

## STATEMENT OF PURPOSE

### RS23722

This is a fiscal year 2015 supplemental appropriation to the Department of Health and Welfare. This bill authorizes the department to spend federal funds for the State Healthcare Innovation Plan (SHIP) grant. The SHIP is intended to transform Idaho's healthcare system by changing the standard of practice, delivering primary care through the patient-centered medical home (PCMH), integrating primary care with the broader medical neighborhood of hospitals and ancillary providers, and shifting payment incentives from volume to paying for improved health outcomes. This was developed with statewide stakeholder input led by the Idaho Healthcare Coalition (IHC) during 2013 and 2014. More specifically, SHIP focuses on improving healthcare delivery in rural and frontier communities by developing tele-health services and the role of community health workers, as methods of extending care to rural communities. The total grant award is for \$39,683,813 and will be implemented over four years.

The bill establishes the Healthcare Policy Initiatives Program to function as the operational center for the grant. The new program will begin operations in fiscal year 2015 with 7.0 FTP, \$250,000 in personnel costs, and \$3,229,800 in operating expenditures. To assist the Healthcare Policy Initiatives Program, the Physical Health Services Program will play an integral role in the rollout and implementation of the grant. This support is recognized with the addition of \$41,900 of federal funds and an additional staff member for the program. Also included is legislative intent language that requires the department to report to the Legislature on an annual basis the status of grant implementation. All 8 FTP were transferred from the Southwest Idaho Treatment Center (SWITC) because SWITC has experienced a significant reduction in its census and staffing needs.

With the implementation of the new Healthcare Policy Initiatives Program, the department realized that it no longer needed its Medically Indigent Administration and therefore the staff associated with the Medically Indigent Administration Program will be transferred to support the SHIP grant. As a result, the remaining \$57,800 of General Funds in the Medically Indigent Administration Program are returned to the state.

### FISCAL NOTE

The bill establishes the ongoing federal fund appropriation for the Healthcare Policy Initiatives Program at \$3,479,800 and includes the addition of 7 FTP. The bill increases the ongoing federal fund appropriation for the Physical Health Services Program by \$41,900 and adds an additional FTP. The bill reduces the ongoing General Fund Appropriation for the Medically Indigent Administration Program by \$57,800 and one FTP. The bill also reduces the number of FTP at the Southwest Idaho Treatment Center by 8. The total change in appropriation for the Department of Health and Welfare is a reduction of 1 FTP and an increase of \$3,463,900 for federal funds for fiscal year 2015.

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