

MINUTES
HOUSE HEALTH & WELFARE COMMITTEE

DATE: Tuesday, February 04, 2014

TIME: 9:00 A.M.

PLACE: Room EW20

MEMBERS: Chairman Wood(27), Vice Chairman Perry, Representatives Hancey, Henderson, Hixon, Malek, Morse, Romrell, Vander Woude, Rusche, Chew

**ABSENT/
EXCUSED:** Representative Morse

GUESTS: Paul Leary, Pat Martelle, David Simnitt, DHW; Becky diVittorio, Optum; Colby Cameron, Sullivan & Reberger; Kathie Garrett, NAMI; Dennis Stevenson, Administrative Rules; Parker Papworth, Lobby Idaho; Amber Pense, City of Boise

Chairman Wood(27) called the meeting to order at 9:01 a.m.

MOTION: **Vice Chairman Perry** made a motion to approve the minutes for January 29, 2014.
Motion carried by voice vote.

**DOCKET NO.
16-0309-1301:** **Pat Martelle**, Program Manager, Mental Health & Substance Abuse, Medicaid Division, presented **Docket No. 16-0309-1301**, Pending Rule changes that describe the general requirements applicable to a managed care contract, which is currently with Optum Idaho, focusing on the necessary requirements for administration of Medicaid funded behavioral health services.

The 1915(b) Freedom of Choice Authority Waiver impacts all Medicaid participants by waiving their right to choose a provider, so one statewide managed care company can administer Idaho's health care program. The Idaho Behavioral Health Plan (ibhp) includes ten behavioral health benefits which are the same as those found under the fee-for-service care model. Additional benefits can be obtained outside of this waiver and Rule.

Rules require medicaid participants enroll in a statewide outpatient health plan and integrates various services into one behavioral health system with a care management process. All changes are targeted to the managed care contractor, not the provider network, since they are no longer enrolled directly with the ibhp. Rules applicable to the fee-for-service system are deleted, since they would lead to confusion with providers, the existing contractor, and would leave the DHW without contract management authority. The DHW is committed to working with the contractor and stakeholders in a collaborative fashion to promote and assure better member outcomes.

Responding to questions, **Ms. Martelle** said the contract contains specific appeals language, including a clinical review, which Optum has included in printed materials. Medicaid participants retain their right to a fair hearing. She described the appeals process of two clinician levels and DHW review.

Ms. Martelle stated that the Department has a long-term transformation plan, with moving to managed care as the first step. The existing contract includes the opportunity for Optum to decrease hospitalizations based on contractual incentives for a monitoring inpatient utilization process. She agreed to make monitoring reports available to the Committee.

The 1915(b) Waiver allows new benefit development from the cost savings derived from this service delivery model.

Paul Leary, Administrator, Division of Medicaid, was invited to answer questions by the Committee. He said the current capitated contract pays a per-member per-month rate, so they can measure services and cost savings. The Waiver allows use of federal dollars for additional services. The capitated contract puts the risk of increasing costs and loss on Optum.

Answering a question, **Ms. Martelle** responded that Optum is required to work with the members, providers, and other stakeholders for their input on community identified needs. It is expected that the DHW will facilitate this process.

Mr. Leary further explained that a capitated rate arrangement cannot be exceeded; but, there is an annual readjustment and actuarial rate analysis. The Division of Purchasing owns the Optum contract and the Department is working to provide a contract website link that would also reflect any updates.

Ms. Martelle explained that providers are employed by Optum, who has a handbook and other written material on their website. It is understandable at the lay level and is given to providers as they enroll with Optum. The weekly data meetings produce a report that will, once the process is stabilized, be monthly.

Kathie Garrett, on behalf of NAMI Idaho, testified that NAMI asks that the Rules not be eliminated, expressing concern for contract access, member eligibility rights, grievance processes, possible issues with due process rights, and fair hearings in accordance with the Administrative Procedures Act.

Mr. Leary was invited to comment on the concerns raised in **Ms. Garrett's** testimony. He explained that, under the managed care contract, there are additional appeals processes with different appeals layers that follow the managed care process, legislative statutes, and the Administrative Procedures Act. There are also urgent appeals for those members who are in crisis and need a faster appeals review.

Mr. Leary stated his commitment to provide contract access, both in its entirety and in sections. **Chairman Wood(27)** encouraged Mr. Leary to accomplish this quickly, notifying Chairman Wood(27) if the committee can help complete this task.

For the record, no one else indicated their desire to testify.

MOTION:

Rep. Hancey made a motion to approve **Docket No. 16-0309-1301**.

Dennis Stevenson, Coordinator, Administrative Rules, was invited to answer a Committee question. He said the rules stricken from code are gone and, in this situation, the contract would have to be reviewed to know what has been replaced. The DHW reviews the contract.

Rep. Malek invoked Rule 38 stating a possible conflict of interest because he serves on the Optum Advisory Board and works for an organization that bills for Medicaid services.

Answering further questions, **Ms. Martelle** explained that the rules are being removed because the delivery system is changing completely and individual practitioners and agencies no longer work for the Department. The contractor is now responsible for all service delivery and providers. The contract is very specific about upholding the Rules along with the federal and state standards. Continued Rule and contract coexistence would create authority conflict and confusion.

Ms. Martelle said the contract requirements are set up to include responsibility for coordination of discharge planning and close monitoring afterwards. Assuring a seamless experience for the member is a goal of the Department, with Optum expressing similar values. They continue to work toward a perfected process. She stated that more aggregate outcome reports will be sent to the committee. Ms. Martelle added that they will work with any Committee member on any specific case outcome issues.

VOTE ON MOTION:

Chairman Wood(27) called for a vote on the motion to approve **Docket No. 16-0309-1301. Motion carried by voice vote.**

DOCKET NO. 16-0310-1301:

Pat Martelle presented **Docket No. 16-0310-1301**, which is a companion Rule change to **Docket No. 16-0309-1301** because the fee-for-service regulations appeared in two chapters that covered the now nonexistent basic and enhanced benefit plans. The only relevant remaining information is service coordination benefits, which apply to other programs.

For the record, no one indicated their desire to testify.

MOTION:

Rep. Hixon made a motion to approve **Docket No. 16-0310-1301. Motion carried by voice vote.**

Chairman Wood(27) opened the DHW budget Joint Finance and Appropriations Committee (JFAC) discussion by listing the various budget categories.

Dave Taylor, Deputy Director, DHW, was invited to address the Committee. He explained each prioritized line item, beginning with Medicaid. Mr. Taylor stated that the proposed community Crisis Centers costs are included in the CHIP bonus receipt. He also stated the license and certification pay increases will retain and maintain license and certification work and keep the facility surveys in compliance.

In responding to questions, **Mr. Taylor** said the additional social workers for Child Welfare is a response to the federal recommendation to maintain the current eight positions with pay increases. The Department realized they had the funding option to either give the suggested pay increases to the existing positions or fill six vacant positions

Sarah Stover, Division of Financial Management, was invited to answer the question further. She explained that the requested additional full-time personnel could fill some vacancies previously impacted by budget constraints. There were two additional staff requests for welfare recovery positions. It is anticipated that these positions will generate enough findings savings to cover their salaries. There are no recommendations for additional internal audit staff.

Ms. Stover further responded that the Decision Unit -\$11 million Governor's recommendation creates a health care assistance fund from the capitol restoration bond payment savings.

Answering a question, **Mr. Taylor** said the Division of Welfare's eligibility system integration total is 90% federal funds with an additional 10% from a federal food stamp program bonus. This is one time money for this integration project. Discussion with the federal entity indicates they are okay with this use of the bonus money. If the bonus were not used for this project the Department would use their discretion on where best to apply the funds. This bonus amount is expected to be \$1,180,000.

Ms. Stover answered another question, stating that the additional Health Care Assistance funds supplant existing General Fund dollars, with no changes within the program, and will be deposited into a cooperative welfare account to offset current expenditures.

Chairman Wood(27) thanked the Committee for the discussion, stating that no decisions are necessary at this time. Review and discussion at a future meeting or with the Department are appropriate. He reminded the Committee that the internet budget book contains a lengthy explanation of each line item.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:18 am.

Representative Wood(27)
Chair

Irene Moore
Secretary