

Minutes of the Joint Legislative Oversight Committee
February 7, 2011
Room EW 20, Capitol Building
Boise, Idaho

Co-chair Representative Cliff Bayer called the meeting to order at 3:00 p.m. Attending the meeting were Senators Elliot Werk, Jim Hammond, and Michelle Stennett, and Representatives Elaine Smith and Shirley Ringo. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff. Senator Dean Mortimer and Representative Maxine Bell were excused from the meeting.

Representative Bayer welcomed the audience and acknowledged the following attendees:
Representatives Darrell Bolz and Janice McGeachin
Matt Freeman, Budget and Policy Analysis
David Hahn, Division of Financial Management
Commissioner Grant Ipsen, Commission on Aging
Administrator Kim Wherry Toryanski, Commission on Aging
Director Jim Fields, Office on Aging Area IV

APPROVAL OF MINUTES

Senator Hammond moved to approve the minutes of the January 31, 2011, meeting. Senator Werk seconded the motion, and the motion passed unanimously by voice vote from six members present.

REPORT RELEASE: *COORDINATION AND DELIVERY OF SENIOR SERVICES IN IDAHO*

Senator Werk moved to receive the report *Coordination and Delivery of Senior Services in Idaho*. Representative Ringo seconded the motion, and the motion passed unanimously by voice vote from six members present.

Senator Hammond was excused from the meeting.

Mr. Mohan thanked the area agencies on aging (AAAs) and the commission for their cooperation and support. Amy Lorenzo, principal performance evaluator, and Bryon Welch, performance evaluator, summarized the report.

Senator Stennett asked whether congregate meals were served only to senior centers or whether meals were served to facilities with full care. Ms. Lorenzo said the state may have a few contracts for adult day care, but congregate meals were generally served at senior centers where seniors would come for lunch and participate in activities.

Senator Werk asked whether fiscal reviews were conducted by one independent consultant or more than one and whether the consultant(s) had the ability to aggregate information for all AAAs. Mr. Welch said one consultant had conducted the reviews annually. He said the

commission did not have a mechanism in place for the consultant to present statewide findings and recommendations to the commission.

Representative Ringo asked about coordinated efforts to expand other sources of financial support to senior centers. Ms. Lorenzo said programs had match requirements for funding sources other than federal monies. OPE had surveyed senior centers about other sources, and their responses ranged from bake sales to city and county funds. Representative Ringo said she was pointing out the obvious, but bake sales would not generate needed revenue to expand services.

Representative Bayer invited Ms. Kim Wherry Toryanski, administrator, Idaho Commission on Aging, to speak. Ms. Toryanski said she appreciated the thoroughness of OPE. The commission was working hard to make management improvements. She said current staff brought experience to the issues, and data management will help the commission comply with recommendations.

Representative Bayer invited David Hahn, Division of Financial Management, to address the committee. Mr. Hahn said the Governor supported the recommendations in the report and would work with the commission to make sure recommendations were implemented.

Representative Bayer invited Director Jim Fields, Office on Aging Area IV, to speak. Mr. Fields said OPE had done good job and the AAA would comply with the recommendations. He spoke about a local center in Hailey that was certified and recognized as an outstanding senior center. He said that although the trend for reimbursed meals was decreasing, home-delivered meals were increasing, likely caused by aging seniors who had become homebound. Senator Stennett said the center in Hailey had worked hard on its meals-on-wheels program. The shift to home-delivered meals required effort, and she commended the center.

Representative Bayer invited Commissioner Grant Ipsen, Commission on Aging, to speak to the committee. Mr. Ipsen spoke about his visits to senior centers in southeast Idaho. He said the centers filled a need for those who did not have day-to-day associations with other people.

TOPIC SELECTION

Representative Bayer reminded the committee that requests for topics would be considered again at a later date. Mr. Mohan briefed JLOC on two topic proposals: (1) a request from Representative McGeachin for a limited scope evaluation on the Department of Health and Welfare's contract with Molina Medicaid Solutions to process payments to Medicaid providers; and (2) a request from Speaker Denney on the effect of the charter school initiative on children and the public school system. Mr. Mohan said he would like four studies assigned to OPE this year.

Medicaid Payment Processing System

Representative Bayer asked Representative McGeachin to speak to her request. Representative McGeachin said she had received many emails since the state changed payment systems last summer. She had worked with Health and Welfare's Medicaid officials and appreciated their responsiveness. However, providers were not receiving

timely payments. In addition, she said minor budget changes to the system in January had caused more problems. Health and Welfare was looking at major changes next fiscal year and the system may not be ready to handle these changes. She said providers were ceasing treatment, sending patients to emergency rooms, and getting out of Medicaid because the problem was threatening their financial security.

Senator Stennett said the issue had been a problem in her district. Providers had taken high interest loans until they received payment, absorbing the cost of the interest. Representative Ringo said two dentists in Moscow would not take Medicaid patients anymore because of their frustrations with payment. She said one provider tried to call Molina with questions many times. When her call was finally answered, she was told that Molina staff had been instructed to let the phone ring 18 times before answering because inquiries were overwhelming.

Senator Werk asked whether a study would impact Medicaid staff's time given they were already stressed. Representative McGeachin said an evaluation would be a distraction to Medicaid staff, but staff were already distracted from their normal duties by trying to resolve payment problems.

Effect of the Charter School Initiative

Mr. Mohan discussed the request from Speaker Denney. It listed 13 substantial questions, which made the scope larger than OPE could research in a year. Mr. Mohan said that if the request was selected, he would ask the Speaker to prioritize the questions. Some comparisons may not be straight forward and could be challenging to answer. Also, data collection may be sophisticated and OPE did not have a budget for consultants. He said the questions would need to be studied using the skill set of OPE staff.

Representative Ringo said she thought the charter school request was a good idea, but she was uncomfortable with several questions that asked for comparisons of data sets different from each other. She said she too would like the Speaker to prioritize the list.

Senator Werk moved to conduct an evaluation on Medicaid and to request OPE to approach the Speaker of the House to clarify and reformulate his proposal for an evaluation. Senator Stennett seconded the motion.

In discussion, Senator Stennett said an evaluation of charter schools may be difficult to complete considering the activities of the Department of Education. She also noted that the study on Medicaid would be challenging to complete in the next few weeks.

Mr. Mohan said both topics presented challenges. The nature of the questions and the changing landscape in education made the charter school request challenging, but not impossible. Medicaid had two challenges: (1) changes in Medicaid and the indirect problem that Medicaid staff are already busy, and (2) Molina Medicaid Solutions is not a state agency and not required under state law to cooperate. He said OPE could not complete the report in eight weeks without Molina's cooperation and would need Director Armstrong's help to get that cooperation.

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Members discussed whether the report would have recommendations. Mr. Mohan said he did not think a report would be complete without recommendations.

Senator Werk amended his motion to include recommendations in the report if warranted. Senator Stennett seconded the amended motion, and the motion with its amendment passed unanimously by voice vote from five members present.

Mr. Mohan said the next meeting would probably be held on February 28 to release a follow-up report on the parole process. He would also have a list of prioritized questions from the Speaker for the committee's review.

The meeting adjourned at 4:30 pm.

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COMMITTEES

Health & Welfare
State Affairs
Millennium Fund

House of Representatives State of Idaho

February 7, 2011

Subject: Limited-Scope Performance Evaluation of Medicaid Payment Processing System

Health-care providers in Idaho have been experiencing many problems with Molina Healthcare's Medicaid billing system and many of their claims have not been paid correctly or paid at all. Many providers still have unpaid claims for denial code N95 from June and July when the system was at its worse. Recent changes enacted by the Department of Health and Welfare in January have led to an increased incidence of these problems, including a 30-40% denial rate for some providers. As a result, many health-care providers are in a crisis mode, laying off employees, limiting services to recipients and directing them to the hospital emergency rooms, and beginning an exit plan out of Medicaid funded services.

In light of these problems facing the Idaho Medicaid system, we are requesting that JLOC approves a limited-scope performance evaluation of the payment processing system for Medicaid providers in Idaho. Considering that significant problems continue to persist 7 months after Molina launched the new Medicaid Management and Information System (MMIS) in July 2010, we request that JLOC direct OPE to start the evaluation at the earliest date possible.

Specifically, we would like OPE to address the following questions:

1. What are the terms and conditions of the contract between Health and Welfare and Molina?
2. What are Molina's contractual obligations to provide adequate staffing, and meeting timely payments? What, if any, penalties exist if Molina does not meet those contractual obligations? Has Molina been paid for its services since July 2010, and if so, how much?
3. What policies and procedures are in place to process payments, address backlog, and resolve provider complaints?
4. What are Health and Welfare and Molina doing to manage the payment crisis? How are they communicating with providers who continue to experience problems with the payment processing system?
5. Is Molina adequately staffed to handle the payment crisis healthcare providers in Idaho are still experiencing?

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6. What is the status of backlog of claims that have not yet been reviewed and reviewed but not paid?
7. What is the error rate in payment processing?
8. What causes a claim to be categorized as a pending claim, and what is the reason for the delay in resolving those pending claims?
9. What is the potential liability, such as penalties imposed by the federal government, if Idaho does not make timely payments to Medicaid providers?

Thank you for your assistance in this important matter.

Sincerely,

Representative Janice McGeachin



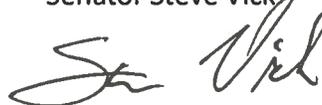
Representative Carlos Bilbao



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House of Representatives State of Idaho

SPEAKER OF THE HOUSE

February 7, 2011

Mr. Rakesh Mohan
Office of Performance Evaluation

Hand Delivered

Dear Rakesh:

At today's meeting of the Joint Legislative Oversight Committee I would like to make a request to include a performance evaluation of the effect of the charter school initiative on the children and public schools of Idaho.

Specifically, I would like you to consider the following questions:

1. What effect has the addition of charter schools had on state and federal funding for traditional K-12 school districts (start-up costs and student enrollment)?
2. Are minority students and students of poverty represented in charter schools in the same proportion that they exist in the attendance area served by the traditional public school district in which the charter school resides (a demographic comparison of public charter schools and the school districts in which they reside)?
3. What statistical evidence is there that public charter schools add academic value above and beyond those opportunities available to students in the traditional public schools? Do public charter school students progress at a greater rate than those in traditional K-12 schools?
4. Idaho Code 33-5202 provides a list of seven outcomes the Idaho Legislature intended for public charter schools. Based on objective data, what progress has been made toward reaching these intended outcomes in the last ten years?
5. Compare the true costs of educating one student for one year, including ALL local, state and federal expenditures, between Idaho charter schools on average and Idaho traditional schools on average.
6. Compare the drop-out rates of Idaho's public charter high schools with their traditional counterparts using state averages.

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7. Using any of the State sponsored and/or required academic measurements (tests) compare on average charter school students with traditional school students, particularly looking at longitudinal growth of individual students because so many charter school students are starting from a deficit position.
8. Compare Idaho's charter schools with traditional schools in the availability of on-line instruction or virtual schools. Given the variation in school size, look at the total population of charter school students for the averages.
9. Compare the average class loads by grade of charter school and traditional school elementary teachers.
10. Compare average salaries of charter school and traditional school elementary teachers.
11. Compare the costs to build schools between traditional school districts and charter schools. Specifically, in a defined time span, for a 450 student elementary school, compare the costs of a new school.
12. Compare the funds from State sources that are used specifically for teacher salaries.
13. Compare the two types of schools as to expenditures for ancillary personnel (those positions both classified and professional) that are not considered teaching positions.

If there are any questions regarding this request, please don't hesitate to contact me.

Sincerely,



Lawrence Denney
Speaker of the House

ld/scf