

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 15, 2018

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman, Malek, Anderson, Dixon, King, Wintrow

ABSENT/EXCUSED: None

CONVENED: Chairman Keough convened the meeting at 8:01 A.M.

AGENCY PRESENTATION: **SPECIAL HEARINGS: DEPARTMENT OF HEALTH AND WELFARE: IDAHO HEALTH CARE PLAN**

LSO STAFF PRESENTATION: **RUSS BARRON, DIRECTOR:** Reviews the Idaho Health Care Plan and reviews the 1115 Waiver for Medicaid and 1332 Waiver for Dept. of Insurance. ([PRESENTATION](https://go.usa.gov/xn7HX)) (<https://go.usa.gov/xn7HX>)

DEAN CAMERON, DIRECTOR OF INSURANCE: This is a proposal and will make a difference in people's lives. Together with the Governor's office we need your help to offer health care/insurance for Idaho. There are two groups of people, those who are approved for health care subsidies and the other that do not have insurance. The Executive Order 2018-2 is a completely different plan from the Idaho Health Care Plan, same goal but different plan. ([PRESENTATION](https://go.usa.gov/xn7HX)) (<https://go.usa.gov/xn7HX>)

LORI WOLFF, DEPUTY DIRECTOR OF DEPT. OF HEALTH AND WELFARE: Reviews the current Medicaid coverage. Highlights the two waivers: 1332 are State waivers through the Dept of Insurance. This will waive the tax APTC; This would decrease the GAP population not eliminate but decrease. The second waiver 1115, is a Medicaid waver through the Dept of Health and Welfare. This will define medically complex conditions. This waiver is to lower the cost of the premiums. ([PRESENTATION](https://go.usa.gov/xn7HX)) (<https://go.usa.gov/xn7HX>)

RUSS BARRON, DIRECTOR OF DEPT. OF HEALTH AND WELFARE: Reviews what has been accomplished through out Idaho and what feed back was received from the citizens. We have completed draft applications. Next steps are to file the applications; We need legislative approval before we can implement the plan. We would like to implement by July 1. ([AUDIO](https://go.usa.gov/xn7HW)) ([PRESENTATION](https://go.usa.gov/xn7HW)) (<https://go.usa.gov/xn7HX>)

In response to committee questions, **DIRECTOR BARRON** reviewed the differences between Waiver 1332 and Waiver 1115 and addressed how behavioral health will be benefited with the new waivers. Also in response to committee questions, **DEPUTY DIRECTOR WOLFF** gave an overview of how the public hearings went and highlighted the most asked questions. Answers to other committee questions, **DIRECTOR CAMERON** reviews the different approaches they want to possibly implement with the new Health Care Plan. Both **DIRECTOR BARRON** and **DIRECTOR CAMERON** discussed the GAP population and what options they will have under the new plan with the waivers. ([AUDIO](https://go.usa.gov/xn6aH)) (<https://go.usa.gov/xn6aH>)

AGENCY PRESENTATION: **CHILDREN HEALTH INSURANCE PLAN (C.H.I.P.)**

PRESENTER: **RUSS BARRON, DIRECTOR OF HEALTH AND WELFARE:** Reviews the background of C.H.I.P. This is been in affect since 1998. Will CHIP be reauthorized by the Federal Government by March 31. We believe it will be reauthorized; But if it does not, what we would do? \$24 million to cover all those children. ([AUDIO](https://go.usa.gov/xn6as)) (<https://go.usa.gov/xn6as>)

AGENCY PRESENTATION: **DEPARTMENT OF AGRICULTURE: DEFICIENCY WARRANTS**

PRESENTER: **ROB SEPICH:** Funding is requested to reimburse actual expenditures incurred in FY 2017 for exotic or invasive species monitoring and control including potato cyst nematode, Japanese Beetle, and other exotic pests. The existence of exotic or invasive pests in the state, and the lack of information about the distribution of those pests, can cause economic losses to the public by the direct effects of the pests and the placement of quarantines and import restrictions by other states and countries. These programs are carried out under the deficiency warrant authority provided in Chapters 19 and 20, Title 22, Idaho Code. Grasshopper and Mormon Cricket control continue to be covered by a federal grant that is expected to cover an additional two years at current use. By comparison, FY 2017 costs included \$22,300 for exotic pest monitoring and \$187,400 for Japanese Beetle treatment. FY 2016 costs totaled \$342,600. ([AUDIO](https://go.usa.gov/xn6aG)) (<https://go.usa.gov/xn6aG>) ([PRESENTATION](https://go.usa.gov/xn6aA)) (<https://go.usa.gov/xn6aA>)

CONSENT: On request by Sen. Bair, granted by unanimous consent, the fiscal year 2018 budget for the Department of Agriculture, was reopened.

CARRIED: ORIGINAL MOTION
Moved by Sen. Bair, for fiscal year 2018 appropriation, for the Department of Agriculture in the Plant Industries Program, a reduction of \$111,700 in personnel costs and a reduction of \$98,100 in operating expenditures, for a total reduction of \$209,800, from the General Fund, seconded by Sen. Mortimer.

AYES: 20

NAYS: 0

ABSENT/EX: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn6aG)) (<https://go.usa.gov/xn6aG>) ([PRESENTATION](https://go.usa.gov/xn6aA))
(<https://go.usa.gov/xn6aA>)

CARRIED:

ORIGINAL MOTION

Moved by Sen. Bair, the appropriation and transfer of \$209,700 from the General Fund to the Pest Control Deficiency Warrant Fund for Fiscal Year 2018, seconded by Rep. Burtenshaw.

AYES: 20

NAYS: 0

ABSENT/EX: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn6aG)) (<https://go.usa.gov/xn6aG>) ([PRESENTATION](https://go.usa.gov/xn6aA))
(<https://go.usa.gov/xn6aA>)

AGENCY

PRESENTATION:

DEPARTMENT OF HEALTH AND WELFARE: PSYCHIATRIC HOSPITALIZATION

JARED TATRO: The department requests \$1,000,000 in onetime supplemental appropriation in trustee and benefit payments from the General Fund to address a projected shortfall in the Community Hospitalization Program. This request will be the fourth increase in the program, either onetime or ongoing, in the last three years. In FY 2016 the Legislature added \$279,000 ongoing; in FY 2017, the Legislature added \$500,000 onetime as a supplemental; and for FY 2018, the Legislature appropriated an additional \$295,700 ongoing to account for continued costs associated with community hospitalization. This request is for onetime funding and the department is confident that this amount will suffice for FY 2018. However for FY 2019 the needed amount is still unknown. It is expected that savings in the system will start occurring during FY 2018 with the opening of the Homes with Adult Residential Treatment (HART) model, and the opening of the Boise crisis center. The department is also requesting a budget law exemption for FY 2019 to allow for transfers between programs, in excess of 10%, if other department funds are available.

([AUDIO](https://go.usa.gov/xn6aV)) (<https://go.usa.gov/xn6aV>) ([PRESENTATION](https://go.usa.gov/xn6aw))
(<https://go.usa.gov/xn6aw>)

CONSENT:

On request of Sen. Lee, granted by unanimous consent, the fiscal year 2018 budget for the Department of Health and Welfare, was reopened.

([AUDIO](https://go.usa.gov/xn6aV)) (<https://go.usa.gov/xn6aV>)

CARRIED:

ORIGINAL MOTION

Moved by Sen. Lee, the Department of Health and Welfare for the Community Hospitalization Program an additional \$1,500,000 in onetime trustee and benefit payments from the Cooperative Welfare (General) Fund, and for the Adult Mental Health Program a onetime reduction of \$500,000 in trustee and benefit payments from the Cooperative Welfare (General) Fund for fiscal year 2018.

AYES: 20

NAYS: 0

ABSENT/EX: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn6aV)) (<https://go.usa.gov/xn6aV>) ([PRESENTATION](https://go.usa.gov/xn6aw)) (<https://go.usa.gov/xn6aw>)

AGENCY

DEPARTMENT OF HEALTH AND WELFARE: PSYCHIATRIC

PRESENTATION:

HOSPITALIZATION

LSO STAFF

JARED TATRO: The department requests a fund shift of \$1,889,300 from

PRESENTATION:

dedicated and federal funds to the General Fund to account for issues in billing and calculating the Medicaid match at the appropriated time. In addition, the hospital is anticipating a reduction in dedicated receipts as Medicare and other third party payers are increasing the number of denials. Several years ago, the financial staff at State Hospital South changed their accounting methodology to a cash based system from an accrual based system. This resulted in errors of how the federal Medicaid match was applied. The correct amount of federal funds were drawn down by the central office, but the reporting and estimated needs for the hospital were greatly overstated. Without knowledge of the federal fund and dedicated fund overstatement, the Legislature funded various line items, supplementals, inflationary adjustments, replacement items, and other fund shifts during this time that would have likely been department states that it will have to layoff staff and shut down one admitting unit (30 beds) from March to June of 2018 to achieve the needed savings in personnel costs and operating expenditures. Further, the loss of receipt revenue from that unit being closed will require that an additional half unit (15 beds) be shut down during the same time period. As a result, these 45 beds will be transferred to the already overloaded community hospitalization program and could increase that budget by an additional \$4 million. ([AUDIO](https://go.usa.gov/xn6xY)) (<https://go.usa.gov/xn6xY>) ([PRESENTATION](https://go.usa.gov/xn6xj)) (<https://go.usa.gov/xn6xj>)

DAVE TAYLOR, DEPUTY DIRECTOR: Reviews more details on the audit and how this happened and how the agency will not allow this to happen again. ([AUDIO](https://go.usa.gov/xn6xY)) (<https://go.usa.gov/xn6xY>)

CARRIED:

ORIGINAL MOTION

Moved by Sen. Souza, to the Department of Health and Welfare for State Hospital South from the Cooperative Welfare (General) Fund an additional \$1,605,900 in personnel costs and an additional \$283,400 in operating expenditures; from the Cooperative Welfare (Dedicated) Fund a reduction of \$382,500 in personnel costs and a reduction of \$67,500 in operating expenditures; and from the Cooperative Welfare(Federal) Fund a reduction of \$1,223,400 in personnel costs and a reduction of \$215,900 in operating expenditures, for a program-wide total of \$0, with all adjustments being made ongoing, for fiscal year 2018, seconded by Rep. Malek.

AYES: 20

NAYS: 0

ABSENT/EX: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn6xY)) (<https://go.usa.gov/xn6xY>)

**AGENCY
PRESENTATION:**

**DEPARTMENT OF HEALTH AND WELFARE: PSYCHIATRIC
HOSPITALIZATION**

**LSO STAFF
PRESENTATION:**

JARED TATRO: The department requests \$161,800 from the General Fund with \$61,800 in ongoing personnel costs to increase the salaries of its nursing positions and \$100,000 in onetime operating expenditures for State Hospital North (SHN) to address the immediate needs of providing medical care. The request includes an FY 2018 supplemental appropriation request of \$116,600 and an FY 2019 annualization for \$45,200 in personnel costs. SHN, similar to other medical institutions, is experiencing challenges in recruiting, hiring, and retaining qualified nursing and other medical care positions. In the past five years, physician costs, whether state-employed or contracted, have increased on average 16% year-over-year with a range of 9% to 26%. When FY 2017 is compared to FY 2013, the increase is 81%, increasing from \$518,200 to \$938,200. The onetime operating expenditures are to continue paying for contracted help until the pay raises can be implemented and staffing stabilized. The onetime money will be split equally to contract with a tele-psychiatrist and a nurse practitioner. The hospital has been able to contract with a psychiatrist at an annual amount of \$325,000; this contract is with a former SHN psychiatrist. ([AUDIO](https://go.usa.gov/xn6cS)) (<https://go.usa.gov/xn6cS>) ([PRESENTATION](https://go.usa.gov/xn6xC)) (<https://go.usa.gov/xn6xC>)

In response to committee questions, JARED TATRO states this as an issue that will most likely not be resolved.

([AUDIO](https://go.usa.gov/xn6cS)) (<https://go.usa.gov/xn6cS>)

CARRIED:

ORIGINAL MOTION

Moved by Rep. Wintrow, to the Department of Health and Welfare for State Hospital North an additional \$16,600 in ongoing personnel costs from the Cooperative Welfare (General) Fund; and a transfer of \$100,000 from the Adult Mental Health Program to State Hospital North from the Cooperative Welfare (General) Fund, which is composed of an additional \$100,000 in onetime operating expenditures for State Hospital North and a reduction of \$100,000 in onetime trustee and benefit payments from the Adult Mental Health Program, for fiscal year 2018, seconded Sen. Lee.

AYES: 20

NAYS: 0

ABSENT/EX:

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn6cS)) (<https://go.usa.gov/xn6cS>) ([PRESENTATION](https://go.usa.gov/xn6xC)) (<https://go.usa.gov/xn6xC>)

In response to committee questions, ADMIN EDMUNDS reviews the differences of issues between State Hospital North and State Hospital South. ([AUDIO](https://go.usa.gov/xn6cS)) (<https://go.usa.gov/xn6cS>)

**AGENCY
PRESENTATION:**

PUBLIC HEALTH SERVICES: RYAN WHITE GRANT

**LSO STAFF
PRESENTATION:**

JARED TATRO: The department requests \$1 million in ongoing operating expenditures in federal funds for the Ryan White Part B Supplemental Grant. The Part B Program was enacted in the Ryan White HIV/AIDS Treatment Extension Act of 2009 (Public Law 111–87). The purpose of the grant is to improve the quality, availability, and organization of HIV health care and support services. The Part B Program assists states and territories in developing and/or enhancing access to a comprehensive continuum of high quality HIV care and treatment for low-income people living with HIV. Each state and territory operates a Part B Program. The Part B Program Supplemental Grant is awarded to states and territory demonstrated need. This grant will be used to provide the administrative costs for the AIDS Drug Assistance Program (ADAP) pharmacy benefits management services; initiate rebate processing and HIV mobile testing in two northern Idaho health districts for rural and remote communities. In addition, all Part B recipients and sub-recipients must vigorously pursue enrollment in available health coverage options for eligible clients. Idaho was awarded \$509,300 for the Part B Supplemental Grant in August of 2016 and \$1,809,200 in May of 2017. The most recent grant provides onetime funding for the period September 30, 2017 through September 29, 2018. The department is requesting the funds as ongoing because it believes there is a high likelihood that additional funds will be awarded for the following federal fiscal year. ([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>) ([PRESENTATION](https://go.usa.gov/xn6cu)) (<https://go.usa.gov/xn6cu>)

In response to committee questions, **SARA STOVER** stated the Governor did receive the request from the Department of Health and Welfare to approve this noncognizable fund. Because of the timing and how we scrutinize those requests, we decided it was in the best interest for everybody to let the Legislature the opportunity to review this instead of approving.

CARRIED:

ORIGINAL MOTION

Moved by Sen. Ward-Enkelking, to the Department of Health and Welfare for the Physical Health Services Program an object transfer of \$1,000,000 from trustee and benefit payments to operating expenditures from the Cooperative Welfare (Federal) Fund for a net impact of \$0, for fiscal year 2018, seconded by Sen. Souza.

([PRESENTATION](https://go.usa.gov/xn6cu)) (<https://go.usa.gov/xn6cu>)

In response to committee questions, **JARED TATRO** stated arguably, this may not be an emergency. However, as the Division of Financial Management stated they do have sufficient appropriations, in the month of October. However, in the Division of Public Health, they will spend 95–100% of their operating expenditures in any and every given year, at least they have in the last three years. Trustee and benefit payments, however, do have a variance. The Department of Health and Welfare is statutorily limited through intent language that they are the only agency in the State that is not allowed to transfer from Trustee and Benefit Payments up to operating expenditures.

([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>)

**RESTATEMENT
OF ORIGINAL
MOTION:**

ORIGINAL MOTION

Moved by Sen. Ward-Enkelking, to the Department of Health and Welfare for the Physical Health Services Program an object transfer of \$1,000,000, ongoing, from trustee and benefit payments to operating expenditures from the Cooperative Welfare (Federal) Fund for a net impact of \$0, for fiscal year 2018, seconded by Sen. Souza.

([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>)

In response to committee questions, **JARED TATRO** stated Health and Welfare is not allowed to transfer, or do an object transfer from trustee and benefit payments to operating expenditures. However, they are allowed to transfer from operating to trustee and benefit payments. So if this specific grant goes away, it could go back or be discussed at that time.

([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>)

**SUBSTITUTE
MOTION:**

SUBSTITUTE MOTION

Moved by Sen Bair, to the Department of Health and Welfare for the Physical Health Services Program an object transfer of \$1,000,000 one-time from trustee and benefit payments to operating expenditures from the Cooperative Welfare (Federal) Fund for a net impact of \$0, for fiscal year 2018, seconded by Sen Mortimer. ([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>)

In response to committee questions, **JARED TATRO** states if the substitute motion is approved, yes, the committee could very well discuss these funds as ongoing, looking at the FY 2019 budget, or this specific grant is set to expire September 29, 2018 so within this fiscal year. Also if the committee chooses to address it as a line item, and provide it as one-time, then unless there are additional funds provided from the Federal Government for this grant it would not be a supplemental. ([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>)

CARRIED: SUBSTITUTE MOTION

AYES: 20

NAYS: 0

ABSENT/EX: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn6ct)) (<https://go.usa.gov/xn6ct>)

AGENCY PRESENTATION: **INDUSTRIAL COMMISSION: FORENSIC INTERVIEWS**

LSO STAFF PRESENTATION: **MAGGIE SMITH:** Reviews the issues from last week and details it is a state Medicaid decision not a federal Medicaid decision. ([AUDIO](https://go.usa.gov/xn63a)) (<https://go.usa.gov/xn63a>) ([PRESENTATION](https://go.usa.gov/xn632)) (<https://go.usa.gov/xn632>)

In response to committee questions, **ADMIN. MATT WIMMER** states in 2015, when this first popped up and the reason why it came to our attention was because of changes in coding. Not from any shift in Medicaid policy. It was new codes that were being used to bill these services. That is what prompted a look at this. Also it would not impact Medicaid dollars.

UNANIMOUS CONSENT: On request of Rep. Wintrow, granted by unanimous consent, to reopen the fiscal year 2018 budget for the Industrial Commission
([AUDIO](https://go.usa.gov/xn63a)) (<https://go.usa.gov/xn63a>)

CARRIED: ORIGINAL MOTION
Moved by Rep. Wintrow, for the fiscal year 2018, for the Industrial Commission, in the Crime Victims Compensation Program, an additional \$400,000 in ongoing trustee and a benefit payments from the Federal Grant Fund, seconded by Sen. Lee.
([AUDIO](https://go.usa.gov/xn63a)) (<https://go.usa.gov/xn63a>) ([PRESENTATION](https://go.usa.gov/xn632)) (<https://go.usa.gov/xn632>)

In response to committee questions, MAGGIE SMITH stated the \$400,000 would be ongoing so it would increase the ongoing appropriation to \$1.2 million each year. The reason this is a supplemental request is because the billing changes, how the services are coded, occurred at the beginning of this fiscal year. The agency anticipates they will receive a larger amount of claims and will need to pay for these services in the current fiscal year. The additional \$400,000 would be to increase the appropriation this year to meet those costs, but it will also increase the ongoing appropriation. ([AUDIO](https://go.usa.gov/xn63a)) (<https://go.usa.gov/xn63a>)

**RESTATE
MOTION:**

ORIGINAL MOTION

Moved by Rep. Wintrow, for the fiscal year 2018, for the Industrial Commission, in the Crime Victims Compensation Program, an additional \$400,000 in ongoing trustee and a benefit payments from the Federal Grant Fund, seconded by Sen. Lee.

AYES: 20

NAYS: 0

ABSENT/EX: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Keough.

([AUDIO](https://go.usa.gov/xn63a)) (<https://go.usa.gov/xn63a>)

**AGENCY
PRESENTATION:**

GOVERNOR'S REVISED BUDGET RECOMMENDATION

**LSO STAFF
PRESENTATION:**

JANI REVIER, ADMINISTRATOR: Reviews the revised executive budget from the Governor. Idaho Transportation Department, Department of Health and Welfare, Division of Building Safety, Lava Hot Springs and Department of Corrections were among the new revisions. Revised revenue projection increased to \$3,630,875,300 which is a 5.3% growth. ([AUDIO](https://go.usa.gov/xn6qe)) (<https://go.usa.gov/xn6qe>)

QUESTIONS:

In response to the committee questions, JANIE REVIER, states the new forecast takes into account of the Federal Tax changes and that is an additional \$15 million coming into play. Last year the committee chose to recognize the revenue above the forecast, but she thinks this year it would be dangerous to try to recognize the revenue above the forecast because it really could all be due to timing and we could have a short fall in April. ([AUDIO](https://go.usa.gov/xn6qe)) (<https://go.usa.gov/xn6qe>)

**AGENCY
PRESENTATION:**

GOVERNOR'S REVISED BUDGE RECOMMENDATION

**LSO STAFF
PRESENTATION:**

PAUL HEADLEE: Reviews the two new revised pages (6 and 7) of the budget book. ([AUDIO](https://go.usa.gov/xn6qs)) (<https://go.usa.gov/xn6qs>)

CONVENED:

There being no further business, Chairman Keough adjourned the meeting at 10:21 A.M.

Senator Keough
Chair

Amberlee Honsaker
Secretary