

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 11, 2019
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye
Representatives Co-chairman Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Maurin(Troy), Wintrow, Toone
ABSENT/ EXCUSED: None
CONVENED: Co-Chairman Bair called the Joint Finance-Appropriations Committee (Committee) (JFAC) to order at 8:00 a.m.

AGENCY **DEPARTMENT OF HEALTH AND WELFARE**

PRESENTATION: **Division of Welfare**

PRESENTER: **Julie Hammon, Division Administrator**

The Department of Health and Welfare's budget includes two major programs: (1) the Self-Reliance Operations Program, which handles personnel, operations and capital outlay expenditures; and (2) the Benefit Payments Program that track benefits intended to provide support options for low income families and individuals while encouraging and supporting participants to become more self-reliant.

Programs include Child Support Services, Supplemental Nutrition Assistance Program (SNAP), child care assistance, temporary assistance for families, and Idaho's Aid to the Blind and Disabled. The Division also oversees the eligibility portions for Medicaid and determines Advance Premium Tax Credit (APTC) to purchase private insurance.

The Self-Reliance Operations Program employs 619.50 Full Time Positions (FTPs). One position was transferred to Indirect Support Services, bringing the FY 2020 request to 618.50 FTPs. The Division of Welfare has 58 current vacancies, or about 9 percent. DHW employs 400 self-reliance specialists and customer service representatives who serve over 600,000 individuals every year. **Ms. Hammond** explained that turnover is typically high in call centers, and the vacancy rate is typically five percent. The Division of Welfare is preparing for Medicaid expansion implementation to serve an additional 91,000 Idahoans. Its staffing design allows DHW to absorb this work without additional administrative funding.

LSO STAFF

PRESENTATION: **Jared Tatro, Analyst, Legislative Services Offices (LSO)**

In FY 2018, the Division of Welfare received a total appropriation of \$172,320,100. It expended \$161,478,500 and reverted \$10,106,600.

The 2016–2017 Audit returned six findings to the Division of Welfare. **Ms. Hammond** stated that corrective actions have been taken and expects these items to close.

In FY 2019, the Division of Welfare received a total appropriation of \$175,037,800 of which \$78,233,000 was for self-reliance operations and \$96,804,800 was for benefit payments. The FY 2019 agency request also included two line items: Child support system modernization and SNAP employment and training services.

Ms. Hammond reported that three years of Child Support Project funding has drastically improved operations. It has achieved all of its goals with a few automation releases remaining. The Office of Child Support Enforcement Services reviewed the new system and concluded that Idaho’s approach was not only the least expensive modernization project in the country, but also produced the best results and functionality. In addition, the new system allowed the Division of Welfare to transfer 10.0 FTPs to the child welfare program, and transferred nearly \$600,000 from personnel costs to operating expenses in order to ensure the new modernized system remains relevant.

The SNAP Employment and Training has allowed DHW to coordinate workforce development efforts through community partners. Once training is complete, these partners work with individuals to gain long-term employment. This program serves approximately 30,000 individuals. About half drop off the program and lose their benefits. Of the remaining half, approximately 40 percent leave the program with employment, training or education.

For FY 2020, the Division of Welfare requested a 5.6 percent appropriation decrease, to \$165,245,300, as a result of savings realized from the Child Support system modernization project. The Governor recommended a total appropriation of \$165,469,500.

Ms. Hammond explained that Division of Welfare did not request line items for Medicaid expansion for two reasons: (1) the manner in which the cost allocation and federal match rates work with integrated eligibility programs; and (2) the design of its workforce staffing to adjust to changing workloads, and, in the case of Medicaid expansion, do so without additional funding. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **Division of Medicaid**

PRESENTER: **Matt Wimmer, Division Administrator**

The Division of Medicaid (Division) administers comprehensive health care coverage for eligible Idahoans in accordance with Titles 19 and 21 of the Social Security Act. It contracts with individual health care providers, agencies, institutions and managed care entities to provide health services for low income families, including children, pregnant women, the elderly and people with disabilities. The Division is separated out into four budgeted programs: Medicaid administration, which includes personnel costs, operating expenditures and capital outlay and a small portion of trustee and benefit payments. The other three programs are trustee and benefit payments only: The Basic plan covers pregnant women and children, Idaho’s Children Health Insurance Program (CHIP) and other children in Medicaid. The Basic Plan accounts for three quarters of the caseload. The Enhanced Plan is made up of children and non-elderly adults with

disabilities or other special health needs, including foster children, and accounts for approximately 16 percent of caseload. The Coordinated Plan includes those who are aged 65 and older. The passage of Proposition 2 created a fifth budgeted program for Medicaid Expansion.

**LSO STAFF
PRESENTER:**

Jared Tatro, Analyst, LSO

The Division employs 216.0 FTPs and requested an additional 5.0 FTPs for FY 2020. The Governor recommended three additional positions related to Medicaid expansion.

In FY 2018, the Division received a total appropriation of \$2,343,605,500. They expended \$2,316,908,000, and reverted \$26,697,500 as unspent appropriation. This amount is the subject of an FY 2019 Supplemental appropriation.

The 2017 Audit returned one finding. This item has been corrected.

In FY 2019, the Division received a total appropriation of \$2,449,450,500 which included nine line items:

- (6) MMIS Independent Verification;
- (7) Jeff D Settlement Implementation;
- (15) Provider-Data Software Improvements;
- (27) Infant Toddler Early Intervention Services;
- (33) Provider Entrollment Changes;
- (38) Children's DDA Rate Change;
- (39) Assisted Living Facility-personal Care Services;
- (57) Provider Rate Increase-Supported Living; and
- (58) Trailer for H465 —Restore Dental.

Mr. Wimmer detailed the status of these line items and answered questions from the Committee.

Mr. Tatro discussed proposed language for the appropriation bill.

Mr. Wimmer discussed FY 2020 cost control efforts.

In addition to the original FY 2019 appropriation of \$2,449,450,500, the Division of Medicaid requested, and the Governor recommended:

- (1) a onetime supplemental appropriation of \$9,307,400 to cover claims not paid at the end of FY 2018;
- (2) \$2,321,600 to fund recently completed contract extension for the Medicaid Management Information System (MMIS);
- (3) a program transfer of \$700,000 in federal funds from the Medicaid Administration and Medical Management Program to the Physical Health Services Program for 11 federal grants; and
- (4) an additional \$32,505,600 in ongoing trustee and benefit payments to account for estimated increases in service utilization.

For FY 2020, the Division of Medicaid requested:

Nondiscretionary Adjustments

The Division of Medicaid requests \$108,354,700 from all funds in the following nondiscretionary adjustments. This includes an increase of \$52,697,400 from the General Fund, a decrease of \$5,342,400 in dedicated funds, and an increase of \$60,999,700 in federal funds.

COST-BASED PRICING: Increases of \$9,416,300 from the General Fund and \$23,983,100 in federal funds. Medicaid reimburses certain entities such as hospitals, nursing facilities, home health, and prescription drug companies for the cost of providing the good or service. Other providers are often paid based on the established Medicaid approved rate. Cost-surveys are conducted frequently to ensure that the reimbursement amount is accurate.

MANDATORY PRICING: Increases of \$83,700 from the General Fund and \$213,200 in federal funds. Mandatory pricing relates to Medicaid being required to pay for services at a federally designated rate; this includes Federally Qualified Health Centers (FQHC), Rural Health Clinics (RHC), and Indian Health Clinics (IHC).

CASELOAD: Increases of \$4,703,100 from the General Fund and \$11,978,700 in federal funds. Caseload is the number of estimated new Idahoans eligible for Medicaid services. Caseload is expected to increase from 284,532 in FY 2019 to 289,810 in FY 2020.

UTILIZATION: Increases of \$6,813,300 from the General Fund and \$17,353,300 in federal funds. Utilization is the estimated change for the use of services provided in Medicaid.

DEDICATED RECEIPTS: Decrease of \$5,534,000 in dedicated funds and offsetting increases of \$1,661,500 from the General Fund and \$3,872,500 in federal funds. Dedicated receipts come from hospital cost settlements, pharmaceutical rebates, and other refunds and reimbursements

FMAP ADJUSTMENT: An increase of \$13,219,100 from the General Fund and a decrease of a like amount in federal funds to reflect a decrease in the blended Federal Medical Assistance Percentage (FMAP) rate, which is the federal share of eligible Medicaid payments for the majority of services provided. The rate will change from 71.13% to 70.34% for FY 2020.

CHIP FMAP ADJUSTMENT: The request also shifts \$6,840,800 from federal funds with \$6,649,200 added to the General Fund and \$191,600 added to dedicated funds for changes in the FMAP rate for the CHIP Program. CHIP has been funded 100% from federal funds for the past few years, but with passage of the federal Bipartisan Budget Act of 2018, the match rate for CHIP changed from 100% to 93.5% in federal fiscal year 2020 and will change to 82% for federal fiscal year 2021.

53RD CLAIMS PAYMENT CYCLE: A onetime increase of \$10,151,200 from the General Fund and a onetime increase of \$23,658,800 in federal funds. Because the calendar year is actually divisible by 52.1786 weekly pay periods (and not 52), every five or six years there are 53 weekly periods.

The Division of Medicaid requested a Program Maintenance Budget of \$2,584,950,900. The Governor recommended \$2,585,082,900.

Mr. Wimmer discussed and answered questions from the Committee. See [Presentation](#) and [Audio](#).

For FY 2020, the Division of Medicaid requested thirteen line items. The Governor also recommended six of the thirteen:

(1) Children’s DD Services Process Change: \$2,860,000 to improve services for children with autism and other intellectual or developmental disabilities. The request includes \$488,400 in ongoing operating expenditures and \$2,371,600 in ongoing trustee and benefit payments.

(2) MMIS Independent Verification: \$1,000,000 in ongoing appropriation for an independent verification and validation (IVV) vendor. The IVV will provide an independent and unbiased perspective on the progress of the Medicaid Management and Information System (MMIS) development and the integrity and functionality of the system.

(3) Health Data Exchange Connections: \$5,924,600 in onetime operating expenditures to connect providers to the Idaho Health Data Exchange (IHDE) and improve the capabilities of the IHDE. Medicaid relies on the IHDE for data on Medicaid providers and services monitoring.

(4) NEMT Rate Increase: \$6,892,200 to increase the provider rates for non-emergency medical transportation (NEMT) by 28%, and the contractual administration fee of 20%. This request is being made as a result of language added to the FY 2019 appropriation bill for Medicaid. The Governor recommended \$7,973,300.

(5) School Based Services Rate Increase: \$5,628,900 from dedicated and federal funds to increase the rates for school districts that provide Medicaid services in the school setting to comparable businesses that provide these services in the community. The Governor recommended \$3,702,700.

(6) The Governor recommended 3.00 FTP and \$197,307,900 for the implementation and ongoing operations of Medicaid Expansion.

For FY 2020, the Division of Medicaid requested a total appropriation of \$2,620,263,700. The Governor recommended \$2,803,258,900.

Mr. Wimmer discussed and answered numerous questions from the Committee concerning the budget request and Medicaid Expansion. See [Presentation](#) and [Audio](#).

Director Dave Jeppesen offered closing remarks.

Senator Bair
Chair

Elaine Leedy
Secretary