

## **FINAL REPORT**

### **Equitable Assessment of Costs Related to Medicaid Expansion**

#### **Members of the Committee**

Senator Jim Rice, Co-chair  
Senator Mary Souza  
Senator Van Burtenshaw  
Senator Dave Lent  
Senator Maryanne Jordan

Representative Fred Wood, Co-chair  
Representative Megan Blanksma  
Representative James Addis  
Representative Britt Raybould  
Representative Brooke Green

#### **Nonlegislative Members of the Committee**

Dave Jeppesen, Director, Idaho Department of Health and Welfare  
Todd Smith, Commissioner, Madison County  
Jeff Taylor, Senior Vice President and Chief Financial Officer, St. Luke's Health System

#### **Staff**

Elizabeth Bowen, Principal Legislative Drafting Attorney  
Jared Tatro, Principal Budget and Policy Analyst  
Jennifer Kish, Committee Secretary

November 4, 2019

## I. **Committee Charge**

The Committee on Equitable Assessment of Costs Related to Medicaid Expansion was authorized by Senate Concurrent Resolution 117, adopted April 5, 2019 by the Sixty-fifth Idaho Legislature. The purpose of the committee was to undertake and complete a study and to make recommendations regarding: (1) the effects of Medicaid eligibility expansion on existing programs that serve medically indigent individuals; and (2) other issues identified in the resolution, including:

- a. The impacts of Medicaid eligibility expansion on existing programs that serve medically indigent individuals;
- b. Options to reduce, phase out, or eliminate the County Medically Indigent Program and the Catastrophic Health Care Costs Program;
- c. The savings to each county and the state from reduction or elimination of each program;
- d. An equitable means to assess each county for its share of state funding for Medicaid eligibility expansion; and
- e. An effective means for the state to collect Medicaid eligibility expansion assessments from the counties.

S.C.R. 117 may be found in Appendix I of this report.

## II. **Meetings**

The committee met at the State Capitol in Boise on the following dates:

1. June 17, 2019;
2. August 9, 2019;
3. September 13, 2019; and
4. November 4, 2019.

## III. **Scope of Study and Findings**

At its meetings, the committee considered information relating to: (1) funding sources for various county programs, including county indigency programs; (2) state and county programs affected by Medicaid eligibility expansion; (3) projected costs of Medicaid eligibility expansion through fiscal year 2030; and (4) potential state and county sources of funding for Medicaid eligibility expansion. Presenters to the committee included:

1. Dean Cameron, Director, Idaho Department of Insurance (August 9);
2. Seth Grigg, Executive Director, Idaho Association of Counties (June 17; September 13);
3. Paul Headlee, Division Manager of Budget and Policy Analysis, Legislative Services Office (June 17);
4. Lisa Hettinger, Deputy Director, Idaho Department of Health and Welfare (June 17);
5. Kathryn Mooney, Program Director, Catastrophic Health Care Costs Program (June 17; August 9);
6. Amanda Schipp, Of Counsel, Krieg DeVault LLP (August 9);
7. Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office (August 9; September 13); and
8. Lori Wolff, Deputy Director, Idaho Department of Health and Welfare (August 9).

The presentations and associated handouts may be reviewed on the committee's page at the Legislature's website:

<https://legislature.idaho.gov/sessioninfo/2019/interim/eame/>

As the committee is currently unable to review actual expansion data on all issues it was asked to consider, the committee is requesting reauthorization to continue its study.

However, because the state and the counties have to this point shared financial responsibility for making health care available to medically indigent Idaho residents through the County Medically Indigent Program and the Catastrophic Health Care Costs Program, the committee finds, in principle and by majority vote, that such joint responsibility should continue through shared funding of Medicaid eligibility expansion.

#### IV. **Recommendations**

Having conducted its authorized study, the Committee on Equitable Assessment of Costs Related to Medicaid Expansion makes the following **unanimous** recommendations:

1. General fund offsets and savings due to Medicaid eligibility expansion should be used to fund Medicaid eligibility expansion;
2. Savings in the Catastrophic Health Care Costs Program in fiscal year 2021 should be used to fund Medicaid eligibility expansion; and
3. The committee should be reauthorized to study and make recommendations on the following issues:
  - a. Potential ongoing sources of funding for Medicaid eligibility expansion;
  - b. Whether and to what extent the County Medically Indigent Program should continue; and
  - c. Whether and to what extent the Catastrophic Health Care Costs Program should continue.

The committee further makes the following **majority** recommendations:

1. The state should require county participation in funding for Medicaid eligibility expansion in fiscal year 2021, up to \$10,000,000. (8-2, Jordan and Green opposed)
2. County participation in Medicaid eligibility expansion funding for fiscal year 2021 should be collected from the sales tax distribution. This recommendation is contingent on combining the counties' charities and justice levies. (8-2, Jordan and Green opposed)
3. County participation in funding for Medicaid eligibility expansion should have a delayed implementation, effective October 1, 2020, to match the counties' fiscal year. (9-1, Green opposed)
4. If funding from the general fund and county participation is insufficient to cover the state's financial responsibility for Medicaid eligibility expansion in fiscal year 2021, then Millennium funds should be used to make up for the shortfall. (9-1, Green opposed)

A Minority Report may be found in Appendix II of this report.

A draft resolution to reauthorize the committee may be found in Appendix III of this report.

## **APPENDIX I**

Senate Concurrent Resolution 117 (2019)

IN THE SENATE

SENATE CONCURRENT RESOLUTION NO. 117

BY STATE AFFAIRS COMMITTEE

A CONCURRENT RESOLUTION

STATING FINDINGS OF THE LEGISLATURE AND AUTHORIZING THE LEGISLATIVE COUNCIL TO APPOINT A COMMITTEE TO UNDERTAKE AND COMPLETE A STUDY AND TO MAKE RECOMMENDATIONS REGARDING THE EFFECTS OF MEDICAID ELIGIBILITY EXPANSION ON EXISTING PROGRAMS THAT SERVE MEDICALLY INDIGENT INDIVIDUALS AND REGARDING RELATED ISSUES.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, on November 6, 2018, the Idaho electorate passed Proposition 2, expanding eligibility for Medicaid to persons with a modified adjusted gross income at or below 133% of the federal poverty level; and

WHEREAS, it is anticipated that Medicaid eligibility expansion will reduce or eliminate the need for existing programs that serve medically indigent individuals, including the county medically indigent program and the catastrophic health care costs program; and

WHEREAS, federal financial participation for Medicaid eligibility expansion is set at 90%, with the state providing the remainder of the funds needed for expansion; and

WHEREAS, funds currently reserved for the county medically indigent program and the catastrophic health care costs program have been identified as a potential source of funding for Medicaid eligibility expansion; and

WHEREAS, a study is necessary to determine:

(1) The impacts of Medicaid eligibility expansion on existing programs that serve medically indigent individuals;

(2) Options to reduce, phase out, or eliminate the county medically indigent program and the catastrophic health care costs program;

(3) The savings to each county and the state from reduction or elimination of each program;

(4) An equitable means to assess each county for its share of state funding for Medicaid eligibility expansion; and

(5) An effective means for the state to collect Medicaid eligibility expansion assessments from the counties.

NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Sixty-fifth Idaho Legislature, the Senate and the House of Representatives concurring therein, that the Legislative Council is authorized to appoint a committee to undertake and complete a study and to make recommendations regarding the effects of Medicaid eligibility expansion on existing programs that serve medically indigent individuals and regarding related issues identified in this resolution. The Legislative Council shall determine the number of legislators and membership from each house appointed to the committee and shall authorize the committee to receive input, advice, and assistance from interested and affected parties who are not members of the Legislature.

1 BE IT FURTHER RESOLVED that the cochairs of the committee who are ap-  
2 pointed by the Legislative Council shall appoint, as a nonvoting member of  
3 the committee, a person representing the Idaho Association of Counties.

4 BE IT FURTHER RESOLVED that other nonlegislative members of the commit-  
5 tee may be appointed by the cochairs. Nonlegislative members of the commit-  
6 tee shall not be reimbursed from legislative funds for per diem, mileage, or  
7 other expenses.

8 BE IT FURTHER RESOLVED that the committee shall report its findings,  
9 recommendations, and proposed legislation, if any, to the Second Regular  
10 Session of the Sixty-fifth Idaho Legislature.

## **APPENDIX II**

### Minority Report

**I. Objection to Majority Recommendations No. 1 and No. 2**

Idaho has not yet implemented Medicaid eligibility expansion, and it is unknown at this time what precise impacts implementation will have on: (1) county programs that serve the medically indigent; and (2) county budgets in general. Until expansion has been fully implemented for at least one year, and such impacts are either known or easier to estimate, the Legislature should refrain from assessing counties for any share of expansion funding. It is likely that some Idaho residents will continue to make use of these programs once expansion has been fully implemented, because the eligibility standards for the programs differ from the eligibility standards for expansion.

Furthermore, assessing counties to help pay for Medicaid eligibility expansion in fiscal year 2021 is unnecessary. According to Governor Little, his proposed budget for the fiscal year will “harvest savings” in various state programs to fund expansion. Additional funding from county assessments does not appear to be needed.

Finally, the amount of assessments identified in Majority Recommendation No. 1 — “up to \$10,000,000” — is not rationally related to anticipated county savings attributable to expansion. The number is not specific and appears to have been selected at random. Any such assessment would therefore not be an “equitable means” to assess counties for a portion of expansion funding.

For these reasons, we object to Majority Recommendations No. 1 and No. 2.

Senator Maryanne Jordan  
Representative Brooke Green

**II. Objection to Majority Recommendations No. 3 and No. 4**

My objection to Majority Recommendation No. 3 relates back to my objection to Majority Recommendations No. 1 and No. 2. Counties should not be assessed for expansion funding in fiscal year 2021 for the reasons stated above. Delayed implementation would not address any of my concerns.

Regarding Majority Recommendation No. 4: Millennium funds derive from payments made by tobacco companies under the Tobacco Master Settlement Agreement. Customarily, the Legislature grants Millennium funds to programs or projects focused on tobacco and substance abuse cessation, prevention, and treatment. If funding for these important projects and programs remains at least equal to its current level, I do not object to the use of Millennium funds for funding expansion, provided other funding sources are exhausted first. Because Majority Recommendation No. 4 does not specify that tobacco and substance abuse cessation, prevention, and treatment programs and projects will continue to receive priority in the use of Millennium funds, I object to the recommendation.

Representative Brooke Green

## **APPENDIX III**

Resolution to Reauthorize Committee

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 LEGISLATURE OF THE STATE OF IDAHO  
 Sixty-fifth Legislature Second Regular Session - 2020  
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IN THE HOUSE OF REPRESENTATIVES

HOUSE CONCURRENT RESOLUTION NO. \_\_\_\_\_

BY \_\_\_\_\_

A CONCURRENT RESOLUTION

STATING FINDINGS OF THE LEGISLATURE AND AUTHORIZING THE LEGISLATIVE COUNCIL TO APPOINT A COMMITTEE TO UNDERTAKE AND COMPLETE A STUDY AND TO MAKE RECOMMENDATIONS REGARDING MEDICAID ELIGIBILITY EXPANSION FUNDING AND RELATED ISSUES.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, on November 6, 2018, the Idaho electorate passed Proposition 2, expanding eligibility for Medicaid to persons with a modified adjusted gross income at or below 133% of the federal poverty level; and

WHEREAS, it is anticipated that Medicaid eligibility expansion may reduce or eliminate the need for existing programs that serve medically indigent individuals, including the county medically indigent program and the catastrophic health care costs program; and

WHEREAS, federal financial participation for Medicaid eligibility expansion is set at 90%, with in-state sources providing the remainder of the funds needed for expansion; and

WHEREAS, the First Regular Session of the Sixty-fifth Idaho Legislature adopted Senate Concurrent Resolution No. 117, authorizing a committee to study the effects of Medicaid eligibility expansion on existing programs that serve medically indigent individuals and related issues identified in the resolution, including:

- (1) Options to reduce, phase out, or eliminate the county medically indigent program and the catastrophic health care costs program;
- (2) The savings to each county and the state from reduction or elimination of each program; and
- (3) An equitable means to assess each county for its share of state funding for Medicaid eligibility expansion; and

WHEREAS, the committee conducted the authorized study and adopted a final report, but determined that the committee could not make recommendations on certain issues identified in S.C.R. No. 117 until Medicaid eligibility expansion had been in effect for a period of time; and

WHEREAS, these outstanding issues include the effects of Medicaid eligibility expansion on existing programs that serve medically indigent individuals and options to reduce, phase out, or eliminate such programs; and

WHEREAS, the committee is requesting reauthorization in order to continue its study.

NOW, THEREFORE, BE IT RESOLVED by the members of the Second Regular Session of the Sixty-fifth Idaho Legislature, the House of Representatives and the Senate concurring therein, that the Legislative Council is authorized to appoint a committee to undertake and complete a study and to make recommendations regarding funding for Medicaid eligibility expansion and related issues, including those issues identified in this resolution. The Legisla-

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tive Council shall determine the number of legislators and membership from each house appointed to the committee and shall authorize the committee to receive input, advice, and assistance from interested and affected parties who are not members of the Legislature.

BE IT FURTHER RESOLVED that nonlegislative members of the committee may be appointed by the cochairs of the committee who are appointed by the Legislative Council. Nonlegislative members of the committee shall not be reimbursed from legislative funds for per diem, mileage, or other expenses and shall not have voting privileges regarding the committee's recommendations or proposed legislation.

BE IT FURTHER RESOLVED that the committee shall report its findings, recommendations, and proposed legislation, if any, to the First Regular Session of the Sixty-sixth Idaho Legislature.