

Minutes of the Joint Legislative Oversight Committee
July 12, 2007
East Conference Room, JR Williams Office Building
Boise, Idaho

Co-chair Senator Shawn Keough called the meeting to order at 10:00 a.m. Attending the meeting were Senators Elliot Werk and John McGee, and Representatives Margaret Henbest, Maxine Bell, Donna Boe, and Clifford Bayer. Senator Edgar Malepeai was excused from the meeting. Also present were Rakesh Mohan, Director, Margaret Campbell, Administrative Coordinator, and all other OPE staff.

Co-chair Keough welcomed those in attendance, including:

Senators: Dean Cameron, Russ Fulcher, Mel Richardson

Representatives: Sharon Block, Jim Collins, Jim Marriott, Wendy Jaquet, Jim Patrick, Nicole LaFavour, Donna Pence, John Rusche, Fred Wood

State Controller: Donna Jones

Budget and Policy Analysis: Amy Castro

Office of the Governor: Bob Wells

Division of Financial Management: David Hahn, Lloyd Knight

Judiciary: Patti Tobias

Department of Administration: Mike Gwartney

Department of Insurance: Bill Deal

Department of Health and Welfare: David Butler

Office of Drug Policy: Debbie Field

State Board of Education: Karen McGee, Karen Echeverria

Department of Education: Tim Hill

Idaho School for the Deaf and the Blind: Mary Dunne

Commission for the Blind and Visually Impaired: Angela Roan

Idaho National Guard: Col. Bill Shawver

Idaho State University: Robin Dodson, Kent Kunz

University of Idaho: Marty Peterson

Boise State University: Ross Borden

REPORT RELEASE: FINAL DRAFTS OF *HEALTH INSURANCE COVERAGE IN IDAHO* AND *OPTIONS FOR EXPANDING ACCESS TO HEALTH CARE FOR THE UNINSURED*

Mr. Mohan said the reports were released in draft status to allow for editing factual errors and typos. When finished, OPE would replace the final drafts with the actual reports on its website.

Representative Henbest moved to receive the reports on health care coverage in Idaho and options for expanding health care for the uninsured. Senator McGee seconded the motion, and it unanimously passed by voice vote.

Mr. Mohan provided a history of the study of health care issues. In 2006, the Joint Legislative Oversight Committee directed OPE to study health care spending and identify ways to help the

uninsured in Idaho, as requested by the Health Care Task Force. OPE hired consultants and organized the study in a multi-phase approach—complete the first phase in 2007 and, upon approval from Legislature, complete the second phase in 2008. The committee would hear the first half of phase one today and the second half at a meeting in October.

Ms. Lynn Taylor, Senior Researcher from Mathematica Policy Research, provided a summary of the report on *Health Insurance Coverage in Idaho*. Representative Boe asked if premiums for employees tended to increase while the employers' amount stayed stable. Ms. Taylor said the amount spent by both the employer and the employee have increased equally. (After the meeting, Ms. Taylor corrected herself and said the burden of premium increases fall more on the employee).

Senator Werk asked about the role of public coverage and what percent of health care coverage is paid by taxpayer funds. Ms. Taylor said public coverage included Medicaid and SCHIP recipients. The report found limited data for coverage provided by public employers. Mr. Ned Parrish, Principal Performance Evaluator, said the second phase of the study (anticipated release in October) would provide information on public sector contributions.

Representative Henbest asked how Idaho could encourage eligible children to enroll in public health programs. Ms. Taylor said factors affecting enrollment included ease of application, distribution of materials, and materials offered in various languages.

Representative Bayer asked why employees in lower-wage firms declined health coverage. Ms. Taylor said the state did not have an employer survey that showed conclusively why Idaho employees were declining coverage. Surveys from other states, however, indicate that employees who decline coverage offered by their employer either have another source of coverage (e.g., through a spouse) or they were unable to afford their share of the premium.

Ms. Taylor presented a summary of the second report *Options for Expanding Health Care Coverage for the Uninsured*. Representative Henbest asked about a connector program in Massachusetts and whether it provided an individual product or a pooled product. Ms. Taylor said that Massachusetts pooled together individuals and small groups to achieve lower premium rates for individuals. She said that purchasing coverage in the connector program via an employer gave employees an opportunity to move from one employer to another and retain their individual policy.

Responding to a question about the federal match for childless adults, Ms. Taylor said that while some states have this benefit, it was difficult to obtain and typically required a waiver. She noted that current policy debates at the federal level may make support for poor, childless adult coverage more available in the future.

Senator McGee moved to send the reports to the Health Care Task Force and to the germane committees in the House and the Senate. Representative Henbest seconded the motion, and it unanimously passes by voice vote.

The committee broke for lunch.

FOLLOW-UP REPORT RELEASE: *STATE SUBSTANCE ABUSE TREATMENT EFFORTS*

Representative Boe moved to receive the follow-up report on substance abuse treatment efforts. Senator McGee seconded the motion, and it unanimously passed by voice vote.

Ms. Carrie Parrish, Research Assistant, provided a summary of the report. Representative Henbest asked about the recommendation for fiscal training. Ms. Parrish said the recommendation was based specifically on the shortage of grant funds in fiscal year 2005. The department was currently on a roller coaster of substance abuse funding. She said there was a disconnect between fiscal management and program management, with little to no mechanism to forecast caseloads. Representative Henbest asked if training would help this issue. Ms. Parrish said funding issues were much larger than staff training; the department needed collaboration between fiscal and program management.

Representative Boe asked if the Department of Correction and the Department of Juvenile Corrections were included in the estimation of total treatment needs. Ms. Parrish said those agencies, the Interagency Committee, and the Judiciary were combining data to determine needs and waiting lists. Representative Boe asked how Correction and Juvenile Corrections were estimating treatment need. Ms. Parrish said that because the two agencies did not use the same system, calculation of need was difficult. The Department of Correction had an intake process that identified substance abuse need and provided inmate treatment accordingly.

Co-chair Keough called on Mr. Scott Jensen, Department of Correction, who said the number of inmates on the waiting list varied based on parole date, but said he would provide year end numbers when they were available. Mr. Larry Calicutt, Director of Juvenile Corrections, said he thought the amount of juveniles on the waiting list was a problem, given the number of juveniles coming to the corrections system with substance abuse problems.

Representative Henbest asked why the goal had not been met for more independent audits of providers. Ms. Kathleen Allyn, Administrator of the Division of Behavioral Health, said that audits occurred with the renewal of contracts and many providers had not renewed yet. Also, the department had one person conducting all audits. Representative Henbest followed up by asking how many audits one person could complete in a year. Ms. Allyn said the audit person was increasing the number of audits per year, but the department may need to assign more resources to the project.

Senator McGee asked why the department had not reached its goal of 97 percent accuracy for data transfers between it and the management services contractor. Ms. Parrish said the department and the contractor used different systems that did not speak well with each other. Ms. Allyn added that the department was moving to a new system that will increase accuracy. She said the next management services contract will require the provider to have a compatible system.

Representative Henbest moved to conduct a follow-up review of substance abuse treatment efforts in six months. Representative Boe seconded the motion, and it unanimously passed by voice vote.

SECOND FOLLOW-UP REPORT RELEASE: *HIGHER EDUCATION RESIDENCY REQUIREMENTS*

Senator McGee moved to receive the follow-up report on higher education residency requirements. Representative Boe seconded the motion, and it unanimously passed by voice vote.

Mr. Jared Tatro, Performance Evaluator, presented a summary of the follow-up report. Representative Henbest asked about the board's progress with regard to legislation. Ms. Karen Echeverria, Policy and Governmental Affairs Officer at the State Board of Education, said she was drafting legislation and would work with legislators to ensure it was acceptable.

Representative Henbest moved to conduct a follow-up review of higher education residency requirements in one year. Representative Boe seconded the motion, and it unanimously passed by voice vote.

FOLLOW-UP REPORT RELEASE: *IDAHO SCHOOL FOR THE DEAF AND THE BLIND (ISDB)*

Senator McGee moved to receive the follow-up report on the Idaho School for the Deaf and the Blind. Representative Bayer seconded the motion, and it unanimously passed by voice vote.

Mr. Sean Borzea, Performance Evaluator, presented a summary of the follow-up report. Senator McGee asked why the recommendation was not implemented concerning policies to guide instruction for students with cochlear implants. Ms. Gerene Hamilton, ISDB Transition Coordinator, said the transition committee had been charged to develop standards that included qualifications for instruction and requirements for service delivery. She said the new model had provisions for an auditory-oral approach that many children with cochlear implants choose.

Representative Bell said she thought the report could be closed because the intent of the Oversight Committee had been accomplished. In addition, the State Board of Education was fully involved with transitioning the program to a new service delivery model.

Representative Bell moved to close the report. Representative Bayer seconded the motion, and it unanimously passed by voice vote.

SECOND FOLLOW-UP REPORT RELEASE: *PUBLIC EDUCATION TECHNOLOGY INITIATIVES*

Ms. Amy Lorenzo, Senior Performance Evaluator, presented a summary of the follow-up report. Co-chair Keough called on Senator Mel Richardson, Chairman for the Idaho Council for Technology in Learning. He said a subcommittee of the council would meet the following day and the council would meet on July 31 to approve the K-20 plan. Once approved, the council would present the plan to the State Board of Education. He said the council needed to solve the problem of testing and were looking at new equipment as a solution.

Representative Henbest moved to conduct a follow-up review of public education technology initiatives in one year. Representative Boe seconded the motion, and it unanimously passed by voice vote.

The committee took a break.

SCOPE APPROVAL: ANALYSIS OF THE FUNDING FORMULA FOR PUBLIC EDUCATION AND A REVIEW OF VIRTUAL SCHOOL REVENUES, EXPENDITURES, AND STUDENT PERFORMANCE

Co-chair Keough asked Mr. Mohan to discuss the workload of the office prior to discussing the scopes. Mr. Mohan said the October meeting of the committee would look at the following workproducts:

- **Three follow-up reviews.** Management in the Department of Health and Welfare, Child Welfare Caseload Management, and School District Administration and Oversight
- **Three health care costs reports.** OPE and two consultants, Tedd McDonald and Bob Thomas, were overseeing the work of the second health care consultant, State Health Access Data Assistance Center (SHADAC) of the University of Minnesota.
- **Performance measurements survey results.** OPE will conduct a survey of state agencies and lawmakers regarding performance measures, as requested by the committee at the last meeting.

In addition, Mr. Mohan said staff could address two evaluation studies for release in January 2008.

Ms. Lorenzo presented a scope for the funding formula and virtual school study. Responding to Senator Werk's question, Ms. Lorenzo said part A and B could occur at the same time. Senator McGee said that he would like more "bang for the buck." Virtual school budgets were only 1 percent of the fiscal budget. He encouraged looking at studies that focused on a bigger budget impact, like school district services consolidation. He said he believed OPE would have a difficult time looking at the funding formula until the state addressed some larger pieces of it.

Representative Henbest said she appreciated Senator McGee's comments on magnitude, but believed timeliness was also important, as in the report on substance abuse treatment issues. She also said the Idaho School for the Deaf and the Blind was a small piece of the budget, but had glaring problems. She said she had concerns about findings in the virtual school report.

Representative Boe said she respected the work of OPE and believed that any work done toward efficient educational funding was valuable. She said she would like the staff to conduct work on part A and part B of the scope to better define virtual schools, given the important role virtual schools played in rural Idaho.

Representative Bayer said the funding formula was a work in progress with constant changes between urban and rural education. He believed that the Legislature needed to focus on school

district services consolidation before making changes to the funding formula. He agreed with Superintendent Luna—OPE was the best entity to conduct a services consolidation evaluation.

Senator Werk said virtual schools had one third of the added support units in fiscal year 2008 and its growth was substantial. Because other states had some less than savory experiences, he wanted to further evaluate virtual schools and make sure accountability remained intact.

Co-chair Keough suggested reviewing topic requests before proceeding further.

POSSIBLE TOPIC SELECTION AND OTHER BUSINESS

School District Consolidation

Mr. Mohan discussed a request for school district services consolidation. He said the study would be complicated and visible. He proposed that OPE create a scope, have it approved via e-mail or conference call within the next month, and present the report to the committee in January 2008.

Broadband/Internet Services/Public Safety Communications

Mr. Mohan said the Governor had requested a combined study of the two requests—broadband/Internet use and public safety communications services. Mr. Mohan said he spoke with key people at the Department of Administration, Office of the State Controller, Idaho State Police, the Idaho Transportation Department, and the Division of Military. Everyone he spoke with supported the request, but with different emphases. Again, he proposed approving a scope via e-mail or conference within the next month.

Sheltered Workshops

Representative Bell said the request for sheltered workshops had been on the table for several years. She said the committee may want to resolve this issue before moving to the larger broadband study. Representative Henbest agreed and said that JFAC had been hesitant to increase the budget for sheltered workshops because controls were not yet in place. She asked about the status of rules.

Co-chair Keough called on Ms. Karen Echeverria to address the committee. Ms. Echeverria said that all but one rule was adopted during the last session. She said the Council for Developmental Disabilities and Vocational Rehabilitation was revising the remaining rule. Representative Henbest said she did not want to drop the issue, but also did not want to get in the way of something that was moving forward.

Representative Henbest recommended that OPE get a formal response from Vocational Rehabilitation about implementation of recommendations from its financial audit. She also requested a formal response from Marilyn Sword, Executive Director of the Idaho Council of Developmental Disabilities, with an update on her concerns. Representative Henbest requested a report at the October meeting.

Senator McGee moved to conduct a study on the consolidation of school district services as first priority, and as second priority, he moved to conduct a study of the state's overall

information technology management, as requested by the Governor. Representative Bell seconded the motion.

Senator McGee said he would like the scope on school services to have a history of consolidation and deconsolidation and potential cost savings. In response to Co-chair Keough's question, Mr. Mohan said OPE could conduct both reports in multi-phases and have phase 1 of each report ready by January 2008.

If the current motion passed, Representative Henbest asked if there was any action for agencies involved with virtual schools. Mr. Mohan suggested that JFAC consider asking the financial auditors to look into the fiscal accountability of virtual schools. Co-chair Keough said that any legislator on the committee could carry statute changes for virtual schools next session. The committee could request a follow-up review in six months on the progress of the State Board of Education and the Public Charter School Commission.

The motion passed by voice vote.

Senator McGee said examples of consolidation of services would include transportation, food programs, and purchasing in bulk.

Representative Henbest moved to conduct a follow-up review of *Virtual School Operations* for release at a meeting in October and to send a letter from the co-chairs, highlighting recommendations of the report to the State Board of Education, the Public Charter School Commission, and Legislative Audits. Representative Boe seconded the motion, and it unanimously passed by voice vote.

Representative Boe said she hoped the Public Charter School Commission would consider other oversight duties beyond just approving charter schools.

OFFICE BUSINESS

Senator Keough asked the committee to review materials about studies on transportation issues in other states. These studies were mentioned by Mr. Mohan at the last two JLOC meetings during the session. She also said that if the committee felt a transportation study was relevant, it could request funds for a study in the next session.

The committee adjourned at 4:20 p.m.