

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 28, 2019
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, and Nye.
Representatives Co-chairman Youngblood, Horman, Anderson (Nate Anderson), Amador, Kauffman, Raybould, Syme, Troy, Wintrow, and Toone.
ABSENT/ EXCUSED: Senator Lee
CONVENED: **Co-Chairman Bair** called the Joint Finance-Appropriations Committee (Committee) (JFAC) to order at 8:00 a.m.

AGENCY PRESENTATION: **DEPARTMENT OF HEALTH AND WELFARE**
Director's Overview

PRESENTER: **Dave Jeppesen, Director**
The Department of Health and Welfare's (DHW) key strategic goal is to promote healthier, safer and self-sufficient Idahoans by delivering accessible and affordable health care to vulnerable Idaho children and adults in partnership with private services providers.

DHW includes several divisions, including family and community services, welfare, Medicaid, public health care policy, behavioral health, licensing and certification, and others.

Director Jeppesen emphasized DHW's five budget priorities for FY 2020:
(1) suicide prevention to decrease suicide in Idaho by 20 percent by 2025;
(2) child welfare initiative to help children and families to gain stability;
(3) children's development disability services to reach children earlier in life;
(4) healthcare reform to provide affordable health care by rewarding providers for healthy outcomes rather than volume; and
(5) workplace safety improvements, including building improvements, security officers and technology to keep DHQ offices safe and violence free.

Medicaid expansion, approved by voters in November 2018, expanded eligibility requirement to all Idahoans with incomes up to 138 percent of the federal poverty level. Implementation of the expanded program is targeted for January 1, 2020 and will require additional funding.

LSO STAFF PRESENTER: **Jared Tatro, Analyst, LSO**
The DHW Organization Chart shows twelve budgeted areas, plus Independent Councils which is grouped into DHW for budget purposes only. Each budget division will present separately to JFAC.

For the entire DHW, the Legislature appropriated 2,922.71 Full Time Positions (FTPs) in its original FY 2019 appropriation. Requested changes for FY 2019 and FY 2020 would increase the agency's FTP to 2,940.11. The Governor recommended 2,931.11. As of January 8, 2019, DHW had 205.19 vacancies, or approximately 5%.

In FY 2018, the appropriation totalled \$2,920,934,800, broken down by budget division. The FY 2019 appropriation totalled \$3,053,280,000. Personnel and operating expenditures account for 14.5 percent of the FY 2019 appropriation.

The proposed DFW FY 2020 budget totalled \$3,221,872,000 which included 35 line items. The Governor recommended \$3,394,290,600.

The committee requested clarification of several figures concerning Medicaid expansion. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **Indirect Support Services**

PRESENTER: **David Taylor, Deputy Director**

LSO STAFF

PRESENTER: **Jared Tatro, Analyst, LSO**

The Indirect Support Services (ISS) division provides department-wide management and support for the DHW's twelve budgeted divisions. It includes Financial Services, Audit and Investigations, Information Technology, and Operational Services, such as human resources, contracting and procurement. Indirect Support Services operates with 299.60 FTP and has 14.70 vacancies. Funding sources include the General Fund, and dedicated and federal funds.

In FY 2018, ISS received a total appropriation of \$46,381,700 and reverted \$3,120,200. Total expenditures were \$43,565,900.

In FY 2019, ISS received a total appropriation of \$48,720,200, which included six approved line items: Cisco Enterprise license agreement, State Controller's Office mainframe costs; criminal history unit new staff, Medicaid integrity unit new staff, fraud analysis new staff and criminal history unit grant. **Deputy Director Taylor** updated the Committee on the status of the line items.

For FY 2020, ISS requested \$3,042,400 in replacement items which included facility alteration and repair projects, vehicles, firewall clusters, and computer equipment. The Governor did not recommend replacement of computer equipment. ISS also requested \$345,200 from the General Fund and \$345,200 in federal funds for workplace safety improvements. This request would cover year two of a three-year strategic initiative to serve customers in a safe environment by providing employees with tools and resources for preventing or responding to potentially violent situations. **Deputy Director Taylor** provided details of this initiative. The Governor recommended this line item.

For FY 2020, ISS requests a total appropriation of \$50,143,500. The Governor recommended \$49,877,800.

Deputy Director Taylor fielded questions from the Committee concerning personnel vacancies. See [Presentation](#) and [Audio](#).

AGENCY
PRESENTATION: PUBLIC HEALTH SERVICES
PRESENTER: Elke Shaw-Tulloch, Division Administrator

LSO STAFF
PRESENTER:

Jared Tatro, Analyst, LSO

Public Health Services (PHS) is divided into four budgeted areas: physical health services, emergency medical services, laboratory services and suicide prevention and awareness. In addition, PHS is further divided into ten different bureaus, or centers. Funding sources include federal grants, dedicated funds, statutory distributions from the General Fund and commercial rebates. PHS works in cooperation with seven public health districts to implement many of the federal grants. PHS currently operates with 237.02 FTPs and have requested 6.0 more FTPs for FY 2019 and 1.0 FTP for FY 2020. Current vacancies are 11.25 FTPs.

In FY 2018, PHS received a total appropriation of \$166,831,700. PHS reverted \$17,247,100, primarily from dedicated funds. Actual expenditures were \$99,816,100, and \$17,015,600 remained unspent. Some of the unspent funds resulted from timing issues with federal grants and from the dedicated Vaccine Fund which is subject to the number of children eligible for vaccines.

Ms. Shaw-Tulloch explained a 2017 audit finding concerning payroll documentation. Corrective action was implemented on July 1, 2018.

In FY 2019, PHS received a total appropriation of \$120,787,300, including nine line items. **Ms. Shaw-Tulloch** detailed progress on several items, including the Women, Infants and Children program implementation which will replace a paper voucher system for an electronic benefit system.

Ms. Shaw-Tulloch reported on increased efforts for suicide prevention and awareness in schools. In granting appropriation for suicide prevention, the Legislature added specific intent language requiring Office of Suicide Prevention and Awareness Program to submit a complete plan by August, 2018, and to present a budget request to the 2019 legislative session that would fully implement the plan. **Ms. Shaw-Tulloch** reported that PHS developed a five-year suicide prevention plan which included twelve goals and over 60 objectives. Continued refinements and an FY 2019 one-year prioritized action plan provided a foundation for the 2020 budget request.

For FY 2020, PHS requested, and the Governor recommended, \$1,026,100 ongoing from the General Fund for Suicide Prevention and Awareness, and \$259,700 from the General Fund for the Tuberculosis Program. **Ms. Shaw-Tulloch** spoke in depth about these programs.

The Governor recommended increased funding for 1.0 FTP for a Chronic Disease Health Education Specialist but did not recommend the addition of 1.0 FTP for the Food Protection Program. **Ms. Shaw-Tulloch** discussed PHS's request for \$116,000 for the Cancer Data Registry. PHS has determined they can redirect some existing funding into this program and, therefore withdrew the request.

For FY 2020, PHS requested a total of \$125,113,000. The Governor recommended \$125,243,900.

In answer to questions from the Committee, **Ms. Shaw-Tulloch** discussed tuberculosis in Idaho and an advanced directive registry. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **HEALTHCARE POLICY INITIATIVES**

PRESENTER: **Lisa Hettinger, Deputy Director**

LSO STAFF

PRESENTER: **Jarad Tatro, Analyst, LSO**

The Healthcare Policy Initiatives Program (Department) was established in 2015 to administer the State Healthcare Innovation Plan (SHIP) and other statewide health policy initiatives focused on improving Idaho's health care system. The SHIP funding was a 5-year grant. When it was originally funded, JFAC had the understanding that, at the conclusion of the grant, all of the federal dollars and FTPs would need new funding and JFAC would reevaluate the Department's function moving forward. The SHIP grant will end on June 30, 2019.

In FY 2018, JFAC appropriated \$255,700 from the General Fund, and the SHIP grant provided an additional \$12,687,000 to the Department. Actual expenditures were \$10,141,600 and \$2,801,100 was reverted.

In FY 2019, the Department received an original appropriation of \$17,945,400, which included \$5,000,000 from federal funds (SHIP grant). Two supplemental requests were (1) a program transfer of \$3,100,000 in federal funds from the Health Care Policy Initiatives Program to the Physical Health Services Program for eleven previously awarded federal grants, and (2) a rescission of \$375,000 in ongoing trustee and benefit payments for Graduate Medical Education at Idaho State University.

The Department submitted its 2019 annual report to the Legislative Services Office and the Division of Financial Management on January 31, 2018 to JFAC on January 24, 2019.

For FY 2020, the department requests 7.00 FTP and \$795,900 to continue payment reform for health care related costs. The request includes \$605,300 in ongoing personnel costs and \$190,600 in ongoing operating expenditures. Funding for the request includes \$396,800 from the General Fund and \$399,100 from dedicated funds, with dedicated revenue anticipated from private and public grants. The department does not have any financial commitments from these sources. The Governor recommended \$799,400, with a shift of \$185,100 from the General Fund to federal funds.

Ms. Hettinger urged the Committee to persevere to slow the growth of insurance premiums, co-pays and deductibles while improving the quality of care without restricting access to Idaho's provider community. Health care industry leaders have formed the Healthcare Transformation Council of Idaho (HTCI) and are committed to making difficult changes within their organizations to achieve the goal of affordable healthcare. They have requested that HTCI continues.

DISCUSSION:

In response to questions from the Committee, **Ms. Hettinger** expanded on the work of HTCI. See [Presentation](#) and [Audio](#)

AGENCY

PRESENTATION: LICENSING AND CERTIFICATION

PRESENTER: Tamara Prisock, Division Administrator

LSO STAFF

PRESENTER: Jared Tatro, Analyst, LSO

The Licensing and Certification Division (Division) was established in 2013. The program surveys, inspects, licenses and certifies health care facilities that require certification or licensure by either state or federal requirements. The work includes initial site visits, staffing plan review, complaint investigation and training for facilities and providers.

Revenue for this program is generated from applicant fees and other federal sources, primarily Title 18 Medicare and Title 19 Medicaid. The Division currently operates with 71.90 FTPs with seven vacancies.

In FY 2018, the Division received \$6,895,700 in appropriations. Expenditures were \$6,938,400.

In FY 2019, the Division received \$7,321,500 which included the addition of two FTPs to conduct surveys at assisted living facilities.

Ms. Prisock explained that the Division of Licensing and Certification struggles to hire register nurses with credentials and expertise to survey skilled nursing and other facilities. In order to perform the Division's function, it transferred personnel costs from unfilled positions to contract with outside surveyors. The Division is actively recruiting for its unfilled positions.

Initial surveys are usually completed within 90 days of notice from the facilities. The Division prioritizes initial certifications but does have overdue recertifications for nursing and assisted living facilities. Other priority work involves facilities with deficiencies which could lose funding if correction and recertification is delayed.

Mr. Tatro stated that the biannual report on the status of facility licensing and certifications and work issues was submitted to the Legislative Services Office and Division of Financial Management on December 21, 2018 and provided to JFAC on January 24, 2019.

For FY 2020, the Division requested 3.0 FTPs. Two of these positions would provide technical assistance and training to facilities seeking certification or recertification. The Governor did not recommend this request. In answer to questions from **Sen. Agenbroad, Sara Stover**, Analyst, Division of Financial Management (DFM), Office of the Governor, explained that since the positions requested were support for the survey teams, other priorities within the agency and the Governor's budget statewide took priority.

For FY 2020, the Division requested \$7, 636,300. The Governor recommended \$7,450,000.

ADJOURNED: Having no further business before the Committee, **Chairman Bair** adjourned the meeting at 10:55 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary