

MINUTES
HOUSE HEALTH & WELFARE COMMITTEE

DATE: Tuesday, March 05, 2013

TIME: 9:00 A.M.

PLACE: Room EW20

MEMBERS: Chairman Wood(27), Vice Chairman Perry, Representatives Hancey, Henderson, Hixon, Malek, Morse, Romrell, Vander Woude, Rusche, Chew

**ABSENT/
EXCUSED:** None.

GUESTS: Paul Leary, Kristin Matthews, Malinda Jones, Department of Health & Welfare; Karen Raese, Shawn Dunnagan, Elaine Long, Idaho Academy of Nutrition;

Chairman Wood(27) called the meeting to order at 9:00 a.m.

RS 22108C1: **Rep. Romrell** presented **RS 22108C1**, a concurrent resolution recognizing the role of Dietitians, who save healthcare costs and help achieve better health. This resolution showcases the poor eating habits and physical inactivity of Idahoans. It will aid in writing and securing grants and foundation dollars for needed projects, interventions and research. Rep. Romrell described the ways nutrition can improve health and reduce hospital utilization.

MOTION: **Rep. Malek** made a motion to introduce **RS 22108C1**. **Motion carried by voice vote.**

S 1014: **Paul Leary**, Administrator, Division of Medicaid, presented **S 1014**, which amends Title 41, Chapter 4, to allow funding to cover program expenditures. Three Department of Health and Welfare (DHW) programs, Children's Health Insurance Program (CHIP B), Children's Access Card and the Small Business Health Insurance Pilot Program, are funded through dedicated premium tax funds. Current statute directs the percentage of funds allocated to each program. This allocation funding for State Fiscal Year 2013 will leave the children's program under funded, while excess funds in the adult program will remain idle. This change will allow full funding of each program. There is a sunset date of October 1, 2015, included because the adult premium assistance program will transition to the Affordable Care Act (ACA) federal subsidy program. ACA federal funding to CHIP B will increase 23 percentage points, which will bring federal funding of the program to 100%, eliminating the state's share of the premium. There is no general fund impact and no change on amounts of premium tax used in the three programs, since they are included in statute.

Responding to questions, **Mr. Leary** said the Small Business Health Insurance Pilot Program will transition into the insurance subsidy program as part of the ACA, along with other nationwide premium assistance programs, sunseting federal waivers at that time. He said the premium tax fund derives revenue from a tax on insurance plans and policies. This bill addresses premium tax funds allocation variations caused by plan expenditures related to provided services and utilization.

Rep. Rusche explained the premium tax, the DHW use of state general funds, and the distribution formula. He said the premium tax is from a variety of insurance premiums, not just health insurance, and is the fourth largest revenue source for the General Fund.

Responding to questions about the use of the dedicated funds, **Chairman Wood(27)** explained that such tax funds are created, typically, by statute, which specifies their dedicated fund use. With the changes in the programs, funding necessity will be a future legislative policy decision. **Rep. Rusche** said the funding amount collected through the Health Insurance Exchange is unknown, as are the outcomes of the Medicaid expansion and any policies outside the exchange.

Mr. Leary stated that the CHIP B formula is 80% for children's programs and 20% for adult accounts. The forecasted move of adults toward premium acquisition through small business employers did not materialize, and the CHIP B program continued to grow. He explained the Small Business Health Insurance Pilot Program where qualified individuals can receive up to \$100 per member, per month, or \$500 per family, per month, to assist with premium costs.

MOTION: **Rep. Rusche** made a motion to send **S 1014** to the floor with a **DO PASS** recommendation.

For the record, no one indicated their desire to testify.

Vice Chairman Perry commented on the motion, stating a modification of the title might be a better approach to allow the Department to fully fund each program. She expressed concern over decision and oversight bypass in a Department with such an enormous budget.

Chairman Wood(27) advised that the Joint Finance and Appropriations Committee (JFAC) must abide by all statutes, and account funding must remain where statute designates. He added that he has never found the DHW to be inappropriate in their administrative functions.

Rep. Vander Woude commented that this is a good policy change to use the funds where needed.

Mr. Leary said current statute dictating what goes into the fund is not changed. Within the three-program framework, they are requesting the ability to move the funds between the programs. The Affordable Care Act will use insurance subsidies to take care of the adult program. The 23% increased federal funding will combine with the existing 80% federal funding, for 100% funding of the children's programs. The funds will then be used elsewhere in the Department.

Chairman Wood explained that the DHW budget is constructed differently because federal grants and funding can vary on an annual basis. Additionally, most DHW funds go to trustee and benefit payments, such as Medicaid. Any sudden population growth or decrease removes any budget projection assumptions. This policy change removes ongoing supplemental requests for these programs.

VOTE ON THE MOTION: **Chairman Wood(27)** called for a vote on the motion to send **S 1014** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Vander Woude** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:40 a.m.

Representative Wood(27)
Chair

Irene Moore
Secretary