
- Sen. Souza asked, in regard to slide #41, whether the Institutions for Mental Diseases (IMD) waiver would be of any benefit to counties that do not have a qualified facility in their area. Mr. Grigg stated that it would still be a benefit because, although a county did not have a facility, it was still able to send individuals to another county's facilities.
- Co-chair Rice inquired whether those exceeding 138% of federal poverty level (FPL) - who were able to acquire insurance through the Idaho health insurance exchange program (*Your Health Idaho*) - would still qualify for the indigent program due to an inability to cover the copay or deductible within 60 months. Mr. Grigg proffered that such a situation could arise due to the fact that some programs on the exchange have a high deductible; but, per Ms. Kathryn Mooney's (CAT program director) quiet shaking of her head from the audience, he deducted it was not really probable. Co-chair Wood noted that only ACA qualified programs were permitted on the exchange and those programs were not able to request more than $72.00 for a copay. Co-chair Wood then noted that members of the Idaho health insurance exchange program and of the Idaho Department of Insurance should be invited to present at a future meeting.
- Co-chair Wood asked whether the counties were involved when a provider questioned the Dept. of Health and Welfare about an individual's eligibility for Medicaid. Ms. Kelly Brassfield, of Idaho Assoc. of Counties, explained that, in the event of a catastrophic event, an application for the individual was submitted to both the department and the county; if information was incomplete and hence denied, it could be provided at a later time and the individual could then become eligible.
- Sen. Jordan requested data on the number of individuals that come to Ada County for services due to not having facilities available in their home county (i.e., Idaho, Oregon, etc.). Mr. Grigg reported that he did not have such data available but would look into it; he also reminded the committee that the home county would be billed for the services.
- Mr. Taylor inquired how many of the submitted applications were actually approved. Mr. Grigg noted that Ms. Mooney had that information in her presentation.
- Co-chair Rice inquired whether the better move would be to eliminate a charity levy and move that value to the current expense levy. Mr. Grigg agreed that it could be done that way but one really needed to look at how the levy was being used before doing such.
- Sen. Souza asked Mr. Grigg to expound on the repayment program for the indigent and CAT funds. Mr. Grigg explained that there did exist a repayment plan; however, the ability of the county to collect the repayment was variably efficient as some had better resources to do such. Co-chair Rice noted that there did exist the ability of recouping costs for those on Medicaid from the individual's estate if over 55 years of age.
- Co-chair Wood inquired whether the IAC had data on the number of applications not approved per county. Ms. Mooney reported that approximately 60% of applications are denied due to applications being incomplete, but did not have it broken out by county.
- Co-chair Wood encouraged committee members to review HB0290 (2019) [unapproved] as a reference to possible changes to statute.

- Sen. Jordan, in regard to dedicated and general funds, inquired whether counties were using general funds to supplement dedicated fund activities. Mr. Grigg reported that the counties do have to do that for many reasons.
- Sen. Jordan asked whether every county in Idaho had a charity levy in effect. Mr. Grigg reported that Kootenai and Bonner did not have such levies.
- Sen. Jordan inquired whether any of the fifteen (15) counties that were levy capped (slide #23) had urban renewal districts within their boundaries. Mr. Grigg responded that he would need to look further into that data.
- Co-chair Wood asked whether there were any counties that had no justice levy. Mr. Grigg reported that approximately 75% of the counties did have a justice levy.

Upon the conclusion of Mr. Grigg's presentation the committee took a 15-minute break.

At 10:55 a.m., Co-chair Wood called Ms. Kathryn Mooney, Program Director of the Catastrophic Health Care Cost Program (CCP or CAT), for her presentation "Catastrophic Health Care Cost Program."

- Sen. Souza asked Ms. Mooney to expound on the category "infectious disease" from slide #6. Ms. Mooney reported that it included items such as MRSA and HIV related issues.
- Sen. Burtenshaw asked Ms. Mooney to expound on the category "drug & alcohol related claims" from the same slide. Ms. Mooney explained that the category included expenses attributed to motor vehicle accidents related to those under an influence, to emergency room visits related to drug or alcohol use, and to diseases related to drug or alcohol use (such as cirrhosis).
- Ms. Mooney took a moment at slide #7 to readdress Mr. Taylor's earlier question regarding the approval rate, restating that approximately 40% of applications are approved. Ada County actually reported 41% approval, which was right in the approximation.
- Sen. Jordan requested that Ms. Mooney explain the medical review process. Ms. Mooney explained that an application comes in at the county level, where residency, indigence, and medical necessity is determined. She noted that medical necessity is defined in section 31-3502, Idaho Code (subsections 18a and 18b). It is also determined whether the fees being claimed are reasonable and within the fund's coverage parameters. A meeting with the individual may be scheduled with the commission to further expose the claim. Ms. Mooney noted that, by the time the claim gets to the CAT program, CAT staff never meet the individual and are only the processors/payers of the claim. When a claim is denied, Ms. Mooney notifies the hospital of the decision and copies the county on the notification. There is a 14-day period to appeal the decision.
- Rep. Blanksma inquired as to the actual cost of claims paid by the CAT fund for those identified in the category of greater than 138% of the FPL. Ms. Mooney stated that she did not have that data but could deliver it at a later time.
- Sen. Souza asked whether a county paid $11,000.00 on an individual *per year* **or** *per claim per year*. Ms. Mooney explained that whether the costs for an individual's incidents were related or unrelated within a 12-month period, the county was responsible for a one-time allotment of $11.000.00 for that individual; excess of that $11,000.00 would/could then be covered by the CAT fund.
- Mr. Taylor inquired whether litigation costs were included in the county budget. Ms. Mooney responded that litigation costs were attributed to administrative costs. Co-chair Wood noted that the handout "Medicaid Expansion Cost Offsets" listed statewide county administrative costs FY18 (page 3), however it would be difficult to determine what percentage of those were related to CAT fund litigation.
- Rep. Addis asked if Ms. Mooney could explain why Kootenai County's legal costs, as reported on the same handout, were so much higher than other counties. Ms. Mooney proffered that some of the larger counties - such as Kootenai - made use of a billing system where time spent on and fees related to a case were meticulously logged. Rep. Addis inquired whether the cost spent

justified the fees collected. Ms. Mooney remarked that Kootenai County had a very aggressive recollection program, but she could not answer his question.

- Rep. Raybould asked about the success rate of individuals' repayment efforts. Ms. Mooney responded that repayment was very minimal; payments were based on what an individual could afford, which often was not much in relation to what was needed. She noted that repayments also came in the form of negotiated settlements or from liens when houses sold.
- Mr. Taylor queried whether applications were not filed due to fear/complexity of the repayment obligation. Ms. Mooney explained that there were many reasons: many individuals do not want to be obligated for fear of losing a house, for fear of additional medical expenses, or for simple pride. She also noted that often incorrect information was received and that phone and address changes occur frequently.

Co-chair Wood asked if committee members had any other requests/questions for either Mr. Grigg or Ms. Mooney.

- Rep. Addis requested from Mr. Grigg a more concise break out of which counties had what type of levy. Co-chair Rice requested that Mr. Grigg additionally report whether a county was capped in single or multiple types of levies.
- Rep. Green requested from Ms. Mooney how many of those 315 cases reported as being >138% of the FPL were underinsured. Ms. Mooney noted that such data was not recorded by the counties and so she could not provide that information.

With that, Co-chair Wood put the committee at recess for lunch at 11:45 a.m.

At 1:15 p.m., Co-chair Wood called the committee to order and requested Mr. Paul Headlee, Division Manager of LSO's Budget and Policy Analysis, to the podium for the presentation "State Programs Affected by Medicaid Eligibility Expansion."

- Sen. Souza requested Mr. Headlee to clarify that community crisis centers would be able to bill Medicaid on a per member/per month basis, rather than per member/per visit. Mr. Headlee reiterated that it would indeed be a per member/per month billing model.
- Rep. Addis asked for clarification that the amount, when quoted for FY2020 being only six months, would also be applicable for the next six months. Mr. Headlee agreed with the statement.
- Sen. Jordan inquired whether any analysis had occurred on increased sales tax revenue in relation to Medicaid expansion. Mr. Headlee noted that revenue forecasts were conducted by the Division of Financial Management (DFM) within the governor's office and he expected the next report to be received in August of this year, which would be a revised FY2020 forecast. Mr. Headlee offered to speak with DFM as to when they would incorporate or whether they already had incorporated that item into the forecast.
- Mr. Taylor asked whether reference to the base fund for the CAT program (slide #9) was $10 million (plus the $2 million) and whether that amount was the norm. Mr. Headlee proffered that the $10 million plus the $2 million (for FY2019) was in general a lower appropriation than in past years. Co-chair Wood noted that data for the previous ten years of the account could be found in the handout "Medicaid Expansion Cost Offsets" (page 1). Mr. Taylor asked whether, based on that data and the budget information, the state expected the program budget to be $10 million for FY2020. Mr. Headlee explained that with paybacks and cash balances the account should have just over $20 million available for funding to put against the cost of the program. Co-chair Wood asked about the estimated cost of the program. Mr. Headlee responded that he did not have that information. Mr. Taylor inquired whether the $10 million base would be depleted in FY2020 and the account would be "zeroed out." Ms. Mooney explained that the program always carried forward a balance (except for one year when it was totally depleted). She reported that the program was expected to carry forward approximately $7 million this year to add to the appropriated $12 million.

At 1:45 p.m., Co-chair Wood called forward Ms. Lisa Hettinger, Deputy Director of Health Services for the Idaho Department of Health and Welfare, for her presentation "Idaho Medicaid Expansion 10-year Expenditure Report."

- Sen. Jordan asked whether the expected enrollment of 91,000 (slide #7) assumed that no waiver was granted for coverage choice as instructed by SB1204aa,aaH. Ms. Hettinger agreed; noting that the department used numbers from the Milliman report and did not reduce those so as to overestimate, rather than underestimate, the need.
- Rep. Raybould inquired whether the Milliman report expected individuals to move between traditional Medicaid and Medicaid expansion due to their health needs/qualifications. Ms. Hettinger reported that individuals (ex. those pregnant or with breast/cervical cancer) would move around but were not tracked/identified by the Milliman report.
- Sen. Souza asked Ms. Hettinger to clarify a statement that the state would determine what services were offered for Medicaid expansion above the mandated basics. Ms. Hettinger responded that, per slide #9 of services not rendered in the Medicaid program, there currently existed four services that were offered in the Medicaid program that were not required. Sen. Souza referenced a handout received at a meeting with county members where Ms. Hettinger gave a presentation that identified additional Idaho services such as optometry, podiatry, chiropractic, dental, and preventative health assistance; she asked whether the option to offer those services would be decided by the state. Ms. Hettinger responded that those items could be decided at the state level and were not required by a general Medicaid program. Sen. Souza inquired whether the approval for those services would be in the form of legislation by the Idaho Legislature. Ms. Hettinger confirmed that it would as it would need to be in statute and therefore budgeted.
- Co-chair Wood queried why only 50% of the CAT and county indigent programs' appropriations were represented in the data, noting that if those programs were retired then more funds would be available. Ms. Hettinger responded that the department, in consideration that medical costs traditionally increase in the CAT and indigent funds, budgeted on the conservative side since expansion alone would not absorb those costs and since it would take time for changes to statute to eliminate those programs thereby making available the additional funding.
- Rep. Blanksma inquired of Mr. Taylor, Chief Financial Officer of St. Luke's Health System and committee member, whether St. Luke's had already addressed the possibility of decreased "DSH" (disproportionate share hospital) payments. Mr. Taylor responded that the hospital system received approximately $14 million in CAT funds in relation to the $43 million the hospital expended; he noted that the remainder of those expenses were written off as charity services. Rep. Blanksma stated that she wanted to understand how, if the CAT and county indigent funds were eliminated, would the DSH payments be affected and how the hospital systems would be impacted. Mr. Taylor noted that the system was very complicated but obviously a change to one program would impact another; he offered to provide better detailed information on the impact at a later date.
- Co-chair Wood asked whether DSH payments were included in the current ACA standards, believing the DSH program was to be phased out. Ms. Hettinger reported that the DSH program had not been phased out and noted that Idaho was identified as a "low-DSH state." She explained that no matter the amount of DSH funds requested, the allotment for Idaho was only $14 million. She pointed out that the items mentioned by Rep. Blanksma would make a difference because the items were factored into the state's total uncompensated care value.
- Mr. Smith inquired whether all hospitals were able to claim that reimbursement. Ms. Hettinger reported that not all hospitals were able to claim it.
- Co-chair Wood asked Ms. Hettinger to briefly explain the DSH program. Ms. Hettinger explained that DSH payments were a program created by the federal government in the 1980's to offer

relief to hospitals that provided uncompensated care in response to EMTALA (Emergency Medical Treatment and Active Labor Act). She noted that, at the time the payments were calculated, Idaho had a much smaller population and less emergency crises than other states. She also reported that the amount reimbursed was never meant to fully compensate the expenses of the hospital.

- Mr. Smith inquired whether all hospitals were eligible to receive DSH payments. Ms. Hettinger reported that she did not believe all hospitals could qualify.

At 2:50 p.m., with Ms. Hettinger's presentation concluded, the committee moved to general discussion.

- Co-chair Wood submitted that the committee request staff from the Idaho Department of Insurance to present on the Idaho health insurance exchange program (types of plans, cost of plans, qualifications, etc.).
- Rep. Raybould requested that the committee consider other sources of funding for the purpose of health coverage. Co-chair Wood stated that he would have Jared Tatro, LSO Budget and Policy Analyst, offer a presentation on the Millennium Fund, a dedicated fund that could possibly be tapped for the cause.
- Sen. Jordan requested that the committee: 1) receive a revenue forecast in regard to Medicaid expansion, 2) receive a report on the legal aspects regarding state appropriation of county levied property tax dollars, and 3) discuss ways for crisis health centers - built by the state but run by the county - to be assisted with funding through indigent services programs.
- Co-chair Rice requested more information from the counties as to how each is using charitable levy funds (how many use for public defense or other uses). He also requested that members of the public reach out to committee members for discussion about topics that may not be on the committee's radar.
- Co-chair Wood encouraged committee members to be ready to make recommendations to the Legislature upon the conclusion of the committee's efforts. He noted that the committee needed to discover how to redirect moneys to help cover the new program, needed to understand what statutory changes would need to be made to reconcile the Idaho program to the current ACA parameters, and to consider that counties may not be in favor of the decisions that the committee recommends, so work with them to find out how the counties can be on board.
- Co-chair Rice surmised that committee members consider practical solutions to the hurdles faced in incorporating the expansion and reminded members that it was an expansion of services not an elimination of old services.
- Sen. Souza encouraged the counties to provide input on what works best for them currently and what could work best for all counties. She also asked the committee to consider how administrative costs would be covered for those who need to be signed up by a hospital or a county. Co-chair Wood noted that the Department of Health and Welfare could expound on how that is traditionally handled and he would make contact with the department to do so.

With no further discussion, the meeting was adjourned at 3:08 p.m.