

MINUTES
SENATE HEALTH & WELFARE COMMITTEE

DATE: Thursday, March 18, 2021

TIME: 3:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Martin, Vice Chairman Riggs, Senators Heider, Lee, Harris, Agenbroad, Zito, Stennett, and Wintrow

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Martin** called the meeting of the Senate Health and Welfare Committee (Committee) to order at 3:02 p.m.

H 316 **Relating to Public Health Districts. Representative John Vander Woude**, District 22, reviewed the provisions of the bill. **Representative Vander Woude** stated that the bill would deny benefits from county indigent services (IS) or the Idaho Catastrophic Health Care Cost Program (CAT) to anyone who qualifies for Medicaid or private health insurance. He noted the operation of and funding for the public health districts (PHDs) would be turned over to the counties. **Representative Vander Woude** advised that the bill specifies PHD powers related to employees and agreements with other State agencies, and it allows the PHDs to receive State funding. He added that a county commission chair would be authorized to appoint a replacement for himself on a PHD budget committee. **Representative Vander Woude** explained the implementation dates in the bill.

DISCUSSION: **Senator Stennett** asked Representative Vander Woude to address the impact of the bill on smaller hospitals, especially pertaining to behavioral health. **Representative Vander Woude** responded that the bill should not have any impact on hospitals because it merely changes which entity pays the bills. **Senator Stennett** commented that CAT and IS reimburse the costs now, and hospitals are concerned about having to provide more charity care. **Representative Vander Woude** said that people who decide not to buy insurance cannot expect the State to pay their medical bills. He added that the hospitals will have to collect from those patients. **Senator Stennett** asked why more time is not allowed for the transition proposed in the bill. **Representative Vander Woude** replied that he drafted the bill in coordination with counties and PHDs, and the parties agreed the timeline is appropriate.

Senator Agenbroad inquired about the ability of a person to obtain health insurance in time for the bill's implementation date. **Representative Vander Woude** answered that Your Health Idaho (YHI) has been available for years, and President Biden extended the YHI open enrollment date through the end of March. He added that the Director of the Idaho Department of Health and Welfare has authority to extend open enrollment through the end of May.

Senator Wintrow asked about including an open enrollment guarantee in the bill, and who would pay the costs of notifying the public about the need to obtain health insurance. **Representative Vander Woude** responded that people do not neglect buying health insurance because of the existence of CAT and IS. He disagreed that it is necessary to advertise the provisions of the bill, and YHI has routinely advertised open enrollment periods since its inception.

Senator Wintrow questioned how counties would save money and whether the fiscal note calculates the potential county cost savings. She pointed out language on page 1 of the bill related to commitment proceedings and asked who would pay for behavioral health costs. **Representative Vander Woude** answered that the fiscal note reflects the counties' anticipated savings which they could use to fund the PHDs. He responded that Medicaid or private health insurance would pay behavioral health costs, or they would be the individual's responsibility.

Seth Grigg, Idaho Association of Counties (IAC), introduced himself to the Committee and gave a brief history of CAT. **Mr. Grigg** remarked that CAT and IS were never intended to serve as entitlement programs or replacements for health insurance. He said the programs create a debt for the individual and a lien on the individual's property until the debt is repaid. **Mr. Grigg** stated that approximately \$3.5 million is recovered annually from debt repayments. He explained the county process for IS reimbursements. **Mr. Grigg** observed that IS and CAT paid out \$18.8 million and \$19.5 million, respectively, in fiscal year (FY) 2020, a good portion of which was for mental health crises. He reported that counties reduced their property tax levies for IS in FY 2021 by approximately \$7.5 million, reflecting the estimated reduction in IS expenditures. **Mr. Grigg** noted that some counties have processed significantly fewer IS applications since Medicaid expansion. He added that most Idaho citizens are unaware of IS and CAT.

Mr. Grigg explained the Governor asked the counties to help fund Medicaid expansion through a diversion of county revenue sharing. He advised that the counties did not want to lose revenue sharing funds and collaborated with legislators and public health districts to develop the alternative in **H 316**. **Mr. Grigg** stated that IS and CAT were necessary prior to the implementation of the Affordable Care Act. He remarked that people without employer-sponsored health insurance can purchase it through YHI, and many Idahoans qualify for subsidized insurance premiums. **Mr. Grigg** reported there is no IS or CAT for involuntary commitments, and counties presently fund that care until the person is discharged or committed to State custody. Once a person is committed, the State is responsible for those expenses, he added. **Mr. Grigg** commented that Idaho received a waiver of the Institutions for Mental Diseases exclusion of Medicaid reimbursement for inpatient psychiatric services. He advised that counties should not be responsible for costs of mental health services for which Medicaid funding is available, and the bill would relieve the counties of that responsibility.

Chairman Martin inquired about the mechanism for a health care facility to determine if a patient is eligible for Medicaid. **Mr. Grigg** replied that hospitals are supposed to fill out the eligibility paperwork, but it is difficult because sometimes patients do not cooperate in providing information.

Mr. Grigg pointed out revisions in the legislation pertaining to PHD funding. He said Section 8 contains new language requiring counties to provide funding to the PHDs at the same level as FY 2021 State funding, approximately \$9.8 million. **Mr. Grigg** said the bill specifies a formula to apportion funding among the PHD counties of 70 percent based on population and 30 percent based on property market value. He remarked that some counties with higher property values tend to pay a higher proportion of the PHD assessments. **Mr. Grigg** advised that the PHD budget committee would have flexibility to determine a local formula to address assessment inequalities. He noted that the bill would allow the State to provide some funding to PHDs in special circumstances.

Mr. Grigg explained the emergency clause would allow the counties to terminate their IS programs to make funding available for the PHDs. He added that counties do not receive their first FY funds until January when property tax and revenue sharing payments arrive, while the State receives an income stream throughout its FY.

Senator Stennett asked for an example of a special project that could be funded by the Legislature, and why that funding would be necessary. **Mr. Grigg** gave examples of tobacco cessation projects funded by the Millennium Fund, or to disburse federal funds obtained to mitigate a future pandemic. **Senator Stennett** inquired if the PHDs and counties are in favor of the legislation. **Mr. Grigg** replied that the vast majority of counties are supportive, while some are only lukewarm to the idea. **Senator Stennett** asked for clarification on the assessment method for PHD funding, and the result if a county disagrees with its assessment. **Mr. Grigg** described the apportionment process contained in the bill. He said each PHD has one county that would pay more under the statutory formula than its IS expenditures, but the bill allows for the PHD budget committee to develop an alternative plan.

Chairman Martin said some large counties pay a higher assessment but do not have majority representation on the PHD board, resulting in a potential imbalance in favor of the smaller counties. **Mr. Grigg** responded that is an issue pertaining to the structure of PHDs, and counties do not agree on the best way to ensure adequate representation on a PHD board of directors. He remarked that it is important to trust the counties to work together.

Michael Kane, on behalf of the Idaho Association of District Boards of Health, introduced himself to the Committee. **Mr. Kane** reminded the Committee that he previously testified about the need to revise the structure of PHDs. He commented that if the State stops funding PHDs, then it will be necessary to unwind State involvement in the PHDs' operations. **Mr. Kane** suggested that it is appropriate to allow PHDs to enter into agreements with the State and noted the present statute allows the State to delegate duties to the PHDs. **Mr. Kane** remarked that all seven PHDs support the legislation and view the bill as an opportunity to fix some longstanding issues.

Chairman Martin inquired about the status of PHD employees. **Mr. Kane** responded that they would remain PHD employees, and a PHD is a governmental, non-State entity.

Senator Stennett asked why PHDs, IS, and Medicaid were all referenced in the same bill. She inquired if the PHDs' functions would remain the same and how Medicaid expansion would factor into the changes. **Mr. Kane** answered that the PHDs operate independently of Medicaid and health insurance, and their functions would not change. He stated the only difference is that the PHDs would no longer receive State funds, and funding would shift from the State to the counties. **Mr. Kane** observed that the counties have always supported the PHDs, and he has no reason to believe this would change. **Senator Stennett** expressed dismay that some counties will be responsible to provide a disproportionate amount of funding. **Mr. Kane** agreed that some counties might be obligated to pay more than in the past, but the PHDs are operating on faith that the counties can work together.

Chairman Martin commented that everyone in the State of Idaho is eligible for health insurance, but he is concerned about people who cannot afford to purchase it. He added that the cost of coverage can be rather high.

Senator Wintrow mentioned she was in that situation when she first moved to Idaho.

Senator Stennett remarked that she benefited from the IS program at one time when she was between jobs and had a ruptured appendix. She added that the pandemic has created income and employment uncertainty for many people.

Senator Lee said the Legislature must answer the policy question of who should be responsible to pay the cost of health care. She noted that Medicaid expansion was supposed to relieve pressure on the hospitals, and the IS program is not working, so it is time to try something different.

Chairman Martin announced that the Committee would continue the hearing on **H 316** at its next meeting.

ADJOURNED: There being no further business at this time, **Chairman Martin** adjourned the meeting at 4:02 p.m.

Senator Martin
Chair

Jeanne Jackson-Heim
Secretary