

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 10, 2020

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, and Nye,

Representatives Co-chairman Youngblood, Anderson, Amador, Kauffman, Raybould, Syme, Troy, Wintrow, and Toone,

ABSENT/ EXCUSED: Representative Horman

CONVENED: **Chairman Bair** called the Joint Finance-Appropriations Committee (JFAC) (Committee) to order at 8:00 a.m.

AGENCY PRESENTATION: **DIVISION OF WELFARE, DEPARTMENT OF HEALTH & WELFARE, Julie Hammon, Division Administrator**

Jared Tatro, Principal Budget & Policy Analyst, LSO

The Division of Welfare provides assistance and support services for eligible families and individuals. The division also administers several programs through contracts with local partner organizations that provide food, energy assistance, telephone assistance, and weatherization assistance. In addition, the division determines Medicaid eligibility for the department and the eligibility determinations for the state insurance exchange. The division is organized in two programs: Self-Reliance Operations and Benefits Payment Program.

The FY 2020 appropriation is \$167,296,600. The Division of Welfare requested a 0.4 percent increase for FY 2021, while the governor recommended a 0.8 percent decrease. Statewide adjustments recommended by governor included benefit costs, statewide cost allocation, CEC, and 2 percent ongoing General Fund reduction, for a total recommended FY 2021 budget of \$165,983,700. The Division of Welfare is authorized 618.50 FTP's, and the governor recommended this number for FY 2021.

FY 2019 Actual Expenditures: Mr. Tatro detailed net object transfers and reversions.

FY 2020: The legislature funded one line item for FY 2020 that added \$1,453,000 for Medicaid Expansion's added eligibility requirements. Current year standard statewide adjustments recommended by governor included the sick leave rate reduction and 1 percent onetime General Fund reduction. Mr. Tatro described legislative language which required bi-annual reports of caseload and enrollments for the Division's programs. A second report concerned a trailer bill to S1204, as amended, which provided for four waivers related to Medicaid expansion. Both reports were submitted on time.

Mr. Tatro reviewed a table detailing public assistance recipients by region and program, dated June 2019. **Administrator Hammon** answered questions from the Committee.

AGENCY

DIVISION OF MEDICAID; DEPARTMENT OF HEALTH & WELFARE

PRESENTATION: Matt Wimmer,

Division Administrator

Jared Tatro, Principal Budget & Policy Analyst, LSO

The Division of Medicaid administers plans to finance and deliver health services for people at risk due to low income and other factors. Services are provided pursuant to state and federal Medicaid requirements. The division is organized into four budgeted programs:

(1) **MEDICAID ADMINISTRATION and MEDICAL MANAGEMENT:**

Includes expenditures for administration of a comprehensive program of medical coverage to eligible recipients in Idaho. Its FY 2020 appropriation was \$82,639,100.

(2) **COORDINATED MEDICAID PLAN:** Beneficiaries covered in this plan primarily consist of those who are age 65 and older. Its FY 2020 appropriation was \$618,926,400.

(3) **ENHANCED MEDICAID PLAN:** Medicaid-eligible group primarily made up of children and adults (non-elderly) with disabilities, or other individuals with special health needs, such as foster children. Its FY 2020 appropriation was \$1,152,488,600.

(4) **BASIC MEDICAID PLAN:** Medicaid-eligible group primarily consisting of Pregnant Women and Children (PWC), Family Medicaid and Idaho's Children Health Insurance Program (CHIP). Its FY 2020 appropriation was \$780,006,200.

(5) **EXPANSION MEDICAID PLAN:** Beneficiaries covered in this plan have an income level of 138% of the federal poverty limit (FPL) or less. Coverage for this population group started on January 1, 2020. Its FY 2020 appropriation was \$197,636,700.

The Division of Medicaid requested a 9.8 percent increase, mostly related to non-discretionary adjustments and increases in hospital payments and utilization. The governor recommended a 9.2 percent increase, which includes the fiscal impact of H 351 and the 2 percent reductions as well as some shifting from the General Fund to other funds in the annualization and non-discretionary adjustments. If approved, this budget would surpass \$3 billion for the first time at \$3,093,434,000.

Organization: **Administrator Wimmer** reported that significant organizational changes were made in the past 12 months which aligns with the Department of Health and Welfare's strategic plan. One of the goals is to move 50 percent of Medicaid payments into value-based payments by 2023.

Audit Findings: While the Department of Health and Welfare did not have Management review/audit findings, the Division of Medicaid has five findings which have been considered reoccurring. Administrator Wimmer reported on each and stated that each had been corrected.

FY 2019 Actual Expenditures: **Mr. Tatro** detailed net object transfers and reversions.

FY 2020: The Legislature funded ten line items for FY 2020: These included (1) \$2,860,000 for children's developmental disabilities (DD) services process change;

- (2) \$1,000,000 for MMIS independent verification;
- (3) \$5,332,100 for health data exchange connections;
- (4) \$7,973,300 for an NEMT program rate increase;
- (5) \$4,400,000 for a dental provider rate increase;
- (6) \$3,825,000 for a DD provider rate increase;
- (7) \$5,628,900 for a school based services rate increase;
- (8) \$197,309,900 for the first six months of Medicaid expansion;
- (9) \$2,000,000 for an intermediate care facility rate increase; and
- (10) \$1,157,600 for Medicaid expansion added eligibility requirements.

Administrator Wimmer discussed progress on these items. **Administrator Wimmer** and Alex Adams, Administrator, Division of Financial Management, Office of the Governor, answered questions from the Committee.

In addition, the Division of Medicaid requested four supplemental appropriations: (1) A onetime supplemental appropriation for \$36,726,200 to cover the costs of claims that were not paid at the end of FY 2019. This appropriation was recommended by the governor.

(2) An additional \$15,845,600 in ongoing trustee and benefit payments to account for the estimated increase in service utilization and hospital reimbursement costs. This appropriation was recommended by the governor with enhancements.

(3) An additional \$510,000 for the increased costs of its accounting contract with a private entity. This appropriation was recommended by the governor.

(4) An additional \$24,900,000 in onetime federal funds to connect providers to the Idaho Health Data Exchange (IHDE), implement software to allow certain health care professionals access to prescription information, training for prescribers, and funding for the Board of Pharmacy and the Prescription Drug Monitoring Program. This appropriation was recommended by the governor.

Current year standard statewide adjustments recommended by governor included the sick leave rate reduction and one percent onetime General Fund reduction.

Administrator Wimmer and **Alex Adams**, Administrator, Division of Financial Management, Office of the Governor, answered questions from the Committee.

FY 2021: The Division of Medicaid requested seven Nondiscretionary Adjustments, which were recommended by the governor with adjustments. The largest four of these are:

(1) **COST-BASED PRICING:** Increases of \$8,101,400 from the General Fund and \$16,227,100 in federal funds. Medicaid reimburses certain entities such as hospitals, nursing facilities, home health, and prescription drug companies for the cost of providing goods or services.

(2) **MANDATORY PRICING:** Increases of \$463,800 from the General Fund and \$929,100 in federal funds. Mandatory pricing relates to Medicaid being required to pay for services at a federally designated rate.

(3) **UTILIZATION:** Increases of \$17,251,600 from the General Fund and \$34,554,900 in federal funds.

(4) **EXPANSION PLAN GROWTH:** The request includes an increase of \$1,628,900 from the General Fund and \$14,659,900 from federal funds to account for the estimated growth in the newly established Medicaid Expansion

Plan Program.

Administrator Wimmer and **Mr. Tatro** answered questions from the Committee.

FY 2021 Line Items: The Division of Medicaid requested five line items, some of which are zero cost, and all of which were recommended by the governor:

(1) NEMT Contract Increase: The Division of Medicaid is not requesting additional funds at this time for estimated increases in the Non-Emergency Medical Transportation Services (NEMT) Program. The NEMT program is scheduled to go out for bid with a new RFP as the current contract is set to expire March 31, 2021.

(2) Electronic Visit Verification: The Division of Medicaid requests \$1,589,000 ongoing in trustee and benefit payments and \$785,400 in onetime operating expenditures for a total request of \$2,374,400 to establish an electronic visit verification (EVV) system and for a provider rate increase to support visit verification costs.

(3) Health Data Exchange Connections: The Division of Medicaid requests \$8,300,000 in onetime federal funds to connect providers to the Idaho Health Data Exchange (IHDE), implement software to allow certain health care professionals access to prescription information, training for prescribers, and funding for the Board of Pharmacy and the Prescription Drug Monitoring Program.

(4) Ambulatory Surgical Centers: The Division of Medicaid requests authority to align rates for ambulatory surgical centers (ASC) services to 90% of Medicare rates.

(5) MMIS Re-Procurement: The Division of Medicaid has included a \$0 line item to inform the Governor and the Legislature of the upcoming timeline for Medicaid to rebid its Medicaid Management Information System (MMIS).

Statewide adjustments recommended by governor included a 2 percent ongoing General Fund reduction and an exemption allowing unlimited transfers of all appropriated moneys among personnel costs, operating expenditures, capital outlay, and trustee and benefit payments, as well as between budgeted programs. This exemption requires legislative approval. The 2 percent reduction is subject to passage of H351.

Mr. Tatro reviewed legislative language concerning required reports.

Administrator Wimmer answered questions from the Committee. **David Jeppesen**, Director, Idaho Department of Health and Welfare provided closing comments and answered questions from the Committee.

ADJOURNED: There being no further business to come before the Committee, **Chairman Bair** adjourned the meeting at 9:29 a.m..

Senator Bair
Chair

Elaine Leedy
Secretary