

Minutes of the Joint Legislative Oversight Committee
December 12, 2007
2nd Floor Court Room, Borah Building
Boise, Idaho

Co-chair Representative Margaret Henbest called the meeting to order at 8:10 a.m. Attending the meeting were Senators Shawn Keough, John McGee, and Elliot Werk and Representatives Maxine Bell, Clifford Bayer, and Donna Boe. Senator Edgar Malepeai was excused from the meeting. Also present were Rakesh Mohan, Director, Margaret Campbell, Administrative Coordinator, and all other OPE staff and consultants.

Co-chair Henbest welcomed those in attendance, including:

Senators: Tim Corder, John Goedde

Representatives: Phylis King, Nicole LaFavour, John Rusche

Legislative Services Office: Cathy Holland-Smith, Amy Castro, Paul Headlee, Eric Milstead, April Renfro, Fred Sisneros, Julie Swanson

Office of the Governor: Karen McGee, Joyce McRoberts

Department of Health and Welfare: Dick Armstrong, Dick Schultz

Department of Education: Julie Oberle

Idaho School for the Deaf and the Blind: Jeff Woods

Developmental Disabilities Council: Marilyn Sword

Boise State University: Greg Hill

REPORT RECAP: *HEALTH INSURANCE COVERAGE IN IDAHO AND OPTIONS FOR EXPANDING ACCESS TO HEALTH CARE FOR THE UNINSURED*

Mr. Mohan said JLOC directed OPE to study health care spending and identify ways to help the uninsured in Idaho, as requested by the Health Care Task Force in 2006. The committee had received two reports in July and the remaining three reports were being released today. Ms. Lynn Taylor, Senior Researcher from Mathematica Policy Research, recapped the two July reports.

REPORT RELEASE: *CATALOGING PUBLIC HEALTH EXPENDITURES IN IDAHO*

Senator Werk moved to receive the report on cataloging public health expenditures.

Senator Keough seconded the motion, and it unanimously passed by voice vote.

Mr. Mohan thanked the stakeholders including legislators, state agencies, local governments, and insurance companies for their cooperation on the study. Ms. Donna Spencer, consultant from the State Health Access Data Assistance Center (SHADAC) at the University of Minnesota, summarized findings of the report. She and Dr. Lynn Blewett, consultant from SHADAC, clarified committee questions about the following information:

- Department of Correction contracts with a provider to pay medical care for out-of-state inmates, which is different from the in-state contract.
- The musculoskeletal system was a common diagnosis category for state and local employee health care spending, but was a small portion of the total at 15.4 percent (circulatory system was 8.5 percent and digestive system was 8.3 percent).

REPORT RELEASE: *ESTIMATING PRIVATE HEALTH EXPENDITURES IN IDAHO*

Senator McGee moved to receive the report on estimating private health expenditures. Representative Boe seconded the motion, and it unanimously passed by voice vote.

Ms. Spencer summarized findings of the report, and she and Dr. Blewett clarified committee questions about the following information:

- Consumer out-of-pocket expenditures represented expenses of the insured and the uninsured populations.
- Slide 15 *Individual Health Plans Premiums Collected by Expense Type* showed an increase of other expenses over the last two years. Other expenses included profits/losses, administrative costs, and premium taxes.
- The report provided estimated health care expenditures for 2004, but also provided information on more current years. The 2004 data came from the US Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), and the 2005–2006 data came from insurance and IRS reports—which CMS will verify and publish in time.
- Slide 19 *Health Premiums Collected in Idaho by Other Insurers* showed a significant increase in 2006 that could be attributed to Medicaid Part D, but Ms. Spencer did not know how Idaho compared to other states or whether the entire increase was from Part D premiums.
- Hospital charges for units of service vary because of reimbursed and negotiated rates. In slide 21 *Select Hospitals Uncompensated Care and Total Community Benefits*, Ms. Spencer said there was probably a margin of error for uncompensated care. The IRS was reformatting its reporting form to standardize rates. In terms of a Medicaid hospital report, hospitals would not report as uncompensated care the difference between what is charged and what is collected, but may report the difference as a community benefit. The amounts reported for community benefits did not take into account funding sources like Medicaid dish payments.

The committee took a break.

Representative Bell referred to slide 22 of the presentation on cataloging public health expenditures. The table listed administrative expenses for Community Health Centers (CHC) at 30.2 percent, which was significantly more than the other seven areas of spending. She clarified that facilities and supplies were included in the percentage of CHC, but is not applicable to other areas. She said she thought CHC was a good bang for your buck in health care.

REPORT RELEASE: *TRENDS IN AND DRIVERS OF HEALTH EXPENDITURES IN IDAHO*

Representative Boe moved to receive the report on trends in and drivers of expenditures. Senator Keough seconded the motion, and it unanimously passed by voice vote.

Dr. Blewett summarized the trends in and drivers of health expenditures and clarified committee questions about the following information:

- Medicaid and Medicare expenses tend to be higher and drive public health care costs because the population has more chronic disease and is older.
- Medical malpractice was less than three percent of total spending and was not considered a key driver of increased expenditures.
- Slide 17 *Increase in Premium Costs by Component* showed general inflation contributing 27 percent to cost increases. The percentage was a combined total of the consumer price index for the economy and the consumer price index for medical care.
- The term hospitals was defined as full-service institutions.
- The report used the metropolitan statistical area to define Boise-area hospitals (e.g., Ada, Boise, Canyon, Gem, and Owyhee counties).
- Idaho's higher administrative costs in individual and group markets were likely to be similar to other small states that had only a few dominant insurers.

Senator Keough moved to send the three health care reports to the Health Care Task Force, germane committee chairs, JFAC, and the CAT Fund. Senator McGee seconded the motion, and it unanimously passed by voice vote.

SECOND FOLLOW-UP REPORT RELEASE: *SCHOOL DISTRICT ADMINISTRATION AND OVERSIGHT*

Senator Werk moved to receive the follow-up report on district administration and oversight. Representative Boe seconded the motion, and it unanimously passed by voice vote.

Mr. Mohan introduced the report and thanked Tim Hill and Julie Oberle for their help in the review. Ms. Amy Lorenzo, Senior Performance Evaluator, summarized the report.

Representative Boe moved to note the progress of the Department of Education in implementing recommendations and requested a follow-up review of school district administration and oversight in six months to a year. Representative Bell seconded the motion, and it unanimously passed by voice vote.

Co-chair Henbest recognized Bruce Newcomb, Former Speaker of the House and sponsor of the bill to create the Joint Legislative Oversight Committee/program evaluation function, who was in the audience.

SUPPLEMENTAL INFORMATION: *STUDENT COSTS AT THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND (ISDB)*

Representative Boe moved to receive the 2007 supplemental information on ISDB. Representative Bayer seconded the motion, and it unanimously passed by voice vote.

Mr. Mohan said that JLOC had closed the ISDB report at the July meeting, but requested expenditure information for 2007. Mr. Jeff Shinn, Principal Performance Evaluator, summarized the information. Co-chair Henbest asked about the 2007–2008 enrollment. Mr. Shinn said he had snapshots: 59 students (34 residential and 25 day) in early September, and 61 (33 residential and 28 day) on October 16.

Representative Bell said she appreciated the school trimming back services and asked if OPE would provide information on whether the school's fleet management could be reduced.

The committee took a break for lunch.

APPROVAL OF 7/12/07 MINUTES

Representative Bayer said the motion on page 7 requesting Legislative Audits to conduct a financial audit of virtual schools may not have been recorded correctly. Members discussed the motion and listened to an audio recording of it.

Representative Bayer moved to accept the minutes of the July 12, 2007, meeting with the amendment of striking the request for a financial audit and adding Legislative Audits to the entities receiving highlighted recommendations from the virtual school report. Representative Bell seconded the motion.

Co-chair Henbest clarified that a follow-up review of the virtual school report, as stated in the amended motion, should occur within the year. **The motion to accept the amended minutes of July 12, 2007, unanimously passed by voice vote.**

DISCUSSION OF COMMITTEE RULES

Mr. Mohan reviewed the rules of the committee. In discussing the approval of an evaluation, Mr. Mohan said the committee does not have a formal process after the approval and before the delivery of the final report. Informally, OPE provides members with a scope of the evaluation to (1) make sure OPE has clearly understood JLOC's direction, and (2) get input from members about what information will be relevant to the Legislature. Rules were silent as to whether JLOC should vote to approve scopes. From a professional prospective, he said the scoping process was close to actually doing the evaluation. To maintain independence and objectivity, OPE needed to keep the process as independent as possible.

Co-chair Henbest welcomed Senator Malepeai, who joined the meeting by teleconference.

Senator Keough said JLOC could benefit from defining in rule the role of staff and the committee during the scoping process. She said she wanted the process to be clear regardless of whether or not JLOC votes on a scope, and she wanted to provide a means for members' input when the scope does not reflect their intent.

Senator Keough moved for staff draft a rule addressing the scoping process and JLOC's role. Representative Bell seconded the motion, and it unanimously passed by voice vote.

Representative Boe asked how Senator Malepeai would logistically register his vote when teleconferencing. When asked by Co-chair Henbest, Senator Malepeai said he had participated in the vote.

DISCUSSION OF SCOPE: SCHOOL DISTRICT SERVICES CONSOLIDATION

Mr. Mohan said he needed clarification on the intent of the motion to conduct an evaluation of school district services consolidation—whether the evaluation was for services consolidation or also included administration consolidation. Senator Keough said she had reviewed the audio discussion and the ultimate motion was for school district services. Discussion recognized that consolidation of districts was a big project and a study of services could be a first step. Members discussed the intent of the motion.

Senator Keough moved to accept the scope presented by staff on consolidation of school district services. Representative Bell seconded the motion, and it unanimously passed by voice vote.

POSSIBLE TOPIC SELECTION

Representative Boe expressed concerns about the need to study virtual schools in depth. She handed out an NPR report on a court case in Wisconsin where K12 (a national company that Idaho is associated with) was violating state law by allowing parents to assume the duties of state-licensed teachers.

Members discussed a lack of OPE resources to take on another evaluation at this time and waiting for information that may arise with the pending follow-up review on virtual school operations. They decided to leave issues surrounding the Wisconsin court case to other committees and to roll evaluation requests into the next topic selection meeting.

Senator Malepeai was excused from the remainder of the meeting.

FOLLOW-UP REPORT RELEASE: *MANAGEMENT IN THE DEPARTMENT OF HEALTH AND WELFARE*

Senator Werk moved to receive the follow-up report on management in Health and Welfare. Senator Keough seconded the motion, and it unanimously passed by voice vote.

Mr. Mohan said OPE had conducted a second survey of all Health and Welfare employees to see what changes had occurred in the last 18 months. Dr. Tedd McDonald (consultant), Jared Tatro (Performance Evaluator), and Bob Thomas (consultant) summarized the report. The project team responded to members' questions:

- Clarified why the department did not think it could evaluate facilities
- Verified that private resources had processes to determine workloads that the department could use
- Discussed that any organization will have employees who fear retaliation, especially if the employees are not acquainted with management

Co-chair Henbest commended the department for significant progress in a short amount of time.

Senator Werk moved to conduct a second follow-up review on management in Health and Welfare. Senator McGee seconded the motion.

The committee discussed if another full survey of Health and Welfare staff was needed and directed the office to examine different ways to conduct the follow-up review. Mr. Mohan said he would provide information at the next meeting about whether an abbreviated survey would be useful.

The motion to conduct a second follow-up review on management in Health and Welfare unanimously passed by voice vote.

FOLLOW-UP REPORT RELEASE: *CHILD WELFARE CASELOAD MANAGEMENT*

Senator McGee moved to receive the follow-up report on child welfare caseload management. Senator Werk seconded the motion, and it unanimously passed by voice vote.

Carrie Parrish (Research Assistant), Bob Thomas (consultant), and Maureen Shea (Research Assistant) summarized the report. Co-chair Henbest asked Mr. Dick Armstrong, Director of Health and Welfare, about reallocating resources within regions. Mr. Armstrong said the department needed to increase human resources in the regions. He said moving resources from an area with an adequate level of performance to an area with a lower level would decrease the level of performance in the first area.

Senator Keough moved to conduct a follow-up review in one year. Representative Bayer seconded the motion, and it unanimously passed by voice vote.

OTHER BUSINESS

Mr. Mohan told the committee he had submitted the fiscal year 2009 budget with two enhancements, per approval by the co-chairs: (1) request for one FTP at the principal evaluator level, and (2) increase staff pay to match other legislative budget staff.

Mr. Mohan said OPE was originally scheduled to move into the Capitol in 2010, but will now be the only legislative office not located in the Capitol. Co-chair Henbest said the committee would work on getting windows for OPE.

Senator Keough said the committee rules had no provisions for voting when teleconferencing and asked OPE to draft a rule for review at the next meeting. Co-chair Henbest requested a short meeting the first few weeks of session to review drafts to the committee rules.

The meeting adjourned at 4:10 pm.