

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 701

BY APPROPRIATIONS COMMITTEE

AN ACT

REDUCING THE APPROPRIATION TO THE DEPARTMENT OF HEALTH AND WELFARE FOR MEDICAL ASSISTANCE SERVICES FOR FISCAL YEAR 2010; APPROPRIATING ADDITIONAL MONEYS TO THE DEPARTMENT OF HEALTH AND WELFARE FOR MEDICAL ASSISTANCE SERVICES FOR FISCAL YEAR 2010; APPROPRIATING MONEYS TO THE DEPARTMENT OF HEALTH AND WELFARE FOR MEDICAL ASSISTANCE SERVICES FOR FISCAL YEAR 2011; LIMITING THE NUMBER OF FULL-TIME EQUIVALENT POSITIONS; PROVIDING THAT THE STATE CONTROLLER SHALL MAKE TRANSFERS FROM THE GENERAL FUND; PROVIDING LEGISLATIVE INTENT FOR THE EDUCATION STIPEND FOR DEPARTMENT OF HEALTH AND WELFARE EMPLOYEES; ALLOWING TRANSFERS BETWEEN PERSONNEL COSTS AND OPERATING EXPENDITURES; AUTHORIZING THE EXPENDITURE OF ALL DEDICATED FUNDS COLLECTED; AUTHORIZING A TRANSFER OF CERTAIN MONEYS APPROPRIATED FOR TRUSTEE AND BENEFIT PAYMENTS; PROVIDING FOR REAPPROPRIATION OF GENERAL FUNDS; PROVIDING LEGISLATIVE INTENT FOR PROGRAM INTEGRITY; PROVIDING LEGISLATIVE INTENT FOR MEDICAID PRICING FREEZES; PROVIDING LEGISLATIVE INTENT FOR MEDICAID PROGRAM FLEXIBILITY FOR FISCAL YEAR 2011; PROVIDING LEGISLATIVE INTENT FOR COST CONTAINMENT MEASURES; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. Notwithstanding any other provision of law to the contrary, the appropriation made in Section 1, Chapter 264, Laws of 2009, to the Department of Health and Welfare for Medical Assistance Services is hereby reduced by the following amounts for the designated programs, according to the designated expense classes from the listed fund for the period July 1, 2009, through June 30, 2010:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
I. MEDICAID ADMINISTRATION & MEDICAL MANAGEMENT:				
FROM:				
Cooperative Welfare (General)				
Fund	\$477,200	\$631,600	\$91,800	\$1,200,600
II. COORDINATED MEDICAID PLAN:				
FROM:				
Cooperative Welfare (General)				
Fund			\$6,665,400	\$6,665,400

	FOR	FOR	FOR	
	PERSONNEL	OPERATING	TRUSTEE AND	
	COSTS	EXPENDITURES	BENEFIT	TOTAL
			PAYMENTS	
5	III. ENHANCED MEDICAID PLAN:			
6	FROM:			
7	Cooperative Welfare (General)			
8	Fund		\$9,340,100	\$9,340,100
9	IV. BASIC MEDICAID PLAN:			
10	FROM:			
11	Cooperative Welfare (General)			
12	Fund		\$4,436,300	\$4,436,300
13	GRAND TOTAL	\$477,200	\$631,600	\$20,533,600
				\$21,642,400

14 SECTION 2. In addition to the appropriation made in Section 1, Chapter
15 264, Laws of 2009, there is hereby appropriated to the Department of Health
16 and Welfare for Medical Assistance Services the following amount to be ex-
17 pended for the designated programs according to the designated expense class
18 from the listed funds for the period July 1, 2009, through June 30, 2010:

19	I. COORDINATED MEDICAID PLAN:			
20	FOR:			
21	Trustee and Benefit Payments			\$19,569,100
22	FROM:			
23	Hospital Assessment Fund			\$4,069,100
24	Cooperative Welfare (Federal) Fund			<u>15,500,000</u>
25	TOTAL			\$19,569,100
26	II. BASIC MEDICAID PLAN:			
27	FOR:			
28	Trustee and Benefit Payments			\$262,200
29	FROM:			
30	Hospital Assessment Fund			\$262,200
31	GRAND TOTAL			\$19,831,300

32 SECTION 3. There is hereby appropriated to the Department of Health and
33 Welfare for Medical Assistance Services the following amounts to be expended
34 according to the designated programs for the designated expense classes from
35 the listed funds for the period July 1, 2010, through June 30, 2011:

	FOR	FOR	FOR	
	PERSONNEL	OPERATING	TRUSTEE AND	
	COSTS	EXPENDITURES	BENEFIT	TOTAL
			PAYMENTS	
1				
2				
3				
4				
5	I. MEDICAID ADMINISTRATION & MEDICAL MANAGEMENT:			
6	FROM:			
7	Cooperative Welfare (General)			
8	Fund	\$6,352,200	\$6,688,700	\$1,219,200
9	Idaho Health Insurance Access Card			\$14,260,100
10	Fund		152,000	152,000
11	Cooperative Welfare (Dedicated)			
12	Fund		5,983,800	5,983,800
13	Cooperative Welfare (Federal)			
14	Fund	<u>11,084,600</u>	<u>19,116,700</u>	<u>1,638,600</u>
15	TOTAL	\$17,436,800	\$31,941,200	\$2,857,800
16	II. COORDINATED MEDICAID PLAN:			
17	FROM:			
18	Cooperative Welfare (General)			
19	Fund		\$90,168,900	\$90,168,900
20	Hospital Assessment			
21	Fund		4,234,700	4,234,700
22	Cooperative Welfare (Dedicated)			
23	Fund		10,688,400	10,688,400
24	Cooperative Welfare (Federal)			
25	Fund		<u>356,151,700</u>	<u>356,151,700</u>
26	TOTAL		\$461,243,700	\$461,243,700
27	III. ENHANCED MEDICAID PLAN:			
28	FROM:			
29	Cooperative Welfare (General)			
30	Fund		\$131,343,700	\$131,343,700
31	Idaho Health Insurance Access Card			
32	Fund		1,551,400	1,551,400
33	Medical Assistance			
34	Fund		2,500	2,500
35	Hospital Assessment			
36	Fund		2,537,900	2,537,900
37	Cooperative Welfare (Dedicated)			
38	Fund		38,131,000	38,131,000

	FOR	FOR	FOR	
	PERSONNEL	OPERATING	TRUSTEE AND	
	COSTS	EXPENDITURES	BENEFIT	TOTAL
			PAYMENTS	
5	Cooperative Welfare (Federal)			
6	Fund		<u>450,176,000</u>	<u>450,176,000</u>
7	TOTAL		\$623,742,500	\$623,742,500
8	IV. BASIC MEDICAID PLAN:			
9	FROM:			
10	Cooperative Welfare (General)			
11	Fund		\$62,463,600	\$62,463,600
12	Idaho Health Insurance Access Card			
13	Fund		4,077,100	4,077,100
14	Hospital Assessment			
15	Fund		6,558,900	6,558,900
16	Cooperative Welfare (Dedicated)			
17	Fund		31,536,600	31,536,600
18	Cooperative Welfare (Federal)			
19	Fund		<u>312,971,700</u>	<u>312,971,700</u>
20	TOTAL		\$417,607,900	\$417,607,900
21	GRAND TOTAL	\$17,436,800	\$31,941,200	\$1,505,451,900
				\$1,554,829,900

22 SECTION 4. FULL-TIME EQUIVALENT POSITIONS. In accordance with Section
23 67-3519, Idaho Code, the Department of Health and Welfare is authorized no
24 more than two hundred eighty-three (283) full-time equivalent positions for
25 the Medical Assistance Services Division during the period July 1, 2010,
26 through June 30, 2011. Transfers of full-time equivalent positions between
27 appropriated programs within the department are authorized and shall be
28 reported in the budget prepared for the next fiscal year. Any full-time
29 equivalent positions in excess of the Department of Health and Welfare's
30 total cap may be authorized only by the Governor and promptly reported to the
31 Joint Finance-Appropriations Committee.

32 SECTION 5. GENERAL FUND TRANSFERS. As appropriated, the State Con-
33 troller shall make transfers from the General Fund to the Cooperative
34 Welfare Fund, periodically, as requested by the director of the Department
35 of Health and Welfare and approved by the Board of Examiners.

36 SECTION 6. EDUCATION STIPEND FOR DEPARTMENT OF HEALTH AND WELFARE
37 EMPLOYEES. Recognizing that employee development is an essential part
38 of a workforce but that budget shortfalls require a reprioritization of
39 expenditures towards core functions first and development and training
40 second, the Department of Health and Welfare is hereby directed not to pay
41 any education stipends, with the exception of the IV-E funding source, for

1 employees during the fiscal year 2011 due to budgetary shortfalls and a
2 reprioritization towards core expenditures.

3 SECTION 7. TRANSFERS BETWEEN PERSONNEL COSTS AND OPERATING EXPEN-
4 DITURES. Notwithstanding the provisions of Section 67-3511, Idaho Code,
5 that state "No appropriation made for expenses other than personnel costs
6 shall be expended for personnel costs of the particular department, office
7 or institution for which it is appropriated,..." For fiscal year 2011, the
8 Department of Health and Welfare may transfer funds appropriated for oper-
9 ating expenditures to personnel costs with the consent of the State Board of
10 Examiners that currently designates the responsibility to the Division of
11 Financial Management.

12 SECTION 8. EXPENDITURES OF COLLECTED RECEIPTS. Notwithstanding the
13 provisions of Section 67-3516(2), Idaho Code, the Department of Health and
14 Welfare is hereby authorized to expend all dedicated funds collected on
15 behalf of the Coordinated, Enhanced, and Basic Medicaid Plans, as noncogniz-
16 able funds for the period July 1, 2010, through June 30, 2011.

17 SECTION 9. TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions
18 of Section 67-3511, Idaho Code, funding provided for provider payments in
19 the trustee and benefit payments expenditure class in the budgeted Medical
20 Assistance Services may be transferred in excess of ten percent (10%) among
21 the Coordinated Medicaid Plan, Enhanced Medicaid Plan and the Basic Medicaid
22 Plan, but shall not be transferred to any other budgeted programs or expen-
23 diture class within the Department of Health and Welfare during fiscal year
24 2011.

25 SECTION 10. REAPPROPRIATION OF THE COOPERATIVE WELFARE FUND FOR
26 PROVIDER PAYMENTS. There is hereby reappropriated to the Department of
27 Health and Welfare any unexpended and unencumbered balances in the Coopera-
28 tive Welfare Fund as appropriated to the Coordinated Medicaid Plan, Enhanced
29 Medicaid Plan and the Basic Medicaid Plan for provider payments for fiscal
30 year 2010, to be used for trustee and benefit payments for the period July 1,
31 2010, through June 30, 2011. The reappropriation shall be computed by the
32 Department of Health and Welfare and for budgeting purposes any General Fund
33 portion of the balance in the Cooperative Welfare Fund shall be identified as
34 part of the General Fund.

35 SECTION 11. PROGRAM INTEGRITY. Notwithstanding any other provisions of
36 law, it is hereby declared to be the intent of the Legislature that the De-
37 partment of Health and Welfare shall be required to provide those services
38 authorized or mandated by law in each program, only to the extent of funding
39 and available resources appropriated for each budgeted program.

40 SECTION 12. MEDICAID PRICING FREEZE. Notwithstanding any other provi-
41 sions of law, it is hereby declared to be the intent of the Legislature that
42 the Department of Health and Welfare Medicaid Division freeze all price in-
43 creases, regardless of calculation basis, in all categories with the excep-

1 tion of those increases that are mandated by federal law and provided for in
2 the appropriation for the Medicaid program.

3 SECTION 13. FISCAL YEAR 2011 MEDICAID PROGRAM FLEXIBILITY. Notwith-
4 standing any other provision of Idaho law related to Medicaid, Title XIX of
5 the Social Security Act, the Department of Health and Welfare, by temporary
6 rule promulgated under procedures of chapter 52, title 67, Idaho Code, and
7 based upon its finding that it is necessary to do so to ensure that the Medic-
8 aid programs administered by the department do not exceed the appropriations
9 provided by Section 3 of this act, may impose requirements for Medicaid
10 programs funded by the General Fund for fiscal year 2011 in the following
11 manner: The temporary rule must (1) list each requirement being imposed;
12 (2) list each section of the Idaho Code affected by the temporary rule and
13 state how it is being affected; (3) state the reason for each requirement
14 being imposed; and (4) state the time for which each requirement is to be
15 in effect, provided that the requirement shall not extend beyond June 30,
16 2011. For this temporary rulemaking, the finding required by this section
17 shall replace and supersede the alternative findings required by Section
18 67-5226(1) (a) through (c), Idaho Code. Upon the adoption of a temporary
19 rule as authorized in this section, the department shall immediately notify
20 the members of the House and Senate Health and Welfare Committees and the
21 Joint Finance-Appropriations Committee of the issuance of the temporary
22 rule. Notwithstanding any other provision of law, the Legislature, by
23 Concurrent Resolution, may terminate the temporary rulemaking authorized
24 by this section at any time. The appropriation provided for in Section 3
25 of this act and the provisions of this section shall take precedence over
26 any Idaho statute that is in conflict therewith for the period July 1, 2010,
27 through June 30, 2011. The rulemaking authority granted to the department
28 by the Legislature pursuant to this section is in addition to the rulemaking
29 authority granted to the department by Idaho law with regard to Medicaid
30 law. Nothing in this section shall be deemed to repeal rulemaking authority
31 granted to the Department of Health and Welfare by Idaho law with regard to
32 Medicaid law.

33 SECTION 14. MEDICAID PLAN MODIFICATION POLICY DIRECTION. It is the in-
34 tent of the Legislature to maintain a viable, but reduced Medicaid program
35 for as many vulnerable Idaho citizens, and as similar in design as the cur-
36 rent program as possible, within the fiscal climate. For that reason, rather
37 than eliminating whole optional categories of Medicaid services or benefits
38 or Medicaid plans, the Legislature directs the Idaho Department of Health
39 and Welfare to reduce the Medicaid benefits package based on the following
40 policy priorities in the order they are listed:

41 A. Pricing Modification Policy Priorities:

- 42 1. Review all current Medicaid pricing structures and make reduc-
43 tions to ensure that the state of Idaho Medicaid plan does not pay
44 any reimbursable service rate at a rate higher than Medicare cur-
45 rently pays for the same service.

1 2. Adjust any rates that have in the past been determined to be
2 overpaid within a Medicaid service category.

3 3. In order to try and maintain the availability of all Medicaid
4 optional services at a lower cost, the Department of Health and
5 Welfare is directed to work with all providers within the cur-
6 rent Medicaid plans to review and reduce current pricing in all
7 Medicaid service categories through negotiations with Medicaid
8 providers. If pricing reductions cannot be agreed to, then future
9 options for the Legislature to consider are removal of whole
10 categories of optional services.

11 4. Finally, review any other pricing modifications that the Idaho
12 Department of Health and Welfare and the Governor determine can
13 assist in maintaining a lower cost, but still provide accessible
14 and substantially similar Medicaid benefit plans for current eli-
15 gibility populations.

16 B. Benefit Modification Policy Priorities:

17 1. The Idaho Department of Health and Welfare has reviewed many,
18 if not all, of the benefits within the Medicaid plans to eliminate
19 noneffective, non-outcome-based services; however, if there are
20 still minor adjustments to benefits for minor items that have not
21 been addressed, then those identified benefits should be the first
22 to be changed in the benefit package adjustments.

23 2. Review and implement additional managed care (at-risk)
24 contracts, or selective contracts, including implementing a for-
25 mulary prescription drug plan as many private insurance carriers
26 have already done.

27 3. Explore new waivers for mental health, developmental disabili-
28 ty, and any other optional services for all Medicaid populations,
29 including implementing waiting lists for nonessential services as
30 a way to control costs.

31 4. Implement standardized, statewide assessments for mental
32 health and developmental disability services that reduce the
33 administrative burden on providers but still allow the Department
34 of Health and Welfare to track service usage and outcomes. The
35 department is also directed to start the process of eliminating
36 self-referral by providers within the current Medicaid plans.

37 5. Finally, review any other benefit modifications that the Idaho
38 Department of Health and Welfare and the Governor determine can
39 assist in maintaining a lower cost, but still provide accessible
40 and substantially similar Medicaid benefit plans for current eli-
41 gibility populations.

1 If additional savings are needed after the previous policy reviews and mod-
2 ifications have been made, it is the intent of the Legislature that the Gov-
3 ernor, through the flexibility of Section 13 of this act, can implement any
4 additional changes identified by the Idaho Department of Health and Welfare
5 to meet the Medicaid budget. Upon convening of the next legislative session,
6 the Department of Health and Welfare shall present the temporary changes to
7 the Idaho House and Senate Health and Welfare germane committees for review
8 and recommendation of any ongoing permanent changes to the Idaho Medicaid
9 program.

10 SECTION 15. An emergency existing therefor, which emergency is hereby
11 declared to exist, Sections 1 and 2 of this act shall be in full force and ef-
12 fect on and after passage and approval.