

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 17, 2023
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Coberly (Nash)
ABSENT/ EXCUSED: None

Co-chairman Horman called the meeting to order at 8:00 a.m.

Ms. Jill Randolph, Principal Analyst, LSO Budget & Policy, gave a brief overview of the Department of Health and Welfare (DHW) budget. DHW provides services and regulatory programs in partnership with taxpayers, consumers, and providers to promote economic well-being, support vulnerable children and adults, enhance public health, and encourage self-sufficiency. She explained the DHW budget is grouped in six separate appropriation bills.

Mr. Dave Jeppesen, Director, DHW, gave a brief overview of the Department of Health and Welfare. He stated the mission of DHW is to strengthen the health, safety, and independence of Idahoans. Mr. Jeppesen expressed appreciation for the Legislature's FY 2023 appropriations of 41 new one-time and ongoing line-item requests for the Department and assured the committee the funds enabled DHW to improve the lives of Idaho residents and families.

Mr. Jeppesen stated DHW is prepared for the end of continuous Medicaid enrollment. He reminded the committee that during the recent Covid-19 public health emergency, states could not remove individuals from Medicaid unless they moved out of state, asked to be removed, or passed away. Recent federal statute, starting April 1st, allows Idaho to remove Idahoans who no longer qualify for Medicaid from the rolls. During the public health emergency, Idaho has continued to conduct Medicaid redeterminations. DHW estimates of the 450K Idahoans enrolled in Medicaid, 300K are eligible; the remaining 150K either don't qualify or have not been in contact with DHW. Mr. Jeppesen anticipates completing Medicaid redetermination for the 150K Idahoans by September of this year and noted this is one of the fastest timelines in the country.

Mr. Jeppesen reviewed several accomplishments achieved with the FY 2023 appropriations, including the launch of the 9-8-8 emergency hotline, start-up grants for four youth crisis centers, start-up grants for three youth psychiatric residential treatment facilities, and the upcoming Idaho Behavioral Health Plan contract to cover both Medicaid and non-Medicaid funded behavioral health care. He stated the Child Welfare Division added 24 new positions and implemented a new staffing model to better manage caseloads. Mr. Jeppesen also noted the Southwest Idaho Treatment Center (SWITC) was found in compliance with all state and federal rules and regulations.

Mr. Jeppesen stated the Department's goals include ensuring affordable and available healthcare; protecting children, youth, and vulnerable adults; helping Idahoans become as healthy and self-sufficient as possible; and strengthening the public's trust and confidence in DHW.

Ms. Randolph explained the Division of Child Welfare has two budgeted programs and is responsible for child protection, foster care, and adoptions. The Child Welfare Program comprises operating costs of the program including personnel, operating, and capital expenditures. The Foster and Assistance Payments Program contains only trustee and benefit payments for services or items purchased directly for children in the child welfare system.

Together, both programs are responsible for child protection, foster care, adoption, independent living services for youth transferring out of foster care to adulthood, and compliance with the Indian Child Welfare Act.

In response to committee questions, **Ms. Randolph** explained the increase in personnel costs between FY 2022 and FY 2023. The Legislature took several measures to deal with the agency's high vacancy rate and overwhelming workload.

Mr. Jeppesen expressed appreciation for the Legislature's FY 2023 appropriation to address the acute staffing shortages. He reviewed the Child Welfare FY 2024 budget requests.

In response to committee questions about the increased costs of congregate care, **Mr. Jeppesen** explained the effects of the Families First federal law. This law required more investments towards prevention activities and increased the requirements for certification for group homes or residential treatment. These additional requirements increased the costs. **Mr. Cameron Gilliland**, Administrator, Family Community Services, further explained children can remain in congregate care for longer than four weeks; this might require a renewal process.

In response to additional committee questions, **Mr. Jeppesen** explained the request for operating funding to address increased costs for security, the motor pool, and software licensing.

Mr. Roger Sherman, Director of the Idaho Children's Trust Fund, explained the Family Support line-item request. This one-time funding will instruct trainers around the state. Parental involvement is voluntary, except for a few court-appointed cases.

In response to a committee question, **Mr. Jeppesen** stated last year's appropriations have significantly improved conditions for the Child Welfare agency.

Ms. Randolph explained the Services for the Developmentally Disabled Division contains three programs: the Community Development Disabilities Services; the Southwest Idaho Treatment Center (SWITC); and the Extended Employment Services (EES) Program, which was transferred from the Division of Vocational Rehabilitation at the beginning of FY 2023.

Mr. Jeppesen explained the FY 2024 budget request for the Systemic, Therapeutic, Assessment, Resources, and Treatment (START) Program. In response to a committee question about the status of the SWITC remodel and construction, Mr. Jeppesen stated the project is on time and on budget.

In response to a committee question, **Mr. Jeppesen** explained the purpose of the transfer of EES into this division was to keep this program separate from the Medicaid Division, to provide better visibility on its expenditures and efficacy.

Mr. Jeppesen gave further explanation about the Idaho 2-1-1 CareLine's referral database and navigation team. This division has no budget requests.

Ms. Randolph explained the Division of Welfare provides assistance and support services for eligible families and individuals. This division administers programs and determines eligibility for Medicaid. The Division of Welfare was appropriated ARPA monies from the last legislative session with direct-to-agency allocations. Some of these programs include child care, the Low Income Household Energy Assistance Program, and the Low Income Household Water Assistance Program.

Mr. Jeppesen reviewed the FY 2023 supplemental appropriations and FY 2024 budget requests for the Division of Welfare. He explained this is the third and final year of ARPA-enhanced funding for childcare grants; after this year, the division will return to base grant funding.

In response to committee questions, **Mr. Jeppesen** explained the mission of the Division of Welfare, or Self-Reliance, is to help people in need and help them move forward. These programs include childcare help for low-income parents; the Supplemental Nutrition Assistance Program (SNAP); and the Emergency Family Assistance Program.

In response to a committee question, **Mr. Jeppesen** stated the division had no new personnel staffing to administer the amount of federal funds passing through the system.

In response to committee questions about the ARPA childcare grants, **Mr. Jeppesen** stated most of these funds went to childcare providers to stabilize the industry through the Covid crisis.

Ms. Randolph explained the Division of Medicaid administers the Medicaid program and holds the contracts necessary to maintain the Medicaid benefits as established in Idaho Code. The Division of Welfare determines the eligibility to receive Medicaid benefits; the Division of Medicaid administers the benefits. Ms. Randolph explained the different groups covered by the Coordinated Medicaid Plan, the Enhanced Medicaid Plan, the Basic Medicaid Plan, and the Expansion Medicaid Plan.

In response to a committee question about increased operating expenditures between FY 2022 and FY 2023, **Ms. Randolph** explained when the Medicaid Expansion Plan went live, there was a period of stabilization, as people who did not previously have health insurance began to receive health care. **Mr. Jeppesen** gave further explanation about the different types of Medicaid Plans and their coverage.

In response to committee questions, **Mr. Jeppesen** stated the Legislature recently moved Medicaid to a budget-based hospital approach. He further explained increased hospital costs denote an increase in utilization of services, not an increase in unit cost. The division has changed the provider funding model to direct patients to the appropriate level of care in a continuing effort to contain costs.

In response to committee questions about pharmaceutical costs, **Mr. Jeppesen** noted drugs are the highest single-cost item in Medicaid. He explained as a Medicaid Program, they are entitled to the lowest possible cost for medicines. Price pressure comes from specialty drugs and oncology drugs; once a drug receives FDA approval and has no generic alternative, the Program must provide it to enrollees.

In response to a committee question, **Mr. Jeppesen** stated the Payment Error Rate Measurement (PERM) Report doesn't necessarily measure fraud, but rather determines whether all the required documentation is in order. DHW has worked to correct system errors in capturing and processing documentation for all eligible Medicaid providers and participants and anticipates great improvement at the next audit.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:53 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary