

Minutes of the Joint Legislative Oversight Committee  
November 14, 2012  
Capitol Auditorium  
Boise, Idaho

Cochair Representative Cliff Bayer called the meeting to order at 3:00 p.m. Attending the meeting were Senators Elliot Werk (cochair) and Dean Mortimer, and Representatives Maxine Bell, Elaine Smith, and Shirley Ringo. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff. Audience members included the following:

April Renfro, Manager, Legislative Audits  
Brian Ness, director, Idaho Transportation Department  
David Taylor, deputy director, Department of Health and Welfare  
Olivia Craven, executive director, Commission of Pardons and Parole  
Teresa Jones, administrative support manager, Department of Correction  
Jane Donnellan, planning and evaluation manager, Division of Vocational Rehabilitation  
Del Bell, executive account manager, Molina Healthcare

**FOLLOW-UP REPORT RELEASE: *DELAYS IN MEDICAID CLAIMS PROCESSING***

**Senator Werk moved to receive the report *Delays in Medicaid Claims Process*. Senator Mortimer seconded the motion, and it passed unanimously by voice vote.**

Mr. Mohan said the initial report about Medicaid delays was released in 2011 and a first follow-up report was released in January 2012. JLOC assigned a second follow-up review and asked OPE to conduct another survey of providers. Bryon Welch, senior evaluator, and Amy Lorenzo, principal evaluator, presented the report. Mr. Welch said the Medicaid claims processing system was operating more efficiently and accurately than when it was first launched two years ago, and the system had also been federally certified. He said that providers had indicated greater satisfaction with the system compared with their responses in the first follow-up review. Many providers who expressed dissatisfaction with the system identified reimbursement rates as the reason—which was outside the scope of Molina. He also indicated that the Department of Health and Welfare had recovered all but 1 percent of the \$117 million it issued to providers as an interim payment.

Representative Ringo asked a clarifying question about a bar chart on page 6 of the presentation slides which asked for respondents' most pressing Medicaid system issue. Respondents could select up to three issues; however, the third highest response was "I have no pressing issue." She asked if providers could select additional issues if they selected "I have no pressing issue." Mr. Welch said the survey was designed to restrict respondents to only one choice if they selected "I have no pressing issue." Representative Ringo indicated that the significance of the response being third highest could be skewed by the fact that it was not shared by any of the other selected categories.

In response to Representative Ringo's reference to 25 percent of providers who are unsatisfied or very unsatisfied, Mr. Welch said that not all of the unsatisfied or very unsatisfied providers had indicated reasons associated with the system for their dissatisfaction. The survey was designed to capture the percentage of providers who were unsatisfied and identify any ongoing issues. When looking at these issues, he found that many of the responses had less to do with the claims processing system and more to do with Medicaid policy. Representative Ringo said her district had lost providers because of problems with the claims processing system. She said Medicaid had two big problems: the reimbursement rates and the hassle of submitting claims—making the program not worth the effort for providers. The improvement of the system was good, but once the state had lost providers, she did not know how likely they were to come back.

Mr. Mohan said both the claims processing system and the respondents' satisfaction to the system had improved. Many providers who were unsatisfied had cited reimbursement rates as the reason for their dissatisfaction—an issue outside the jurisdiction of Molina. He recommended that the committee close the report. Representative Ringo asked how the committee could continue pressure on Molina for improvement if they close the report. Mr. Mohan said the committee could ask Molina and the department to provide a follow-up letter in six months. In addition, OPE could conduct another survey, but he was unsure whether it would be effective given that the providers' primary concern was reimbursement rates.

Looking at appendix A of the report, Senator Mortimer asked about specific months in 2012 where the number of days that claims were pending had significantly decreased and asked for an explanation. Cochair Bayer called on Del Bell, executive account manager, Molina Healthcare, to address the question. Mr. Bell said that claims held more than 60 days were generally being reviewed by the department's program integrity group. The group will identify a provider to review and ask Molina to hold the provider's claims, which would then show an increase in number. After the review is complete, the group will have Molina release the claims, which decreases the number.

In a follow-up question, Senator Mortimer pointed to weeks when the number dropped from 500 to 7 and asked whether the system was working wonderfully or whether the department's group was reviewing fewer claims. Mr. Bell said that the department's program integrity group may conduct reviews in the background and not ask Molina to pend the claims until such time when the group determines that the claims need to be held. If a provider is submitting 30 claims per week to the system and the program integrity group is reviewing three months of claims, a spike will occur in the number.

In response to Senator Mortimer's comment about the small number of claims older than 30 days, Mr. Bell said that the system had been functioning well for a long time. Molina did not have any claims older than 30 days that were within Molina's ability to work. He said that 95 percent of Molina's claims process in seven days as compared with a CMS standard of 90 percent in 30 days.

Senator Werk said he had a sense from some members of JLOC and staff that another follow-up may not be needed; however, some members of JLOC said that a follow-up could keep pressure on Molina to continue improvement. He asked whether the germane committees or JFAC could

delve into the issue more. Senator Mortimer said he was comfortable with Molina's progress and would be willing to ask for something in the future without requesting another follow-up. Representative Smith said she liked Molina's improvements but still wanted the pressure on Molina to continue to decrease the number of respondents who were unsatisfied and very unsatisfied. She suggested that maybe the germane committees could follow up.

**Senator Werk moved to close the report *Delays in Medicaid Claims Processing* and to have the JLOC cochairs write letters to the two germane committees and JFAC, enclosing the initial report and the two follow-up reports and suggesting the committees keep track of the claims processing issue and come back to JLOC if concerns arise. Representative Bell seconded the motion, and it passed unanimously by voice vote.**

**FOLLOW-UP REPORT RELEASE: *INCREASING EFFICIENCIES IN IDAHO'S PAROLE PROCESS***

**Senator Mortimer moved to receive the report *Increasing Efficiencies in Idaho's Parole Process*. Representative Smith seconded the motion, and it passed unanimously by voice vote.**

Mr. Mohan said the initial report about the parole process was released in 2010 and a first follow-up report was released in 2011. JLOC assigned a second follow-up for release in fall 2012 and had the Commission of Pardons and Parole and the Department of Correction provide an interim update in January 2012 about their progress in implementing recommendations. He said the presentation today would be different in format and would not include slides. The implementation status of each recommendation was summarized by the agency in their response letters located at back of the report. Maureen Brewer, principal evaluator, presented the report.

Ms. Brewer said OPE had issued seven reports in the past 11 years that detailed problems with the commission's ability to maintain adequate parole data. This poor level of data management had resulted in a lack of accurate, reliable statistics on the number of offenders who experience release delays. She said the commission currently keeps its data in Word tables. OPE had to undergo a massive cleanup of data in both 2010 and 2012 in order to conduct an analysis of parole release timeliness. In 2010 OPE reported that 69 percent of offenders in the study sample experienced a release delay. This year, 57 percent had a release delay. However, the data was prone to errors, which prevented OPE from fully capturing potential reductions in release delays. Ms. Brewer said additional follow-ups on parole release delays will be of little use until critical changes take place to modernize and automate how data is managed.

Senator Werk indicated that JLOC had been working with the commission for more than a decade and the commission had been unable to provide any reliable data. He said that another follow-up review would be a waste of time because staff had nothing to work with.

Senator Mortimer asked whether software could be obtained from other states. Ms. Brewer said that other states may have software; however, even moving the data from MS Word to MS Excel would be a major improvement. In response to Senator Mortimer's question about whether OPE had determined certain data points that could be put in Excel, Ms. Brewer said that OPE sent the commission a management letter in 2010 outlining specific data management practices. OPE

also took the commission's Word tables with specific data points, converted it into Excel, provided it to the commission, and gave the commission training to use it. The commission said later that the spreadsheet had been too cumbersome.

Senator Mortimer asked if OPE had looked at whether the data problem was the lack of personnel and sufficient funds. Ms. Brewer said that while the commission may have good reason for additional personnel and funds, additional levels of support for maintaining data are not needed. She said the commission could have moved the data into Excel or Access and brought in a high school or college intern to enter the data—some effort would have been a big leap forward. She said that the commission could have made significant progress without additional funds.

Senator Mortimer, referring to the percentages of inmates with delayed parole releases, said that parole dates were projected and dependent upon the progress of the offenders. He asked how the state could legitimately put into numbers a percentage of offenders who exceeded the time they would be ready for parole. Had OPE taken into consideration the progress or lack of progress inmates had made in the correction system or was it simply just the data. Ms. Brewer said OPE used the same criteria in its 2010 analysis that it used in 2012—it only analyzed offenders who fell into very specific criteria (outlined in footnote 4 of the report). The analysis was a best case scenario—if OPE found any reason that an offender might have a delay outside of the commission's or the department's control, he or she was not included in the analysis.

Senator Werk said he felt the committee was in an extraordinary moment. He said JLOC needed to accept staff's recommendation to close efforts because any expanded efforts were a waste of time until the commission moves forward. **Senator Werk moved to close the report *Increasing Efficiencies in Idaho's Parole Process* and to send a letter from the cochairs to the germane committees and the Governor—with all the reports issued—stating the reason for the report closure. Representative Bell seconded the motion.**

Senator Mortimer said he had mixed emotions. The state had to make progress. He said he was concerned that by saying JLOC is not going to do anything, the issue would lose emphasis. Was there some way to put sufficient emphasis on it so germane committees make sure that something happens? How could JLOC create emphasis and make progress?

Cochair Bayer said he thought the motion did incorporate progress in the sense of sharing the historical information and the cause and effect of the proceedings in this meeting with the germane committees and the executive branch. As the maker of the motion, Senator Werk said JLOC can only evaluate an agency to the degree that it has a foundation to work with. If an agency has been unable for more than a decade to create that foundation, JLOC is just spinning its wheels. He said that a letter to the germane committees and the Governor could be explicit about why JLOC felt it could not make further progress under current conditions. He hoped that the executive branch and the germane committees would understand the nature of what JLOC was trying to say.

Senator Mortimer said he agreed with the motion and recommended that the JLOC letter have verbiage that recommends a data collection system be implemented by the department and the

commission. Senator Werk said this suggestion was a good one—a verifiable data collection and analysis system at the commission at the earliest possible moment. Mr. Mohan also indicated that he would be available to talk in person to the germane chairs or to brief the germane committees—as long as the chairs of the committees extended an invitation.

**The motion to close *Increasing Efficiencies in Idaho’s Parole Process* and to send a letter to the germane committees and the Governor passed unanimously by voice vote.**

**FOLLOW-UP REPORT: *IDAHO’S END-STAGE RENAL DISEASE PROGRAM***

Mr. Mohan said the renal disease report was released in March but JLOC did not have time at that meeting to hear the report or to take action. Hannah Crumrine, senior evaluator, presented the report. Ms. Crumrine said that the Legislature passed Senate Bill 1326 during the last session that phases out the end-stage renal disease program by June 30, 2013. In the meantime, OPE found that the Division of Vocational Rehabilitation had sufficiently strengthened its internal controls, allowing the division to better enforce its policies for current program participants.

Representative Ringo said she was working with a constituent who travels from St. Maries to Coeur d’Alene for dialysis. She asked if patients had lost services for transportation. Ms. Crumrine said that transportation services are provided by the program until June and some patients may receive these services through Medicare. However, not all patients receive Medicare and she was not sure whether Medicaid provided transportation services.

Cochair Bayer called on David Taylor, deputy director, Department of Health and Welfare, to address the committee. Mr. Taylor said he did not have an answer to whether Medicaid provided transportation, but he would research the question and provide the committee with a response.

Senator Werk said he hoped end-stage patients could get the services they needed because kidney dialysis was something they could not live without. **Senator Werk moved to close the report *Idaho’s End-Stage Renal Disease Program*. Representative Bell seconded the motion, and it passed unanimously by voice vote.**

**FOLLOW-UP REPORT: *IDAHO TRANSPORTATION DEPARTMENT PERFORMANCE AUDIT***

Mr. Mohan said the transportation report was released in March but JLOC did not have time at that meeting to hear the report or to take action. Lance McCleve, senior evaluator, presented the report. He said the Idaho Transportation Department has completed implementation of nearly all of the recommendations from a 2009 performance audit. The audit made 45 recommendations to the department that would establish long-term vision and strategy and would unify performance measures that are driven by strategic goals.

Senator Werk noted the contrast between ITD and the Commission of Pardons and Parole. He asked for a quick update of partially implemented recommendations. Cochair Bayer called on Brian Ness, director, ITD, to address the committee.

Mr. Ness said he was pleased with the department’s progress. In November 2011, the board approved three goals with specific measures in its strategic plan. Beginning in January 2012, the

department worked to connect these organizational goals to the performance goals of every ITD employee. Each division developed business plans to achieve the organizational goals, then each employee's performance plan was redesigned to include measures that were directly related to the goals. The reorganization showed to each employee that what he or she did was important to achieving the department goals.

Mr. Ness said another piece of the report implementation was technical training. ITD needed to increase how it managed contracts and projects. Technical skills were important, but the department had been missing leadership skills. The department had measured its organizational culture and looked at every leader, including the director, and how these leaders were viewed by their peers, subordinates, and supervisors. All leaders took away several things to work on to make themselves better leaders, which were included in their performance plans. ITD also planned to cascade this process to every supervisor.

Senator Werk asked about the reports for financial planning and budgeting. Mr. Ness said the department was moving along with implementation of the systems and used the reports in its monthly board meetings. Mr. Ness said he was particularly interested in cash flow. The systems would help ITD speed up how it processes reports, turning cash around quickly to the contractors. Mr. Ness said he believes that by turning the cash around quickly, the department would see better bid prices.

In response to Senator Werk's question about when the financial planning and budgeting reports would be fully implemented, Mr. Ness said he was unsure and would get that information to JLOC.

Mr. Mohan said the department had done a good job with its massive task of implementing audit recommendations. He recommended the report be closed.

**Senator Mortimer moved to close the Idaho Transportation Department Performance Audit. Representative Smith seconded the motion, and it passed unanimously by voice vote.**

#### **COMMITTEE BUSINESS**

Mr. Mohan thanked the committee for supporting OPE work. He said he spoke to Legislative Council earlier in the month and asked the council to assign JLOC members during December's organizational session so OPE could start releasing reports during the first week of session. If the committee is assigned, he said he planned to release three reports within the first three weeks of session.

Cochair Bayer expressed appreciation and gratitude for the dedicated service of the committee and staff. He said serving on the committee had left him with a feeling of accomplishment. Senator Werk said that with Cochair Bayer's movement to the Senate, JLOC will certainly see changes in leadership. JLOC was a special committee and the assignment had been a good gig to have.

**Senator Mortimer moved to adjourn. Senator Werk seconded the motion, and it passed unanimously by voice vote.**

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*The meeting adjourned at 4:45 p.m.*