MINUTES

HOUSE HEALTH & WELFARE COMMITTEE

DATE: Thursday, February 12, 2015

TIME: 9:00 A.M.

PLACE: Room EW20

MEMBERS: Chairman Wood, Vice Chairman Packer, Representatives Hixon, Perry, Romrell, Vander Woude, Beyeler, Redman, Troy, Rusche, Chew

ABSENT/ EXCUSED: Representative Perry

GUESTS: Russ Baron and Elke Shaw-Tulloch, DHW

Chairman Wood called the meeting to order at 9:03 a.m.

MOTION: **Vice Chairman Packer** made a motion to approve the minutes of the February 3, 2015, meeting. **Motion carried by voice vote.**

MOTION: **Rep. Rusche** made a motion to approve the minutes of the February 10, 2015, meeting. **Motion carried by voice vote.**

Dick Armstrong, Director, Department of Health and Welfare (DHW), presented the DHW 2016 budget request. The recommendation is to approve a maintenance budget with a few opportunities to improve the lives of citizens.

The total budget request is $2.61B. Of that amount, Federal Funds decrease by 1.1%, Receipts increase by 31.8%, Dedicated Funds decrease by 3.6%, and General Funds increase by 2.8%. Of the total funds requested, Medicaid is 80.8%, Welfare is 5.6%, Public Health is 4.3%, Family & Community Services is 3.8%, Behavioral Health is 3.4%, Support Services is 1.6%, Healthcare Policy Initiatives is 0.3%, and Licensing and Certification is 0.2%. Trustee & Benefits expenses are 85.8% ($2,238.3M), Personnel expenses are 7.5% ($196.2M), and Operating expenses are 6.7% ($174.3M).

A change is proposed for the State Healthcare Innovation Plan (SHIP) to rename it Healthcare Policy Initiatives, with transitioning of Medicaid indigent programs included to improve healthcare and lower costs.

Director Armstrong described the healthcare system evolution that began in 2007 and has advanced to the SHIP $39.6M system reform grant.

The SHIP patient-centered medical home (PCMH) model uses a primary care provider team to coordinate a patient's care. The current fee-for-service system changes to a per-member per-month fee for managing cases.

A PCMH pilot program ran from January to June, 2014, and included 3,740 Medicaid adults, with chronic illnesses, assigned to health homes. Initial findings show the average monthly member costs were reduced by over 20%, with a preliminary ten-to-one return on investment. Hospital admissions were reduced by 25.8% and readmissions were reduced by 41%. This indicates an improvement trend that will still be evident when applied to the general Medicaid population.

The SHIP grant is funded over four years and is administered by the Healthcare Policy Initiative Program. The 2016 funding ($8.9M) will cover seven new, limited service full time personnel (FTP) and 1 permanent FTP. Beginning with 55 primary care practices transitioning to PCMH, it will connect electronic health records to the Idaho Health Data Exchange and develop regional collaboratives with the seven Health Districts to support local, coordinated care.

Supplemental budget requests include $615k for plaintiff attorney fees for the 1980 Jeff D lawsuit which is nearing settlement. A General Fund request of $1,885M will be combined with $4,615M federal funds for hepatitis C drugs to cure the disease.

In 2014, $7.87M was awarded over three years as part of the Access to Recovery Grant IV. It targeted veterans in the criminal justice system, families involved with child protection, and the homeless population. The grant is expected to serve over 3,400 Idahoans with substance use disorders in 2016.

A second Community Crisis Center is requested at a General Fund cost of $1.52M and federal funding of $200k. The behavioral health crisis centers provide a safe, voluntary, effective, and efficient alternative to Emergency Departments (ED) and jails. The existing center's contract with Bonneville County requires a plan development to cover 50% of the center's operating costs in two years. Future crisis centers will have the same contract requirement.

Food stamp distribution will be changed from a one-day issuance system to issuance the first ten days of the month. This requires a six-month recommendation for $39.5k in General Funds to be added to federal funding of $628.8k that includes $589.4k in one-time programming costs. The first year costs will include computer mailings and new card embossing machines, which are paid for by federal funds.

There is a current backlog that includes eleven health facilities awaiting initial licensing, 275 overdue facility surveys, and 135 complaints requiring investigation. To address the backlog, the DHW is requesting four additional FTP and General Funds of $72.5k to add to the $274.7k in federal funds. The Department continues working to improve productivity and efficiency.

The 2016 community hospitalization request includes a rate increase of 10%. Hospitals are not renewing their contracts at the current rate, but have agreed to extensions with the possibility of the requested increase.

While successful adoptions are increasing, with more children in adoption situations, federal funding support is declining. For these reasons the General Fund Adoption Subsidy request is $456.2k that will be matched with federal funding of $776.7k.

There has been a 19% state lab scientist turnover due, primarily, to a pay rate that is lower than surrounding states and the private sector. The General Fund request of $111.2k will target salaries for mid-level scientists.

Idaho has an insurance company assessment program for purchasing immunizations for children. Tricare, a federal insurer for military personnel and families, refuses to pay its share of the assessment. The $596k General Fund request covers the Tricare children so they are not put at risk.

The DHW workforce voluntary turnover rate is 13.6%, with salary identified as the main or contributing factor in 54% of the cases. A 3% increase is requested to bring salaries into a more competitive line with the private sector.

Director Armstrong described the eligibility services shared with Your Health Idaho (YHI). There are no General Funds involved and all activities are cost-allocated to YHI. Through YHI and food stamp data, 53,000 Idahoans have already been identified as the gap population that remains uninsured because of ineligibility.

Overall, the DHW is experiencing continued high assistance demands, even as unemployment falls. Single adult households that joined the food stamp program during the recession have transitioned out of the program. Households that include children have not shown a change in their income, so their enrollment continues to rise.

Asked to respond to a question, **Dave Taylor**, Deputy Director, Support Services, DHW, said the $7M reverted personnel funds came from the Southwest Treatment Center staff reductions after moving patients into community based settings. The Optum contract has expanded the mental health service delivery system into rural areas. Healthcare reform will integrate behavioral health with physical medicine without adding to the workforce.

Answering questions, **Director Armstrong** said the gap population is a symptom of the federal poverty level (FPL) based eligibility. The DHW will continue providing survival services through training supports for better paying jobs. He noted that the low end jobs do not go away, they just get filled by someone else. Idaho is medically under served, especially in mental health services and rural areas. Under the SHIP umbrella citizens will be engaged in their own healthcare and the system will move away from episodic services.

Jared Tatro, Legislative Services, was invited to answer questions. The 2016 employer share of health benefits for a full time employee is $11,200, an increase of $650. For part time employees the employer share is $9,240, an increase of $695. Some budgeting amounts provide a cushion for anticipated grant funds, which may have different funding time frames.

Director Armstrong, answering additional questions, stated the YHI will reimburse the DHW for development costs. Over the next four years, the SHIP grant will provide all payers with a value-based system. It is important to move together since it would be difficult for an individual provider to change their system for some and not all of their patients.

The initial 3,100 voluntary patients in the pilot program grew to 3,700 because the patients liked this type of healthcare. SHIP will help clinics transition through education, improved technologies, and healthcare community preparedness.

The children's mental health services continues it's process refinement. The Jeff D settlement includes support for the DHW improvements and direction. The DHW will continue to be diligent about protecting taxpayers and budgets from legal challenges.

The age wave impact on facilities is stimulating the increase in the number of nursing home and assisted living center surveys, which is straining the Department's employee workload limits.

The budget process restricts transferring funds. The Crisis Center development goal is seven facilities. Statistics from the new center will be forthcoming, but not in time for the 2016 budget deadline.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:18 a.m.

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Representative Wood
Chair

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Irene Moore
Secretary