

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 04, 2021
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, Nye
Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, Nash
ABSENT/ EXCUSED: None
CONVENED: **Chairman Youngblood** called the Joint Finance-Appropriations Committee (JFAC) to order at 8:00 A.M.

LSO STAFF PRESENTATION: **Ms. Jill Randolph**, LSO Analyst introduced four of the different divisions under the Department of Health and Welfare. The first three are in the behavioral health and are divided into the Psychiatric Hospitalization, the Mental Health Services, and then Substance Abuse Treatment and Prevention. The fourth Division is Medicaid.

AGENCY PRESENTATION: **DIVISION OF HEALTH & WELFARE - Dave Jeppeson, Director.**
Jill Randolph, LSO Analyst.

The Psychiatric Hospitalization Division is organized into four budgeted programs. The first one is Community Hospitalization; it represents about 2% of the total appropriation. This program is used to pay for patient care for an individual who has been committed to state custody but has yet to arrive in the state institution. The remaining three are state hospitals, they represent about 69% of the total appropriation: State Hospital South (SHS), State Hospital North (SHN), and State Hospital West (SHW). Actuals for FY 2020 for the Community Hospitalization program show a net transfer between programs relative to personnel and expenditures to trustee and benefit payment. The program ended with a positive appropriation.

The FY 2020 actuals for the State Hospital North show received money from additional programs and then transferred the amount out of personnel costs into other object codes. The program ended reverting a total of 0% of the appropriation. The FY 2020 actuals for the State Hospital South show mid-year adjustments. The program ended by reverting a total of 0.5% of its total appropriation. Hospital West is a new facility and has yet to accept the patients, so there are no actuals for FY 2020. The comparative summary shows the agency requested a 9.4% increase of all funds and the Governor recommended an 8.7% increase.

FY 2021 has two line-items for appropriation: the first one is for the funding for State Hospital West, and the second is for two bond payments at the State Hospital South's new nursing facility. The budget for FY 2021 has also a line item for the non-cognizable increase. This includes \$200,000 for CARES Act funding received for Community Hospitalization. The base for FY 2020 shows

the removal of one-time expenditures for CARES Act Funds (\$200,000) in Community Hospitalization; the removal for the onetime line item for SHS Nursing Home Bond Payment (\$2,167,700); and removal of the one time line item for State Hospital West Adolescent Unit (\$780,100) from CARES Act funding, and they were approved by the CFAC.

The Mental Health Services Division.

Mr. Jeppeson introduced the Mental Health Services division by explaining the division has two budgets has: Children's Mental Health, accounting for 31% of the total appropriation; and Adult Mental Health, accounting for about 59% of the total appropriation. The majority of the program is funded by the General Fund. The FY 2021 budget has one funded line-item relative to a transfer of 1.00 FTP and \$64,700 from Adult Mental Health for the adolescent unit that was moved from State Hospital South in Blackfoot to the newly created State Hospital West in Nampa. The FY 2021 budget has a non-cognizable fund transfer that accounts for CARES Act funding received by the agency for crisis and recovery centers. Furthermore, the Governor also recommends an additional \$9,831,000 in operating expenses from federal funds to reflect the amount allocated to this program through the federal COVID Relief Act, which was signed into law on December 27, 2020. This funding will be used for mental health treatment.

Substance Abuse Treatment Division.

Mr. Jeppeson presented the Substance Abuse Treatment and Prevention Program. This program provides treatment services for children and adults, and the majority of the appropriation is in federal funds (86% of the total appropriation), and the General Fund (about 4% of the total appropriation). The FY 2021 budget has a funded line-item for community recovery centers amounting to \$500,000. Another line-item is about the Substance Abuse Disorder Grant: the agency requests \$4,000,000 in trustee and benefit payments from federal funds to use already awarded federal grants for the delivery of substance abuse disorder treatment. The federal guidelines recently changed allowing for more reimbursable treatments, such as treatments for other substance abuse drugs beside opioids. FY 2021 budget includes a non-cognizable increase relative to an adjustment that accounts for the CARES Act funding received by the agency for the purpose of increased substance use disorder treatment and support. This line-time has been recommended by the Governor with an additional \$8,264,000 from federal funds to account for the amount allocated to the state through the federal COVID Relief Act, which was signed into law on December 27, 2020. This funding will be used for substance use disorder treatment. FY 2022 budget has a Governor's recommendation of onetime \$450,000 from the Idaho Millennium Income Fund to support Community Recovery Centers. The state has historically supported these centers with funding from the Idaho Millennium Income Fund and various federal grants.

Medicaid Division The Division of Medicaid is responsible for administering plans to finance and deliver health services for people at risk due to low income and other factors, such as youth, old age, pregnancy, or disability. Services are provided pursuant to state and federal Medicaid requirements. The division is organized into five budgeted programs.

Mr. Jeppeson reviewed the historical summary pointing out the five budgeted programs available within the division of Medicaid. The first program is the Medicaid Administration and Medical Management, accounting for about 2% of

the FY 2020 actuals. The second program is the Coordinated Medicaid Plan for Idahoans age 65 and older, accounting for about 27% of FY 2020 actual. The third program is the Enhanced Medicaid plan, about 30% of FY 2020 actuals. The fourth program is the Basic Medicaid Plan, about 26% of the FY 2020 actuals. The last program is the Expansion Medicaid Plan, about 7% of the FY 2020 actuals. The Division of Medicaid received two audit findings, corrective actions have been implemented when and where appropriate. FY 2020 actuals show a total revert for 3.3% of the total appropriation, which accounts for \$95,611,100. The comparative summary shows five supplemental requests recommended by the Governor and six line-items. Two of these are included in the Governor's recommendation. One supplemental is relative to COVID-19 and its impact on the traditional Medicaid. The agency requests a one-time reduction of \$56,000,000 from the General Fund and an increase of \$113,700,000 in federal funds to account for the requirement of maintenance of effort (MOE) of the federal Families First Coronavirus Response Act (FFCRA). Another supplemental is relative to COVID-19 and its impact on Medicaid Expansion. The agency requests \$25,710,600 onetime from federal funds in the Expansion Medicaid Plan, and a net-zero onetime transfer of \$2,856,700 from the General Fund from the Basic Medicaid Plan to the Expansion Medicaid Plan. Another supplemental is for program growth. The agency requests \$227,853,500 all funds on time for unanticipated growth related to Medicaid Expansion. The department based the FY 2021 original request on a 2018 actuarial report compiled by Milliman. An updated actuarial report was completed in fall 2020, which showed an increase of 65.7% in total dollars from the original forecast produced in 2018. The last supplemental is for Receipt Authority. The agency requests a reduction of \$11,097,400 from the General Fund, a decrease of \$74,679,800 from federal funds, and an increase of \$100,777,2000 from the Cooperative Welfare (dedicated) Fund to account for increases in receipts. FY 2022 budget has six line-items. The first one is about Medicaid cost containment, the department requests an appropriation reduction of \$118,400,000 from all fund sources, with the intent that the department will collaborate with the Legislature on identifying policy-driven solutions to contain costs in Medicaid. The second line-item is for the Electronic Visit Verification. The department requests a total of \$763,700 ongoing in operating expenditures for the ongoing system funding for the electronic visiting verification (EVV) system. The third line-item is for Patient Access and Interoperability. The department requests a total of \$935,000, of which \$575,000 is onetime and \$360,000 is ongoing, for a federally required system to share Medicaid payment and provider information with patients receiving services. The fourth line-item is for the Managed Care Accountability and Auditing. The department requests a total of \$424,000, of which \$318,000 is onetime and \$103,000 is ongoing, for reviews and audits of payments to managed care contractors and the data submitted to the Division of Medicaid that supports those payments. The fifth line-item is for Idaho Veterans Services. The department requests a total increase of \$3,400,000 ongoing to change the current reimbursement methodology for the Idaho Division of Veterans Services. This additional appropriation will allow Medicaid to pay the division 100% of the cost-based reimbursement and maximize federal matching funds. The last line-item is for the county contribution for expansion. The Governor recommends \$12,500,000 in dedicated funds to be received from the counties recognizing the estimated savings to the counties as a result of Medicaid Expansion. This decision

unit includes a corresponding General Fund reduction.

LSO STAFF PRESENTATION: CATASTROPHIC HEALTH CARE FUND — , Kathryn Mooney, CAT Fund Program Director. Jared Tatro, LSO Analyst.

Mr. Tatro explained the Catastrophic Health Care Program (CAT Fund) was established in Chapter 35, Title 31, Idaho Code, to meet the needs of the medically indigent residents in Idaho who do not qualify for Government or private insurance but do qualify for county assistance. For FY 2020 the appropriation for the program was \$10,500,000, while the current year appropriation was \$3,500,600, and next year the appropriation is requested at \$8,500,600. The report for the revenue and expenditure payments related to the CAT Fund from 2001 to 2020 shows total payments amounting to a high at \$55.2 million between state and county for 2012. For the past year, the expenditures were \$38.2 million from all sources split almost evenly between the state at \$18-\$19 million. The current year financial situation for the program included a \$4,231,800 beginning cash balance, a \$3,500,600 original appropriation, and an estimated \$3,300,000 in reimbursements and other revenue for a total of \$11,032,400. The supplemental request if approved would provide an additional \$6,000,000 or \$2,032,400 more than is estimated for claims in the current year.

UNANIMOUS CONSENT: Requested by **Sen. Agenbroad**, granted by unanimous consent, the FY 2021 budget for the Catastrophic Health Care Program was reopened.

MOTION: Original Motion: Moved by **Sen. Agenbroad**, and seconded by **Rep. Troy**, for the Catastrophic Health Care Program for FY 2021, for the appropriation and transfer of \$6 million from the General Fund to the Catastrophic Health Care Cost Fund, and of the total \$1 million is provided as one-time funding.

CARRIED: **AYES: 18.** Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, Nye, Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, Nash .
NAYS: 2.
Nate, Giddings.
ABSENT/EXCUSED: 0.

The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood**.

UNANIMOUS CONSENT: Requested by **Rep. Amador**, granted by unanimous consent, the FY 2021 budget for the Department of Health and Welfare, Division of Psychiatric Hospitalization was reopened.

MOTION: Original Motion: Moved by **Rep. Amador**, seconded by **Sen. Agenbroad**, for the FY 2021 for the Department of Health and Welfare in the Division of Psychiatric Hospitalization for State Hospital South an additional \$3 million in personnel costs from the Cooperative Welfare Federal Fund.

CARRIED: **AYES: 20.**
Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook,
Ward-Engelking, Nye, Youngblood, Troy, Horman, Amador, Syme, Nate,
Giddings, Bundy, Green, Nash.
NAYS: 0.
ABSENT/EXCUSED: 0.

The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood.**

UNANIMOUS CONSENT: Requested by **Rep. Nash**, granted by unanimous consent, the FY 2021 budget of the Commission for the Blind and Visually Impaired was reopened.

MOTION: Original Motion: Moved by **Rep. Nash**, seconded by **Sen. Woodward**, for the FY 2021 for the Commission for the Blind and Visually Impaired an additional \$27,900 from the Adaptive Aids and Appliances fund to purchase a replacement vehicle.

CARRIED: **AYES: 20.**
Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook,
Ward-Engelking, Nye, Youngblood, Troy, Horman, Amador, Syme, Nate,
Giddings, Bundy, Green, Nash.
NAYS: 0.
ABSENT/EXCUSED: 0.

The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood.**

UNANIMOUS CONSENT: Requested by **Sen. Ward-Engelking**, granted by unanimous consent, the FY 2021 budget for the Department of Environmental Quality was reopened.

MOTION: Original Motion: Moved by **Sen. Ward-Engelking**, seconded by **Rep. Syme**, for the FY 2021 budget for the Department of Environmental Quality and the Water Quality Program an increase of \$229,600 in one-time personnel costs, and \$10,400 in one-time operating expenditures from the IPDES program fund.

DISCUSSION: **Mr. Sepich** answered questions from **Rep. Nate** and **Rep. Horman** about the holdback.

CARRIED:

AYES: 18.

Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, Nye, Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, Nash.

NAYS: 2.

Nate, Giddings

ABSENT/EXCUSED: 0.

The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood**.

ADJOURN:

There being no further business to come before the Committee, **Chairman Youngblood** adjourned the Committee at 11:05 a.m.

Representative Youngblood
Chair

Anna Maria Mancini
Secretary