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# JFAC COMMITTEE MEETING MINUTES

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1/14/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 10:35 a.m. with Chairman Cameron presiding.

## **Roll Call:**

Senators: Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Schmidt, Lacey

Representatives: Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King

Absent/Excused: None

Staff present: Ellsworth

## **CATASTROPHIC HEALTH CARE PROGRAM (CAT Fund)**

**Presenter: Roger Christensen, Chairman**

- ❖ Introductions
  - Steve Hadley, Vice Chairman
  - Richard Armstrong, Secretary
  - Walt Kirby, Region 1
  - Don Davis, Region 2
  - Rick Yzaguirre, Region 3
  - Paul Christensen, Region 4
  - David High, Governor's Appointee
  - Senator Dan Schmidt
  - Senator Jim Guthrie
  - Representative Tom Loertscher
  - Representative John Rusche
- ❖ Definition of Medically Indigent per Idaho Code Section 31-3502(17)
  - Not related to poverty
  - Incident-based
  - Present ability to pay
- ❖ Report on Fiscal Year 2012
  - New CAT cases approved for FY2012: 1,292 cases amounting to \$27,122,266.37
  - Reimbursements for FY 2012: \$2,726,507.96
  - Seat Belt Citations Income for FY2012: \$152,017.54
- ❖ Year -to -date Fiscal Year 2013
  - Provider payments from 7/1/12-12/31/12: \$12,459,804
  - Reimbursements received 7/1/12-12/31/12: \$1,590,988.49

- ❖ Case load and expenditures
  - Five-year history of new CAT cases by fiscal year
  - Annual reimbursements received (5 years)
  - Payments to providers (5 years)
  - Average claims paid
- ❖ Fiscal Year 2014 Projections (difficult program to project costs)
  - Average claims paid (FY 2009 – FY2013 YTD)
  - Revised General Fund estimate reduced to \$38,216,159 from \$42,351,384
  - Accrual basis FY 2013 projections through 12/31/12
- ❖ Other information
  - Summary of CAT 2012 program savings
  - FY 2012 Medicaid determinations
  - Pre-existing Condition Insurance Pool (PCIP) sunsets on 12/31/13
  - Total New County Case Load during FY 2012
  - Totals for combined state and county
    - 6,491 cases
    - Provider payments \$55,272,391.49
    - Indigent trends from FY2010 through FY2012
- ❖ Factors affecting the future
  - Economic
  - Medical inflation
  - Sunset of interim rate discount 6/30/2013
  - PCIP expires December 31, 2013
  - Changes in other programs
    - Health Insurance Exchange
    - Medicaid Expansion

**DEPARTMENT OF HEALTH AND WELFARE (DHW):**  
**Medically Indigent Administration**

**Presenter: Cynthia York, Program Administrator**  
**Medically Indigent Administration**

- ❖ Responsibilities
  - Provide an early determination whether individuals are Medicaid eligible
  - Work with counties regarding eligibility, utilization management and recovery
  - Evaluate and implement processes and procedures
  - Assess opportunities to improve efficiency, effectiveness and reduce program costs
- ❖ Accomplishments
  - Medicaid approvals by the Combined Application Unit result in \$4 million in county and \$9 million in state General Fund savings

- Access to Idaho Benefits Eligibility System (IBES) for counties and hospitals provide streamlined processes for medically indigent determination
- DHW coordination with Idaho Medical Review helps ensure the Medically Indigent Program is payor of last resort
- Approximately \$500,000 was cost diverted in FY 2012
- ❖ Challenges/barriers for program redesign
  - Incident-based program
  - No opportunity for proven, cost-effective measures of a membership-based plan, such as:
    - Preventive care
    - Case management
    - Preauthorization
    - Continued stay review
    - Discharge planning
    - Full utilization management
- ❖ Crossroads: Expansion or new model
  - Medicaid optional expansion (1/1/2014) Estimate 90% of current indigent program could be eligible for Medicaid
  - Medically Indigent Program redesign exhausted options to “fix” the program
  - Without optional expansion, state/counties must design new model for indigent care
- ❖ Evaluation and collaboration
- ❖ DHW continues to works with CAT, counties, hospitals, providers, legislators, and citizens to:
  - Address opportunities and challenges of the Affordable Care Act (ACA)
  - Evaluate and implement the revision or replacement of statutory requirements, processes and procedures to ensure more effective and efficient health care at a lower cost

## **Department of Health & Welfare Overview**

**Presenter: Richard Armstrong, Director**

- ❖ Introductions
  - Dr. Richard Roberge, Board Chairman
  - Jim Giuffre, Board member
- ❖ Recent challenges due to recession
  - Record caseloads
  - Reduced resources and staff
    - Public hearings showed importance of preserving critical services
    - Targeted benefit reductions implemented to minimize impacts on participants
    - Discussions shifted from balancing the budget to the value and outcomes of services

- Need to spend resources wisely and be held accountable
- ❖ FY 2014 budget recommendation totals \$2.52 billion (6.8% increase)
  - Federal Funds - \$1.64 billion or 65.1% of the budget
  - General Funds - \$617.3 million or 24.5% of the budget (\$7.3 million or 1.2% more than last year)
  - Dedicated Funds - \$63.4 million or 2.5%
  - Receipts - \$199.8 million or 7.9%
- ❖ Medicaid is the largest program, utilizing 81% of DHW funding
  - 86% of funding pays for services - most going to Medicaid providers
  - Program currently serves approximately 240,000 people
  - Mandatory federal changes for State Medicaid programs due to the implementation of the Affordable Care Act (ACA)
    - Requires all people to have health insurance
    - Mandatory eligibility changes calculates household income and assets differently
    - Requires states to use new methodology beginning January 1, 2014
    - State enrollment systems operational October 1, 2013
    - People currently eligible for Medicaid, but not enrolled, will apply for coverage. This group is referred to as the “woodwork” group

## Mandatory ACA Impacts on Medicaid

<b>Currently Eligible, Not Enrolled</b>	<b><u>35,023</u></b>	<b>70,340 adults and children will enroll in Medicaid</b>
Children	28,535	
Adults with Children	6,488	
<b>Mandated Eligibility Changes</b>	<b><u>35,317</u></b>	
Children (CHIP conversion to Medicaid)	10,825	
Adults with Children	24,492	

- **35,000 from mandated insurance coverage**
- **35,300 from required ACA eligibility changes**
- Requesting \$17.4 million to pay “woodwork” group claims during FY 2014 (estimate approximately 22,000 of the 35,000 will enroll between January 1 and June 30 of FY14)
  - State General Fund \$ 5,014,200
  - Federal Funds \$12,429,800
- ❖ Medicaid Modernization and Readiness (program to gear up for estimated 30% caseload increase)
  - New rules engine
  - Develop new work processes to handle influx of applicants
  - Claims systems programming
  - 24/7 application and customer portal

- Interfaces with insurance exchange and federal data portal
- Federal government pays 90% of development costs and Idaho pays 10%
- FY 2014 recommended systems development amount is \$10.3 million (federal funds of \$9.3 million and \$1 million in state general funds)
- Ongoing FY2014 costs of mandatory changes (enrolling and maintaining the huge influx of new participants)

### Ongoing Costs of Mandatory Changes

SFY 2014 Recommendation	FTP	General	Federal	Total
Welfare Division	22	\$498,900	\$1,367,700	\$1,866,600
IT Services	16	\$225,900	\$1,457,300	\$1,683,200
<b>Sub-Total</b>	<b>38</b>	<b>\$724,800</b>	<b>\$2,535,400</b>	<b>\$3,549,800</b>
One-time Costs		(\$54,900)	(\$670,600)	(\$725,500)
Southwest Idaho Treatment Center	(22)	0	0	0
<b>Total On-Going Costs</b>	<b>16</b>	<b>\$669,900</b>	<b>\$1,864,800</b>	<b>\$2,534,700</b>

*\*No general funds for personnel are requested in the Welfare Division recommendation. The \$498,900 is for one-time costs and operating expenses.*

- Staffing is critical for mandatory changes
  - Medicaid Modernization and readiness mandatory changes must be certified by the federal government by October 1, 2013
  - Functionality and operations requires sufficient staff to meet 24/7 federal requirements
  - Certification failure may result in loss of part or all of federal match for the Medicaid program (current FMAP could be readjusted from 70-30 match to a 50-50 match rate putting hundreds of millions of dollars at risk for non-compliance)
- ❖ Mandatory Medicaid Modernization and Readiness impacts other initiatives
  - Legislature is considering a change to the way food stamp benefits are paid out (from current one-day payout on the first of each month to a 10-day payout each month). DHW would prefer that this legislation be delayed while the Department works to meet the mandatory changes of ACA
  - ACA requires mental health parity for health insurance coverage in 2014
    - Many people with mental illness will gain access to clinical treatment
    - Treatment works, but recovery and resiliency depend on community support
    - Insurance does not help with housing, employment, companionship or transportation that is not medically necessary



- Recommend start-up funding for Regional Mental Health Boards
  - Provide one-time seed money of \$467,000 to develop community supports for people with mental illness and/or substance use disorder
  - Opportunity to create community support systems to support wellness and recovery, reduce isolation and stigma
  - Prevent future crises and expensive hospitalizations
- ❖ FY 2014 budget recommendation – two other decision units
  - Food stamp cooperation with child support
    - Food stamp cooperation holds both parents accountable for children
    - Reduces family need for public assistance
    - Request \$293,600 to fund five staff to re-establish enforcement
  - Four additional investigators to handle newly generated fraud leads in public assistance programs
    - Currently investigates 1 of 5 complaints and leads
    - Goal is to investigate half of all complaints and leads
      - Would not require general funds (some federal funding available)
      - Anticipate investigators will generate receipts through penalty assessments to cover the remainder of costs
- ❖ DHW personnel history
  - FY 2014 recommendation increases FTP count by 23 from current fiscal year
  - Mandatory work required by federal ACA drives the majority of increase
  - Sufficient staffing is required to meet minimum federal requirements, preserve program integrity, avoid costly penalties/sanctions

## **Child Welfare**

**Presenter: Robert Luce, Administrator, Division of Family and Community Services (FACS)**

- ❖ Kids are First
  - Statutory obligations
    - Child protection
    - Foster care
    - Adoption
    - Compliance
  - Facts, figures and trends
    - 19,104 total referrals
    - 2,563 foster care placements
    - 1,289 children in care as of June 30, 2012
    - 274 adoptions
  - Core mission is focused on protecting children and strengthening families
- ❖ FY 2014 budget recommendation

- FACS Division represents 3.8% of agency's total request
- Budget broken out by program
- Budget broken out into operating, trustee and benefits, and personnel
- How FACS budget is funded
  - Federal Funds of \$37.5 million or 65.5% of budget
  - General Funds of \$18.7 million or 32.7% of the budget
- Two line items in budget
  - Increase the foster care stipend
    - Ongoing spending authority for \$516,000
    - Idaho's stipend is one of the lowest in the nation
      - \$10 a day for ages birth to 5
      - \$11 a day for ages 6 to 12
      - Less than \$15 a day for ages 13 and older
      - Average rates to neighboring states are much higher
    - Initiate specialized adoption recruitment for 28 hard-to-place teens
      - One-time funding of \$420,000 (\$148,600 in general funds)
      - Should yield ongoing savings to be used to fund future specialized recruitment efforts
- ❖ Highlights, changes and initiatives
  - Completed administrative consolidation
    - Reduced seven regions and seven child welfare regional program managers to three administrative hubs with three hub program managers
      - Allows managers to focus more specifically on child welfare
      - Standardized practices within hubs and statewide
      - Hubs provide for greater flexibility and administrative efficiency
      - Experienced more standardization of practice
  - Launched centralized intake unit
    - One toll-free statewide number
    - Specialized training for one team dedicated to intake
    - Consistent processing of referrals and increased standardization of priority responses
    - Specialized expertise in communicating with families and law enforcement
    - Local field office response
  - Idaho's Child Welfare program ranked as the top performing program in the nation by the Foundation for Government Accountability
    - Foundation reviewed child welfare programs in all 50 states and District of Columbia in 11 outcomes and 41 data measures
    - Foundation compared foster care spending in each state
    - Idaho spent the least amount of money on child welfare



## **Service Integration**

**Presenter: Robert Luce, Administrator, Division of Family and Community Services**

- ❖ Mission
  - Short-term, solution-focused service that helps people who are experiencing temporary instability link to community services and support
    - Navigation and the 2-1-1 CareLine
    - Recommendation for \$5.2 million includes a \$1.5 million pass through to Head Start
      - Federal Funds of \$4.2 million or 81.4% of budget
      - General Funds of \$0.9 million or 17.3% of budget
- ❖ Facts, figures and trends
  - 5,885 referrals to Navigation Program
  - 162,587 calls to the 2-1-1 CareLine
  - 29,264 children in care of relatives (per 2011 census estimates)
  - Successful launch of One Church, One Child last year
    - Partnership between DHW and faith-based community
    - Addresses needs of children waiting for permanency (foster care or adoption)
    - Intended to increase support for children
    - To-date, 66 Idaho communities of faith have dedicated their support to its mission
  - Program called Wednesday's Child is a great example of Child Welfare and Service Integration
- ❖ Needs of families and children never end and neither does Idaho's statutory responsibility

**ADJOURNED**

Senator Dean L. Cameron, Chairman

Peggy Moyer, Secretary