

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 03, 2017

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman, Malek, Anderson, Dixon, King, Wintrow

**ABSENT/
EXCUSED:** None

LSO STAFF PRESENT: Jared Tatro, Rob Sepich, Shane Winslow

CONVENED: **Chairman Bell** called the meeting to order at 8:00 am.

Department of Health and Welfare: Substance Abuse Treatment and Prevention

PRESENTER: **Ross Edmunds, Division Administrator**

Mr. Edmunds reviewed the organizational structure of the division within the Department of Health and Welfare. He outlined the mission of the division which is to serve adults and adolescents struggling with substance abuse and addiction problems, and he detailed the array of individuals served. Next, he discussed how the division's services are delivered through a management services contractor as well as the collaboration with the Office of Drug Policy in helping with the prevention aspect of the division. Mr. Edmunds finished his comments by stating statistics relating to the number of people addicted to substances and what percentage receive treatment in order to demonstrate the importance of the division's work.

Jared Tatro, Principal Budget and Policy Analyst, reviewed the division's FY 2016 budget and actual expenditures as well as their FY 2017 and 2018 budgets. For FY 2016, the agency was appropriated a total of \$16,675,900 with 16.72 full-time equivalent positions (FTP). He discussed some net object transfers between object classes as well as some figures showing the difference from the total appropriation due to the approval of a FY 2017 supplemental. Mr. Tatro reviewed the division's revenue, and the analysis of fund balances for the Prevention of Minor's Access to Tobacco Fund. For FY 2017, the agency was appropriated a total \$16,822,800 and 16.00 FTP. For FY 2018, the agency requests a 10.2% reduction from FY 2017 and the Governor recommends a 10.1% reduction. The difference coming from the Governor's recommendation for a 3% change in employee compensation for all state agency employees. Next, Mr. Tatro discussed the approval of the FY 2017 supplemental appropriation on January 13th, 2017 for \$1.5 million, and the agency's FY 2018 line item request for a substance abuse disorder provider rate increase. **Mr. Edmunds** discussed the reasoning behind the agency's request for the FY 2018 line item.

In response to committee questions, **Mr. Edmunds** confirmed the potential does exist, if the FY 2018 line item is approved, for there to be a disparity in the amount substance abuse disorder providers reimburse funds.

Mr. Edmunds expressed his gratitude for the committee to take time and listen to his presentation. Also, he provided an overview of how the changes in the budgets for the different divisions within the Department of Health and Welfare dealing with mental disorders to substance abuse disorders, is an overall effort to better the Department's work in these services. Mr. Edmunds closed by thanking the Department's staff working in these services.

To listen to this presentation please [click here](#)

Department of Health and Welfare: Indirect Support Services

PRESENTER: David Taylor, Deputy Director

Mr. Taylor stated the purpose of the division which is to ensure the resources and information for the programs in the Department of Health and Welfare need to be efficient and effective and are available to those employees who directly interact with the citizens of Idaho. Next, he introduced some staff members present at the meeting, **Paul Spannkebel**, Division Administrator over Operational Services; **Michael Farley**, Division Administrator over Information Technology; **Steve Bellomy**, Bureau Chief over the Audit and Investigations Unit; and **Jodi Osborn**, Department's Financial Executive Officer. Mr. Taylor then discussed the Governor's FY 2018 budget recommendation for the division as well as the Department's Cost Allocation plan.

Mr. Tatro reviewed the division's FY 2016 budget and actual expenditures. The division was appropriated a total of \$39,407,700 and 289.60 FTP including a supplemental appropriation. Mr. Tatro discussed some transfers of funds between different object classes, and the resulting variance between the total expenditures and appropriation. He reviewed the agency's revenue sources, and the agency's audit findings. **Mr. Taylor** gave his remarks about the Department's opinions on the audit findings. Mr. Tatro moved into the FY 2017 budget where he discussed intent language and introduced the two approved line items. Mr. Taylor gave an update on the status of those two line items. For FY 2017, the agency was appropriated a total of \$40,723,200 and 291.60 FTP. For FY 2018, the agency requests a 15.7% increase while the Governor recommends a 14.5% increase. Mr. Tatro reviewed a FY 2017 supplemental appropriation request made by the agency with Mr. Taylor following explaining the reasoning for the request.

Mr. Tatro reviewed the division's request and Governor's recommendation for FY 2018 replacement items. Given the nature of the agency, these replacement items are in regard to the whole Department of Health and Welfare. The Governor did recommend approximately \$750,000 less in replacements than what the agency requested, all in vehicles. Next, he reviewed the agency's statewide cost allocation and introduced its six line item requests where the Governor did not recommend one of them relating to the request for an internal audit position. Mr. Taylor provided an explanation behind each of the agency's request for the line items answering questions from committee members along the way.

In response to committee questions, **Mr. Tatro** explained state agency's may decide to replace vehicles based on budgetary guidelines, however those are just guidelines because there are exceptions. A vehicle may be older but have fewer miles whereas there could be a newer vehicle with a large amount of miles. In the FY 2016 budget, the agency transferred \$633,000 to capital outlay using their existing General Fund dollars since they were not appropriated any funding for capital outlay.

In response to committee questions, **Sara Stover**, Division of Financial Management (DFM), explained while the Governor has his criteria for determining whether or not a vehicle may need to be replaced, in this case that criteria was not used. Instead, the Governor's recommendation is based off of the agency's top priorities that need funding. The agency has said they can still work with the vehicles they currently have in exchange for funding those top budget priorities.

In response to committee questions, **Mr. Taylor** explained for the line item titled Fraud and Abuse Detection Software, this system is operating in 15 other states with great success. The Department of Health and Welfare reviews approximately 10 million Medicaid claims and this new software will help with the reviewing process given its proven-to-be successful algorithms in identifying healthcare fraud, waste, and abuse. This software would also help in directing staff to areas that pose higher risk for fraud, waste, and abuse in order for those areas to be thoroughly reviewed. This software or security is not a federal requirement but another tool for the Medicaid Program Integrity Unit to more accurately and efficiently assess incoming claims. Mr. Taylor explained the line item request for an administrative support position is more for accurate court filings so the State's interest for recovering funds is better perfected.

Rep. Anderson stated how the majority of the programs in the Department of Health and Welfare are federally funded with a split of 20% state funding and 80% federal funding. He expressed concerns regarding if the federal government decides to cap funding, how the state would address any increased costs in programs given the level of state funding.

Mr. Taylor commented on the Governor's executive order, and it becoming statute, that required state agencies to submit an annual report to the Legislative Services Office and the Division of Financial detailing the amount of federal funding in agency programs and any reduction in it, and the agency's response to those funding changes.

Richard Armstrong, Director of Department of Health and Welfare, stated the Department has been constantly monitoring this issue regarding the federal government's contributions to agency programs. Mr. Armstrong expressed the Department's anxiety when working with the federal government given the uncertainty surrounding what kind of partnership the Department has with the federal government because the Department does not seem to have a large voice when making decisions. Mr. Armstrong hopes that will change in the future.

Mr. Taylor gave his closing remarks expressing gratitude to the Governor and the Change in Employee Compensation (CEC) Committee for recommending a 3% increase in CEC as it will help the agency retain its talented workforce. He also stated on behalf of the Department, their support for a new statewide accounting system organized by the State Controller's office.

To listen to this presentation please [click here](#)

Department of Self-Governing Agencies: Division of Veterans Services

PRESENTER: David Brasuell, Division Administrator

Mr. Brasuell began by commending his leaders in the division for serving Idaho's veteran families. He reviewed the organizational structure and programs in the division, and he clarified which programs actually receive revenue for the division. Mr. Brasuell provided a review of the division budget and budgetary principles to keep the division operating. He outlined revenue sources and the impact of new and changing federal regulation relating to veteran services. Next, he stated the amount of veterans served as well as future trends related to the number of veterans the division will be serving. Mr. Brasuell explained the importance of the division's employees in helping veterans and expressed gratitude toward the committee for agreeing with an increase in state agency employee compensation. Mr. Brasuell ended by commending the veterans who served.

Mr. Tatro reviewed the division's FY 2016 budget and actual expenditures. The division was appropriated a total \$32,168,700 from five funds and 331.00 FTP. The division reverted \$1,482,200. Mr. Tatro reviewed the analysis of fund balances for the division's funds titled Idaho Veterans Recognition Fund, Veterans Recognition Income Fund, Veterans Cemetery Maintenance Fund, Veterans Support Fund, Federal Grant Fund, Miscellaneous Revenue Fund, and Veterans Home Endowment Fund. Next, he reviewed the division's FY 2017 budget highlighting the approximate \$2.7 million in replacement items and the six approved line items. **Mr. Brasuell** provided an update on the status of the FY 2017 line items. For FY 2017, the division was appropriated a total of \$35,500,200, and for FY 2018 the division requested a 1.4% decrease while the Governor recommended a 25.7% increase in total appropriation. Mr. Tatro reviewed the division's FY 2018, budget highlighting the division request for replacement items and their nine line items, one of which the division did not request but the Governor included in his recommendation. Mr. Brasuell reviewed the line items providing an explanation for each one.

In response to committee questions, **Mr. Brasuell** explained how the division does outreach for veteran services in each county. Each services officer is responsible for performing outreach. He also explained the different avenues in which veterans may find the services they are seeking.

Mr. Brasuell gave his closing remarks highlighting outreach as a primary focus of the division. He expressed his gratitude toward the different sister agencies in their goal to serve Idaho veterans. He expressed gratitude for the 3% increase change in employee compensation and his leaders and staff in the division as well as the citizen legislators.

To listen to this presentation please [click here](#)

Office of the Governor: Office of Drug Policy

PRESENTER: Elisha Figueroa, Executive Director

Ms. Figueroa began by explaining the agency's primary functions which are to provide oversight for the state's substance abuse prevention program and consult with Idaho leaders about drug policy issues that will better substance abuse prevention. Part of the substance abuse prevention program includes two federal block grants that the agency uses for their statutory mission. Ms. Figueroa reviewed the agency's current programs and outcomes of those programs. She mentioned how, as part of the agency's goal, the agency works with local governments around the state for substance abuse prevention. She outlined how the agency performs research and policy analysis from different states to find what may be best for Idaho along with gathering statistics relating to opioid use. Also, Ms. Figueroa detailed how the agency is the primary source for statewide campaigns against substance abuse.

Mr. Tatro reviewed the agency's FY 2016 budget and actual expenditures. The agency was appropriated a total \$4,254,600 and 6.00 FTP. He reviewed the reverted funds as well as some object class transfers. Mr. Tatro reviewed the analysis of fund balances for the Federal Grant Fund and Miscellaneous Revenue Fund. For FY 2017, the agency was appropriated a total of \$4,660,600 and 6.00 FTP with one approved line item. **Ms. Figueroa** provided an update on the status of that line item. FY 2018, the agency requests a 0.4% increase in total appropriation while the Governor recommends a 0.5% increase. There were no line items requested for FY 2018. Mr. Tatro ended his remarks after reviewing a FY 2017 supplemental appropriation request from the agency.

Ms. Figueroa gave her closing remarks expressing gratitude toward her staff, grant teams, and volunteers around the state in their efforts to reduce substance abuse. Ms. Figueroa provided some concerns regarding an increase use of heroin. She closed her remarks stating positive statistics of reduced substance abuse in Idaho.

To listen to this presentation please [click here](#)

Office of the Governor: Military Division

PRESENTER: Rob Sepich, Budget and Policy Analyst

Mr. Sepich presented the one-time FY 2017 supplemental appropriation request for \$4,400,000 in federal funds for military construction and maintenance projects. The increase in federal awards for military facilities in Idaho include \$1,900,000 for architectural and engineering fees paid prior to the start of construction on the Orchard Combat Training Complex (OCTC) and \$2,500,000 for Army facility maintenance and repair costs. Of the Army facility maintenance and repair costs, \$600,000 will be used for a Lewiston military facility, \$1,100,000 will be used for repair and maintenance of the Armor Regional Training Institute at Gowen Field, and \$800,000 will be for general maintenance at Gowen Field. The request is 100% federally reimbursed.

UNANIMOUS CONSENT: On request by **Youngblood**, granted by unanimous consent, the FY 2017 budget for the Military Division, was reopened.

CARRIED: **Original Motion**
Military Division
Military Construction Projects
Supplemental

Moved by **Youngblood**, seconded by **Dixon**, to move for the Military Division the appropriation of an additional \$4,400,000 in Operating Expenditures from the Federal Grant Fund for the construction of military projects in FY 2017.

Ayes: 15

Keough, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye, Bell, Youngblood, Miller, Malek, Dixon, King, Wintrow

Nays: 0

Ab/Ex: 5

Bair, Mortimer, Horman, Burtenshaw, Anderson

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

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Department of Health and Welfare: Mental Health Services

PRESENTER: Jared Tatro, Principal Budget and Policy Analyst

Mr. Tatro presented background to this FY 2017 supplemental appropriation request stating the Jeff D is a class-action lawsuit from 1980 that was the result of comingling children and adults at State Hospital South (SHS), which led to abuse of children, lack of educational and treatment services at the hospital, and a lack of community-based mental health services. After 30 plus years of legal disputes and unfulfilled obligations, the federal district court agreed to dismiss the case upon concurrence of the settlement agreement. This agreement is intended to improve mental health services for children in Idaho, and to help prevent similar situations that took place at SHS from occurring again.

In June 2015, the state signed a settlement agreement with the court to implement a more meaningful system of care for children with serious emotional disturbances. Implementation of the settlement will take several years, followed by several years of follow-up and verification that the settlement is being implemented as intended. To begin the process immediately, the department is requesting 11.00 FTP and \$848,400 to hire various positions at central office. Two of the positions will be used for the quality management, improvement, and accountability (QMIA) portion as required in the agreement; two positions will be for data analytics; four positions for implementation of the evaluation assessment tool that was funded by the Legislature during the 2016 session, known as CANS or Children and Adolescent Needs and Strengths assessment; and the final three positions will provide program support and oversight. The request includes this FY 2017 supplemental appropriation request for \$255,400 and an FY 2018 annualization of \$593,000.

UNANIMOUS CONSENT: On request by **Malek**, granted by unanimous consent, the FY 2017 budget for the Department of Health and Welfare, was reopened.

CARRIED: **Original Motion**
Mental Health Services
Jeff D Settlement Agreement
Supplemental

Moved by **Malek**, seconded by **Keough**, to move to the Department of Health and Welfare, to the Children's Mental Health Program from the Cooperative Welfare General Fund, \$100,200 in ongoing personnel costs, \$13,200 in one-time operating expenditures, and \$14,300 in one-time capital outlay for a total of \$127,700; further from the Cooperative Welfare Federal Fund, move \$100,200 in ongoing personnel costs, \$13,200 in one-time operating expenditures, and \$14,300 in one-time capital outlay for a total of \$127,700; and finally an additional 11.00 FTP, for a total supplement request of \$255,400 and 11.00 FTP for fiscal year 2017.

Ayes: 16

Keough, Martin, Mortimer, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye, Bell, Youngblood, Miller, Malek, Dixon, King, Wintrow

Nays: 0

Ab/Ex: 4

Bair, Horman, Burtenshaw, Anderson

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

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Department of Health and Welfare: Child Welfare

PRESENTER: Jared Tatro, Principal Budget and Policy Analyst

Mr. Tatro presented background to this FY 2017 supplemental appropriation request stating the department requests \$1,348,600 in ongoing personnel costs and \$449,700 in ongoing trustee & benefit payments to provide for the increased demand in child welfare services. Of the request, \$868,100 is being requested as an ongoing FY 2017 supplemental appropriation and the remainder is being requested as an FY 2018 budget annualization. These funds would be used for various services including foster care payments for children who are not eligible to receive Social Security IV-E funding; on-call workers to provide after hours support for emergencies related to child safety; substance abuse liaisons to assist in recovery efforts for families; staff training; and to support child welfare activities for tribal youth.

The department originally requested support from the General Fund in 2010, but prior to legislative action, the department identified an alternative source of funds through the Social Service Block Grant (SSBG). For the past several years, the department has been able to use the SSBG grant moneys for related purposes, but the cash balance of SSBG funds has declined and cannot be used to sustain the estimated needs. Further, federal funding for SSBG has remained constant during this time but the demand has increased.

CARRIED:

Original Motion

Child Welfare

Increased Demand for Services

Supplemental

Moved by **Wintrow**, seconded by **King**, to move to the Department of Health and Welfare, for the Child Welfare Program an additional \$651,000 in personnel costs and for the Foster & Assistance Payments program an additional \$217,000 in trustee & benefit payments for a total of \$868,100, all from the Cooperative Welfare General Fund, for fiscal year 2017, and ongoing.

Ayes: 16

Keough, Martin, Mortimer, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye, Bell, Youngblood, Miller, Malek, Dixon, King, Wintrow

Nays: 0

Ab/Ex: 4

Bair, Horman, Burtenshaw, Anderson

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

To listen to this presentation please [click here](#)

Department of Health and Welfare: Division of Medicaid

PRESENTER: Jared Tatro, Principal Budget and Policy Analyst

Mr. Tatro presented background to this FY 2017 supplemental appropriation request stating in January 2012, twelve developmentally disabled (DD) Medicaid participants sued the department over changes made to their benefits. In March 2014, the federal district court granted class action status in the *K.W. vs Armstrong* lawsuit, which extended the suit to approximately 3,900 participants receiving benefits under a waiver for persons with developmental disabilities. The court also issued an injunction that the Medicaid Program restore budgets for developmentally disabled waiver participants to their highest amount since 2011, while the matter got resolved in court.

To implement the terms of the settlement, the department requests \$200,000 in one-time operating expenditures to change how they conduct assessments and to change the budget setting methodology; the court has rejected the department's third proposed budget notice. The department also requests \$50,000 in ongoing operating expenditures to implement the court-ordered training to support adequate due process for adult Medicaid participants with developmental disabilities who contest a DHW decision hearing. The final piece of the request is for 2.00 FTP to be transferred from Self-Reliance Operations in the Division of Welfare to Medicaid, \$118,200 in ongoing personnel costs, and \$5,000 in one-time operating expenditures; of which \$123,200 is being requested as an FY 2017 supplemental appropriation and the remainder is being requested as an FY 2018 annualization. These positions are being requested to support workload increases related to the court-ordered changes to the budget and assessment process in the *KW* Lawsuit. The one-time operating expenditures are for the purchase of office furniture and computers.

CARRIED:

Original Motion
Division of Medicaid
KW Lawsuit Compliance
Supplemental

Moved by **Malek**, seconded by **Keough**, to move to the Department of Health and Welfare, to the Division of Medicaid, to the Medicaid Administration & Medical Management Program, from the Cooperative Welfare General Fund an additional \$59,100 in ongoing personnel costs, \$25,000 in ongoing operating expenditures, and \$102,500 in one-time operating expenditures for a total of \$186,600; also move from the Cooperative Welfare Federal Fund an additional \$59,100 in ongoing personnel costs, \$25,000 in ongoing operating expenditures, and \$102,500 in one-time operating expenditures for a total of \$186,600 and 2.00 FTP. The total motion is for \$373,200 for fiscal year 2017.

Ayes: 16

Keough, Martin, Mortimer, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye, Bell, Youngblood, Miller, Malek, Dixon, King, Wintrow

Nays: 0

Ab/Ex: 4

Bair, Horman, Burtenshaw, Anderson

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

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Department of Health and Welfare: Division of Medicaid

PRESENTER: Jared Tatro, Principal Budget and Policy Analyst

Mr. Tatro presented background to this FY 2017 supplemental request stating the department requests a transfer of 3.00 FTP from Self-Reliance Operations to Medicaid, \$160,800 in ongoing personnel costs, and \$7,500 in one-time operating expenditures; of which \$168,300 is being requested as an FY 2017 supplemental appropriation and the remainder is being requested as an FY 2018 annualization. The positions are needed to address workload increases to comply with new federal regulations (42 CFR 430, 431, 435, 436, 440, 441, and 447) for the Home and Community Based Services. These regulations require an increase in administrative oversight of community settings and the service planning process and require a quality assurance program be implemented. This will require staff to visit residential and other service settings and work with providers. Two of the positions are being requested at 85% of policy to account for the complexity and skills needed for the program. One-time operating expenditures include funding to purchase office furniture and computers.

Home and community-based services (HCBS) provide opportunities for Medicaid beneficiaries to receive services in their own home or community rather than institutions or other isolated settings. These programs serve a variety of targeted populations groups, such as people with intellectual or developmental disabilities, physical disabilities, and/or mental illnesses.

CARRIED:

Original Motion
Division of Medicaid
Home and Community Based Services
Supplemental

Moved by **Wintrow**, seconded by **Malek**, to move to the Department of Health and Welfare, to the Division of Medicaid, to the Medicaid Administration & Medical Management Program, from the Cooperative Welfare General Fund an additional \$80,400 in ongoing personnel costs, and \$3,800 in one-time operating expenditures for a total of \$84,200; also move from the Cooperative Welfare Federal Fund an additional \$80,400 in ongoing personnel costs, and \$3,700 in one-time operating expenditures for a total of \$84,100 and 3.00 FTP. The total motion is for \$168,300 for fiscal year 2017.

Ayes: 16

Keough, Martin, Mortimer, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye, Bell, Youngblood, Miller, Malek, Dixon, King, Wintrow

Nays: 0

Ab/Ex: 4

Bair, Horman, Burtenshaw, Anderson

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

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ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:41 am.

Representative Bell
Chair

Cody Jessup
Secretary