

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, March 22, 2023

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, and Just
Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, and Nash

ABSENT/EXCUSED: Senator Herndon

CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee or JFAC) to order at 8:00 a.m.

LSO STAFF PRESENTATION: **IDAHO JUDICIAL BRANCH - COURT OPERATIONS - TRAILER FOR H 348 JUDICIAL SALARIES; Tim Hibbard, Analyst, Legislative Services Office (LSO) Budget and Policy Analysis**
Mr. Hibbard explained this appropriation was the fiscal year (FY) 2024 trailer for **H 348**, which was introduced and printed yesterday, and will increase salaries for Supreme Court Justices, Court of Appeals judges, District judges, and Magistrate judges. The total fiscal impact is \$1,965,700 since judges and justices did not receive a salary increase last year. He stated the difference between the fiscal impact of **H 348** and what is already in the base budget for the Judicial Branch is \$853,100.

MOTION: Moved by **Representative Raybould** for the FY 2024 budget an additional \$853,100 from the General Fund for judicial salary increases; seconded by **Representative Nash**.

CARRIED: **AYES: 17**
Senators Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, and Just
Representatives Horman, Miller, Bundy, Raybould, Furniss, Petzke, Handy, and Nash

NAYS: 2
Representatives Lambert and Tanner

ABSENT/EXCUSED: 1
Senator Herndon

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Grow**.

**LSO STAFF
PRESENTATION:**

**OFFICE OF THE GOVERNOR - DIVISION OF HUMAN RESOURCES
- TRAILER FOR H 236; Christine Otto, Principal Budget and Policy
Analyst, LSO Budget and Policy Analysis**

Ms. Otto explained the trailer appropriation for **H 236** will abolish the Public Defense Commission (PDC) and start the office of the State Public Defender. She reminded the Committee they previously heard a trailer appropriation for the PDC for ten full-time equivalent positions (FTP). This includes one FTP for the Division of Human Resources, to hire the HR positions on behalf of the PDC.

MOTION:

Moved by **Representative Bundy** for the FY 2024, for the Division of Human Resources, 1 FTP and \$86,900 from the Division of Human Resources Fund; seconded by **Senator Just**.

CARRIED:

AYES: 17

Senators Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, and Just

Representatives Horman, Miller, Bundy, Raybould, Furniss, Petzke, Handy, and Nash

NAYS: 2

Representatives Lambert and Tanner

ABSENT/EXCUSED: 1

Senator Herndon

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Grow**.

**LSO STAFF
PRESENTATION:**

**IDAHO DEPARTMENT OF HEALTH AND WELFARE - DIVISION OF
MEDICAID - RECONSIDERATION OF FAILED FY 2024 ORIGINAL
APPROPRIATION; Jill Randolph, Principal Budget and Policy Analyst,
LSO Budget and Policy Analysis**

Ms. Randolph reviewed that the Division of Medicaid's previous budget passed by the Committee had failed in the House. She reviewed the agency consists of five programs:

- Medicaid Administration and Medical Management, which oversees and manages provider payments;
- Basic Medicaid Plan, which is comprised mainly of children and pregnant women in average health;
- Enhanced Medicaid Plan, for those with complicated medical needs, such as developmentally disabled Idahoans;
- Coordinated Medicaid Plan, for those who are over 65 and who are duly eligible for Medicaid and Medicare; and
- Expansion Medicaid Plan, for Idahoans who make under 138% of the federal poverty limit.

She summarized each line item and what its specific funding would provide for, and the agency's request, Governor's Recommendation, and JFAC adjusted budget that was included in the original appropriation.

MOTION: Moved by **Representative Nash** for the Division of Medicaid, beginning with the failed appropriation, add line item 55, which removes \$51,345,300 from the General Fund and removes \$101,014,700 from federal funds, for a total reduction of \$152,360,000; and line item 56 for cost containment, which provides \$892,500 from the General Fund and \$1,327,700 from federal funds for a total increase of \$2,220,200. The totals for this motion for FY 2024 are \$857,259,400 from the General Fund, \$675,344,100 from dedicated funds, and \$3,009,033,700 from federal funds, for a total of \$4,541,637,200, and cap the full-time equivalent positions at 213; seconded by **Senator Cook**.

DISCUSSION: **Representative Nash** explained his motion deviated from failed motion by reducing \$152 million from non-discretionary adjustments, discussing the people who would be removed from the Medicaid rolls during redeterminations. He discussed: the Office of Medicaid's projections for cost adjustments; the timing lag of claims that come in; insufficient administrative support within the division; and the policy goals of the legislature to bring costs down to further ensure cost containment. **Representative Furniss** discussed the processing of claims and the job of Medicaid's claim analysts compared to private industry.

In response to Committee questions, **Dave Jeppesen**, Director, Idaho Department of Health and Welfare, discussed the agency's vacant positions.

SUBSTITUTE MOTION: Moved by **Representative Tanner** for the Division of Medicaid, beginning with the failed appropriation, remove line item 48 for provider rate increases, add line item 55, which removes \$279,419,400 from the General Fund and removes \$549,718,300 from federal funds, for a total reduction of \$829,137,700. The totals for this motion for FY 2024 are \$620,860,800 from the General Fund, \$675,344,100 from dedicated funds, and \$2,541,570,100 from federal funds, for a total of \$3,837,775,000, and cap full-time equivalent positions at 213; seconded by **Senator Herndon**.

DISCUSSION: **Representative Tanner** explained reasoning for the removal of the provider rate increase, and the cuts in funds for the people coming off Medicaid due to no long qualifying for the COVID-19 expansion. **Representative Nash** discussed the deviation from Medicaid projects which are usually accurate and rarely under projected, and avoiding a potential supplemental request next FY.

FAILED: **AYES: 6**
Senators Bjerke and Herndon
Representatives Bundy, Lambert, Tanner, and Handy

NAYS: 14
Senators Grow, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, and Just
Representatives Horman, Miller, Raybould, Furniss, Petzke, and Nash

ABSENT/EXCUSED: 0

**CARRIED
(ORIGINAL
MOTION):**

AYES: 17

Senators Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, and Just
Representatives Horman, Miller, Bundy, Raybould, Furniss, Petzke, Handy, and Nash

NAYS: 3

Senator Herndon
Representatives Lambert and Tanner

ABSENT/EXCUSED: 0

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Grow**.

**UNANIMOUS
CONSENT:**

Requested by **Representative Nash**, granted by unanimous consent, the following intent language was adopted:

**INTENT
LANGUAGE:**

SECTION . MEDICAID TRACKING REPORT. The Department of Health and Welfare's Division of Medicaid and Division of Indirect Support Services shall deliver a report that compares the Medicaid appropriation, distributed by month for the year, to the actual expenditures and remaining forecasted expenditures for the year on a monthly basis to the Legislative Services Office and the Division of Financial Management. The report shall also include a forecast, updated monthly, of the next fiscal year's anticipated trustee and benefit expenditures. The format of the report and the information included therein shall be determined by the Legislative Services Office and the Division of Financial Management.

SECTION . TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511, Idaho Code, funding provided for the trustee and benefit payments expense class in the Division of Medicaid may be transferred in excess of ten percent (10%) among the Coordinated Medicaid Plan, Enhanced Medicaid Plan, Basic Medicaid Plan, Expansion Medicaid Plan, and the Medicaid Administration and Medical Management Programs, but shall not be transferred to any other budgeted program or expense class within the Department of Health and Welfare during fiscal year 2024.

SECTION . MEDICAID MANAGED CARE IMPLEMENTATION. The Division of Medicaid shall provide a report to the Legislative Services Office and the Division of Financial Management on progress integrating managed care approaches into the state Medicaid system. The format of the report and information contained therein shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be submitted no later than December 1, 2023.

SECTION . COST-SHARING REQUIREMENT. The Department of Health and Welfare shall implement cost-sharing in the Division of Medicaid, as required by Section 56-257, Idaho Code, to the maximum extent that is federally allowable for the expanded population of children whose families' gross taxable income exceeds one hundred eighty-five percent (185%) but does not exceed three hundred percent (300%) of the federal poverty limit (FPL), for

Medicaid-eligible services as identified in House Bill No. 43, as enacted by the First Regular Session of the Sixty-fourth Idaho Legislature.

SECTION __. BUDGET INTEGRITY. Notwithstanding any other provision of law to the contrary, and consistent with its cost containment strategy, the Department of Health and Welfare's Division of Medicaid shall submit its budget request in accordance with applicable Idaho law as of the date of submission. This section does not prohibit the agency from making requests of the Legislature that would impact any portion of the department's budget. However, any proposed changes to Idaho Code with an anticipated budgetary impact shall be identified in narrative form only, without numerical entries. Further, the department shall submit its budget request based on the forecasted amount for the most recent month available from the report identified in Section __ of this act and for the estimated needs of maintaining operations of the division.

**UNANIMOUS
CONSENT:**

Requested by **Representative Nash**, granted by unanimous consent, the following intent language was adopted:

**INTENT
LANGUAGE:**

SECTION __. TRANSFER OF APPROPRIATIONS. Pursuant to Section 67-3511(4), Idaho Code, funding provided for the personnel costs expense class in the Division of Medicaid shall not be transferred to any other expense class within the Department of Health and Welfare during fiscal year 2024.

SECTION __. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. All funds provided in this act shall be subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code.

**LSO STAFF
PRESENTATION:**

IDAHO DEPARTMENT OF HEALTH AND WELFARE - DIVISION OF MEDICAID - PROVIDER RATE INCREASE - FY 2023 SUPPLEMENTAL; Jill Randolph, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis

Ms. Randolph discussed this one time supplemental request would provide a rate increase for the last quarter of the current FY. She reviewed the amount for the ongoing portion which was already approved by this Committee.

**UNANIMOUS
CONSENT:**

Requested by **Senator Cook**, granted by unanimous consent, the FY 2023 budget for the Department of Health and Welfare, Division of Medicaid was reopened.

MOTION:

Moved by **Senator Cook**, for FY 2023, for the Division of Medicaid, an additional \$1,858,000 from the Cooperative Welfare (General) Fund, and an additional \$4,358,100 from the Cooperative Welfare (Federal) Fund, for a net increase of \$6,216,100 onetime; seconded by **Senator VanOrden**.

CARRIED:

AYES: 16

Senators Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, and Just
Representatives Horman, Miller, Bundy, Raybould, Petzke, Handy, and Nash

NAYS: 3

Senator Herndon
Representatives Lambert and Tanner

ABSENT/EXCUSED: 1

Representative Furniss

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Grow**.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 10:42 a.m.

Senator Grow
Chair

Erin Miller
Secretary