MINUTES

SENATE HEALTH & WELFARE COMMITTEE

DATE:	Thursday, February 12, 2015
TIME:	3:00 P.M.
PLACE:	Room WW54
MEMBERS PRESENT:	Chairman Heider, Vice Chairman Martin, Senators Nuxoll, Tippets, Lee, Johnson (Lodge) and Schmidt
ABSENT/ EXCUSED:	Senators Hagedorn and Lacey
NOTE:	The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.
CONVENED:	**Chairman Heider** called the Senate Health and Welfare Committee (Committee) to order at 3:01 p.m.
PASSED THE GAVEL:	Chairman Heider passed the gavel to Vice Chairman Martin.

RS 23566

Chairman Lee Heider, presented **RS 23566**. He stated the legislation came from doctors in his area. It requires doctors to have admitting privileges in a hospital within 20 miles of the facility where they perform an abortion. He said it was needed because outside doctors had been coming into his area, performing abortions and returning to Boise or elsewhere in the state leaving patients who were in critical condition. Those doctors had been counselling their patients to go to the hospital to have the emergency room doctors take care of them if they should have complications. **Chairman Heider** introduced Dr. David McClusky to tell his experiences and why the legislation was important.

Dr. David McClusky, M.D., General Surgeon, said he has practiced in Twin Falls since 1982 and has worked in the emergency rooms in Wood River, Jerome, and the Magic Valley. He has been on the Board of Medicine (Board) for the last six years and has held the office of chairman. He now sits on the Board's Committee on Physician Discipline where these issues come before him. He has also encountered the problem as an emergency room physician on a number of occasions. He strongly recommended support of **RS 23566**. He said it would direct those who deliver health care to make sure the patient was protected and make sure the people who performed the procedures had responsibility for the proper care of their patients. As an emergency room doctor he has done emergency hysterectomies, treated severe sepsis, and he almost lost a patient when the physician who did the procedure was not with the patient or available to talk to. He said when a surgeon operates on people, any complications caused by the operation should be corrected and helped by that surgeon.

Senator Tippets asked Dr. McClusky if he characterized all abortions as surgical procedures. **Dr. McClusky** said yes because an abortion was an invasive procedure that could cause a bleeding problem or a perforation into the abdominal cavity. He said any procedure that invaded a person in that way was a surgical procedure.

Senator Lee said the Statement of Purpose (SOP) referred to surgical procedures, but the section was very specific on the type of surgical procedure. She asked Dr. McClusky if he saw cosmetic surgery or other invasive procedures being done by doctors without privileges. **Dr. McClusky** responded abortion was primarily the one they saw because most other procedures were done by local doctors. **Dr. McClusky** asked Chairman Heider to answer the question about the SOP.

Chairman Heider responded Idaho Code §§ 18-604 and 18-608 deal specifically with abortions. He said there were other sections of the code that this would apply to that may be equally important, but this section of code deals with abortion.

Senator Schmidt pointed out that on line 45, page 3, the description of surgical abortion did not quite fit because causing an abortion could be a medical procedure as opposed to a surgical procedure. He said he appreciated the legislation trying to promote continuity and wondered why it would not apply to other medical procedures. **Chairman Heider** responded §§ 18-604 and 18-608 dealt specifically with abortions, not with general surgery or other areas. It could be expanded if they saw a need.

Senator Nuxoll voiced a concern that Catholic hospitals were not supposed to allow doctors who perform abortions into their hospitals, and this amendment would require the hospitals to have admitting privileges for those doctors. It would violate conscience rights in a different way. **Dr. McClusky** replied he had honored the policies of Catholic hospitals where they did not allow tubal ligations and hysterectomies and realized this would be a concern. **Senator Nuxoll** said it might be resolved where there was more than one hospital within an area.

Senator Johnson (Lodge) asked how common it was for doctors who were not current residents of the area to come in to their hospital, and if they were performing abortions in local family planning clinics. **Dr. McClusky** said it depended upon the procedure. Abortion happened to be a procedure with doctors coming in from a distance.

Senator Tippets said the SOP referred to surgical procedures but **RS 23566** was specific to abortions. He asked Chairman Heider if he would be opposed to amending the SOP to refer specifically to abortions and not surgical procedures in general. **Chairman Heider** said he would not be opposed to making it more exact.

Chairman Heider closed by reporting that 22 states have adopted similar legislation that has been upheld by the courts. He said he appreciated the Committee's consideration and hoped they would send **RS 23566** to print.

MOTION: **Senator Tippets** moved to print **RS 23566** with the understanding that the sponsor will bring in an amended SOP that refers specifically to abortion. **Senator Nuxoll** seconded the motion. The motion passed by **voice vote**.

RS 23603 **Senator Dan Schmidt** presented **RS 23603**. He announced a correction would need to be made to the SOP because it said Health Quality Planning Council and it should say Health Quality Planning Commission (Commission) as written in the Resolution.

Senator Schmidt said **RS 23603** was a resolution to direct the Commission to consider issues surrounding suicide in the State of Idaho. The Idaho Council on Suicide Prevention (Council) had certain recommendations for policy going forward. He thought it would be best to have the Commission consider the Council's policy recommendations and bring them back to the Committee in the coming year. **Senator Schmidt** asked the Committee to support and print **RS 23603**.

MOTION: **Senator Lee** moved to print **RS 23603** with the change to the SOP striking Council and replacing it with Commission. **Senator Tippets** seconded the motion. The motion passed by **voice vote**.

DOCKET NO. 16-0201-1401

Dr. Bill Morgan, M.D., General Surgeon/Trauma Surgeon, St. Alphonsus Hospital Trauma Service, and Chairman of the Time Sensitive Emergency System Council (TSE) for the State of Idaho, presented **Docket No. 16-0201-1401**.

Dr. Morgan referred to Idaho Code § 56-1028 regarding the duties and rulemaking of the TSE. He said the 2014 Legislature approved and funded the TSE to develop, implement and monitor a voluntary statewide system of care for three of the top five causes of deaths in Idaho: traumas, strokes, and heart attacks. He said he will use the acronym for ST-elevation myocardial infarction (STEMI) in place of the word heart attack in the presentation. The purpose of the TSE is to develop and provide oversight for the system, set up regions in the State, and develop standards and procedures for designating centers and how they would interact with the TSE. The TSE designation would replace the American College of Surgeons (ACS) designation of trauma centers, facilitate acquisition of data points from those centers, and promulgate the rules.

Dr. Morgan explained the TSE Bylaws (see attachment 1) and the TSE System Standards Manual (see attachment 2).

Vice Chairman Martin thanked Dr. Morgan and others who worked on this since it was passed last year. He was pleased and impressed with how much they accomplished in that short period of time.

Senator Nuxoll asked why the centers were paying fees and where the money went. **Dr. Morgan** said the fees covered the cost of site surveys and reviews, supported the system, and provided the education the centers and EMS agencies needed. He said the fees had been vetted with the majority of the facilities and with the Idaho Hospital Association and were found to be fair and equitable. In comparison, the ACS would charge $47,000 for site surveys to designate a center as a Level II Trauma Center. If a center designated with the State, they would not need to pay ACS fees or other stroke and STEMI system fees.

Senator Nuxoll remarked that the rural areas had a problem working with it at first and asked if those situations were taken care of. **Dr. Morgan** said the TSE had several meetings with the Idaho Hospital Association representative who interfaced with all the rural centers, and the TSE had addressed and answered all the questions to their satisfaction.

Senator Nuxoll asked if centers near the state lines that already had a designation from the neighboring state had to get both designations. **Dr. Morgan** said the rule states the TSE may provide reciprocity for facilities in Idaho that also choose to operate under a designation from a neighboring state system. This would account for Lewiston.

Senator Tippets thanked Dr. Morgan for the effort that had been put in. He asked if the Notification of Loss of Certification or Licensure section was a mandate and suggested the language should be firmer to make it clear that it was an obligation by using the word "must". **Dr. Morgan** agreed.

Senator Tippets said the language needed to be clarified in the Designation Fee Payment section that, in addition to notifying a facility of successfully meeting designation criteria, the TSE would notify a facility if they had failed to pass an on-site survey. **Senator Tippets** then asked if there was a difference between the terminology "on-site survey" and "on-site review." **Dr. Morgan** said they were used interchangeably. **Senator Tippets** said there were a few other things he would like to talk to Dr. Morgan about after the meeting.

Senator Nuxoll asked what would happen if an area did not want to pay the fees. **Dr. Morgan** said the entire system was set up as a voluntary system. If they chose not to participate, that would be fine.

Senator Nuxoll said she thought the fees would be an issue for some of the centers.

MOTION: **Chairman Heider**moved to approve **Docket No. 16-0201-1401**. **Senator Schmidt** seconded the motion. The motion passed by **voice vote. Senator Nuxoll** asked to be recorded as voting nay.

PRESENTATION: **Richard Armstrong,** Director, Department of Health and Welfare (DHW), presented the DHW Overview of Budget Request (see attachment 3). He introduced Tom Shanahan, Public Information Officer, DHW. He said other members of his senior management team were in the audience to answer questions if needed.

Director Armstrong stated this was a maintenance budget with several opportunities for smart governance. He said the overall budget had increased 3.3 percent which equalled almost $83 million; however, if they subtracted the non-discretionary adjustments, the Change in Employee Compensation (CEC), employee benefit costs, and the State Healthcare Initiative Plan (SHIP) federal grant, the actual percentage increase was only around 1 percent.

The increase in receipts was 32 percent, mostly due to new federal regulations in Medicaid that required the DHW to collect an estimated two years of hospital settlements in fiscal year (FY) 2016. Medicaid continues to be four-fifths of the budget, which is similar to last year. A new change is a proposal to retitle Medical Indigency Program to Healthcare Policy Initiatives. He said The Medical Indigency Program funds their administrative activities to reduce the cost to the counties and the State for indigent healthcare.

The percentage distribution of their funding was largely unchanged from last year. He said 85 percent of the appropriated funding goes to the private sector for services and goods.

Director Armstrong said the evolution toward a more sustainable and effective healthcare system began in 2007. DHW became very involved with this initiative because Medicaid is one of the larger insurers in the State, covering almost 270,000 Idahoans. Many of Medicaid's participants have serious illnesses or disabilities that can result in very high costs. Because of this, DHW's early emphasis was to transition Medicaid participants to health homes and care management solutions. The health homes are extremely important for helping DHW manage expensive chronic conditions. For care management, Medicaid now has programs in transportation, dental, and behavioral health services. Their vision was to transition all Medicaid participants to care management so people would receive the most appropriate and evidence-based services at the right time and for the right cost.

Director Armstrong stated that in January Idaho was awarded the SHIP grant which was a 4-year grant for almost $40 million. Idaho's SHIP proposal was based upon the patient-centered medical home for Medicaid patients. In this model, a primary care provider and team coordinated all of a patient's care. Medical homes made extensive use of electronic health records to track medications and tests. They also collected outcome data to evaluate how a patient's health had been affected by specific treatments. The payment model for patient-centered medical homes would change. Today, most insurers and Medicaid pay a straight fee-for-service claim for each treatment that is given. With the SHIP model, medical providers receive a per-member per-month fee for managing the care of the patients. He said other states were conducting similar reforms and showing great success.

Director Armstrong said DHW conducted a pilot of Medicaid adults with chronic diseases to see how a medical home affected their hospital use. During

the two-year pilot they reduced hospital admissions by 26 percent, hospital readmissions by 41 percent, and emergency room visits by 24 percent. They found patients were less likely to receive unnecessary tests or seek ER treatment for a non-emergency, and had fewer hospital admissions. With expanded use of electronic health records, their prescriptions were more easily monitored by their primary care physician so there were fewer adverse effects or prescription abuse. They are still analyzing the data, but overall they saved an average of 20 percent during the pilot. They paid the health home a monthly fee to manage the participants, with preliminary data showing a ten-to-one return on investment. The participants in the pilot were some of the most chronically ill and expensive patients who would greatly benefit from coordinated care management. With the general Medicaid population, DHW expected savings and improved outcomes as well, but probably not such a high rate of return as the pilot population.

Director Armstrong said the SHIP grant is for $39.6 million spread over 4 years. DHW is asking for spending authority for $8.9 million of the grant for FY 2016, which will be administered by the Healthcare Policy Initiatives Program. With that funding they will begin the transition of 165 primary care practices to the medical home model, targeting about one-third or 55 of those in 2016. They will also use grant funding to connect the practices' electronic health records to the Idaho Health Data Exchange, which was very important in managing patients and collecting outcome data. The Idaho model for the grant relies heavily on developing regional collaboratives to support local, coordinated care.

Director Armstrong presented DHW's supplemental FY 2015 General Fund budget requests:

- $615,000 for the plaintiff attorney fees for the Jeff D lawsuit concerning children's mental health services that has been ongoing since 1980. DHW has been in confidential mediation since October 2013. A draft agreement is under review by all parties and they hoped it would come to conclusion this year.
- $1.89 million for Hepatitis C treatment. He said this was a very expensive treatment costing at least $100,000 per patient. State Medicaid programs are required to pay for FDA-approved drugs when medically necessary. There may be an opportunity to reduce this cost as new similar drugs come to the market. DHW is exploring those possibilities.
- $796,700 for Access to Recovery Grant IV targeted at veterans in the criminal justice system, families involved with child protection in which part of their problem involves substance abuse, and the homeless population. The grant is expected to serve over 3,400 Idahoans with substance use disorders over the next 3 years.

Director Armstrong next presented DHW's FY 2016 requests from the General Fund:

- $1.52 million for a second community crisis center. He said the Committee appropriated funds last Session for the development of a behavioral health crisis center which opened successfully in Idaho Falls last December. This year the Governor was recommending funding for a second crisis center. He said the purpose of a crisis center was to provide a safe, voluntary, effective and efficient alternative to emergency rooms and jails for people suffering a behavioral health crisis. Hospitals, counties, cities and the State should all realize savings. It could save on law enforcement resources, county indigent funds, emergency department services to uninsured patients and reduce court-ordered civil commitments.

Director Armstrong said DHW's contract with Bonneville County for operation of their crisis center required the county to develop a plan to cover 50 percent of the operating funds within 2 years. He explained it was critical DHW worked with communities opening crisis centers, so they contributed local funding to the greatest extent possible. Future crisis centers would have the same contract requirement.

- $39,500 for Food Stamp Multi-Day Issuance. Last legislative session DFW agreed to extend their food stamp distribution from one day to ten days. They had been providing the benefit on the first day of each month, but will now go to the first ten days of each month. The annual cost was estimated at $211,400 per year. Initially they would have one-time costs for computer programming, mailing of notices to participants, and new card embossing machines which would be covered with a bonus from high performance in the food stamp program.

- $72,500 for the Health Facility Surveyors Program that licenses nursing homes, assisted living facilities, certified family homes and others. He said the program was having a difficult time retaining trained workers primarily due to stress and workload. They were working hard to improve productivity and efficiency, but were barely avoiding financial penalties for meeting federal performance standards. As of December 31, 2014, they had 235 overdue surveys and 135 open complaints that required investigation. They also anticipated conducting over 3,100 surveys during 2015. He said as baby boomers age, these types of facilities will grow and the work will continue to increase.

- $279,000 for Community Hospitalization increase. The Community Hospitalization Program treats patients who are committed to the State and waiting for an open space to come available at the State Hospital. DHW negotiates with the hospitals individually, but overall it will be about a 10 percent increase. The hospitals are not renewing contracts at the current rates, but they agreed to short-term contract extensions while this request was being made.

- $456,200 for adoption case load growth. **Director Armstrong** said DHW had been very successful in finding adoptive homes for children who cannot safely live with their families. Many of them had suffered from abuse and neglect, so finding adoptive families for them was a major victory. DHW provided a monthly stipend for these families because many of the children had special needs due to the abuse and neglect they suffered. DHW had experienced a decrease in federal funding which shifted some of the costs to the State. He said adoptions have a long-lived positive impact on children. The alternative is perpetual foster care until a child ages out at age 18, but that is not as positive and can be more expensive in the long run.

- $111,200 for a laboratory staff pay increase for retention. **Director Armstrong** said DHW was experiencing a high rate of turnover among the scientists at the State Laboratory. An analysis showed that State Lab workers' average earnings were 23 percent less than the surrounding states and the private sector. The inability to retain public health scientists diminishes Idaho's ability to respond to health threats like influenza, rabies, anthrax, or Ebola. DHW would target the majority of funding for mid-level scientists and use some for hard to recruit positions.

- $596,000 for TRICARE immunizations. **Director Armstrong** said Idaho assesses health insurers an amount per child they cover to purchase vaccines at a greatly reduced cost. TRICARE is a federal insurance program for military personnel and their families that is not authorized to pay into state vaccine assessments like other insurers. DHW is partnering with Washington to develop an equitable solution to keep from putting the children of military at risk.

- $14.2 million for Your Health Idaho (YHI) for FY 2015 and FY 2016. **Director Armstrong** said DHW shares eligibility services with YHI. In November, Idaho implemented their own health insurance marketplace at less than half the cost of most states. In the first two months, Idaho became one of the most effectively operated exchanges in the country. He explained most states have struggled and failed due to the complexity of their eligibility systems. Idaho leveraged its high-functioning eligibility system to include the terminations for tax credits. They called the model Eligibility Shared Services. As of October 2014, YHI was approved for $70 million in federal funds to build its exchange. The development cost for the exchange is expected to total $14 million over a 2-year period. That explains DHW's request for receipt authority for YHI development costs along with ongoing operations. Shared services allowed Idaho to implement the exchange quickly and effectively, and also ensured they built Idaho's investment on proven technology minimizing risk and maximizing functionality. Throughout the process they have been careful to meet the legislative intent that no state funds would be used to implement Idaho's exchange. That was the Legislature's direction and it has been strictly adhered to.

  By sharing eligibility services, Idaho was able to do what no other state accomplished in 2014. Idaho successfully converted from the federal marketplace to its own state-based exchange. One advantage they realized from the shared eligibility system was new data they will be able to glean along with determining tax credits for YHI. The system also determines eligibility for public assistance programs that include Medicaid, food stamps, cash and child care assistance. By analyzing system data that takes a global view of participants in each program, they have identified approximately 53,000 people below the poverty limit who are not receiving Medicaid or a tax credit. They are part of the gap population; Idaho citizens who have no access or options for health care.

Director Armstrong urged the support of the 3 percent salary increase recommended by the Governor this year. He said DHW had been working hard to reduce their turnover rate, but the rate had slightly increased in 2014. In exit interviews with workers taking jobs in the private sector, over half identified pay as the main or contributing factor to their decision to leave. Their average pay increase in the private sector was substantial, averaging 38 percent. Over 20 percent of the turnover in 2013 was workers who had less than 2 years of service, and 57 percent included workers with less than 6 years. DHW does not want to become the training ground for the private sector. It is expensive to train someone in a position just to see them leave as their skills reach a productive level. The workload remains high and they cannot afford to lose talented workers. He said the CEC was vital for DHW to retain their valuable workforce. He emphasized that DHW was still experiencing extremely high workloads as the economy was recovering and unemployment was going down.

Director Armstrong stated the number of Idahoans receiving public assistance remains high, even as unemployment rates fall. People are working, but they are not earning a livable wage and they still need public assistance. He said food stamps are often considered a barometer of the economy. When the economy went into the recession, unemployment more than doubled. Food stamp enrollment mirrored a similar increase delayed by several months. As the economy recovered and unemployment rates declined, enrollment in food stamps declined. At the same time, Medicaid enrollment steadily increased. Most of the new enrollees were children from low income households. So why the discrepancy between the two programs? With food stamps the single people went back to work and no longer needed assistance, but households with children were still struggling, not earning enough to meet the basic needs of the family.

Director Armstrong reported on how low wages impact self-sufficiency. He said the Idaho Department of Labor estimates the number of jobs that pay subsistence wages. For a family of 4, a subsistence wage in Idaho is estimated at $20.30 an hour. Only 30 percent of Idaho jobs pay subsistence wages for a family of 4 and 70 percent do not. This is the reality DHW programs and workers are dealing with on a daily basis.

Director Armstrong concluded his remarks with the Public Assistance by Region 2014 Chart. The lowest users of public assistance were Regions 2 and 4; the highest were Regions 3 and 5. He said DHW had adapted their systems and procedures to handle the increased workloads, but the long-term answer would be a livable wage for Idaho workers. He pointed out that Governor Otter's Accelerate Idaho Strategic Plan would set the course for creating new opportunities for citizens and communities. He said he sensed a strong commitment in the Legislature for future economic growth, development, and education to fuel a vibrant, self-reliant workforce. DHW is confident they are on the right path and will continue to do everything they can to help citizens achieve self-reliance.

Vice Chairman Martin thanked Director Armstrong and invited questions.

Senator Nuxoll asked if there were different definitions of managed care. **Director Armstrong** said managed care was used in different ways. DHW refers to care management as a general term that oversees the health care delivery system or the engagement of the providers in the management of care at a detail level. He said there are many variations that change the way money is moved from a payer to a provider. DHW either uses fee-for-service or can pay into a collective delivery system in a community. **Senator Nuxoll** said she thought they had moved away from fee-for-service. **Director Armstrong** said DHW had moved four different programs off of fee-for-service, but physical medicine had not been moved yet. The four were transportation, dental, behavioral health, and dual eligible (people who are eligible for Medicare and Medicaid).

Senator Schmidt asked Director Armstrong if they expect the number of families with self-sufficient wages to come back up. **Director Armstrong** said he saw no evidence of it happening. Household income has continued to be fairly static while the cost of living has gone up. Idaho is probably 49th or 50th in the nation for household income. He said other states have improved their lot, but it hasn't happened here.

Chairman Heider asked Director Armstrong where and when the next behavioral health center would be opened, and what would be the cost savings. **Director Armstrong** said they had to follow public purchasing protocol by refreshing the Request for Proposal they sent out last year to determine the location and time frame. Their goal was seven centers in the future. DHW would be happy to do one or more a year depending on funding from the Legislature. He said they had only been operational for two months, so he was not ready to report on expected savings. He said the new center was doing exactly what they wanted, and they will have good hard statistics for the Committee.

Senator Johnson (Lodge) asked why there was such a disparity between Region 3 with the highest need for public assistance and Region 4 with the lowest need, when many residents of Region 3 drove to Region 4 for employment. **Director Armstrong** responded that Region 3 had been a significant commuting community into Boise; however, they were not commuting for high paying jobs. The cost of living was lower in Region 3, so some of the folks who earn less had migrated west to find housing.

PASSED THE GAVEL: Vice Chairman Martin passed the gavel back to Chairman Heider.

ADJOURNED: There being no further business, **Chairman Heider** adjourned the meeting at 3:31 p.m.

_____
Senator Heider
Chair

_____
Erin Denker
Secretary

_____
Paula Tonkin
Assistant Secretary