

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
Interim Meeting,
Tuesday, January 10, 2006, 9:00 a.m.
Room W125, West Office Building, State Capitol Complex

Members Present: Sen. Sheldon L. Killpack, Committee Co-Chair
Rep. Merlynn T. Newbold, Committee Co-Chair
Sen. Allen M. Christensen
Sen. Gene Davis
Rep. Bradley G. Last
Rep. David Litvack
Rep. Steven R. Mascaro
Rep. Roz McGee
Rep. Paul Ray
Rep. Aaron Tilton

Members Excused: Sen. Chris Buttars

Staff Present: William Greer, Legislative Fiscal Analyst
Debbie Headden, Legislative Fiscal Analyst
Norda Shepard, Secretary

Public Speakers Present: Lisa-Michele Church, Executive Director, Department of Human Services
Mark Ward, Deputy Director, Department of Human Services
Dr. David N. Sundwall, Executive Director, Department Of Health
Michael Hales, Acting director, Division of Health Care Financing
Dr. George Delavan, Director, Division of Community and Family Health

Services

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-chair Killpack at 9:11 a.m.

Packets containing Budget Briefs for both departments; *Compendium of Budget Information for the 2006 General Session* for both Departments; Utah Department of Health, FY 2006 Budget Increase Comparison; Utah Department of Health Governor's Supplemental Requests; and Issue Brief for Department of Human Services prior year Intent Language were distributed to committee members.

Co-chair Killpack explained that the committee today would look at the base budgets of the Department of Human Services and the Department of Health. He stated this would give the committee members a mutual understanding of the starting point as the session begins. Building Blocks and specific items will then be addressed during the general session.

Fiscal Analyst, Debbie Headden, explained the outline of the Budget Briefs for the Department of Human Services. She stated the first Budget Brief contains the total funding for the base budget for the Department of Human Services and a brief synopsis of the Department, with graphs showing funding history, FTE history, and funding mix. It also explains the legislative action that will be needed and the Analyst's recommendations. She explained that intent language would be discussed in a separate Issue Brief. This same format is used for Budget Briefs for each Division within the Department. Analyst Headden also addressed the FY 2007 proposed Fee Schedules, pointing out there are no changes except for the addition of the Inter-country Adoption Accreditation.

Co-chair Newbold explained the process that the committee will follow in the coming appropriation hearings. The committee will start with the base budget. After a couple of weeks of hearings there should be adequate information to approve those base budgets, which are the budget from last year with three inclusions: (1) a portion of the increase for Medicaid caseload growth and utilization, (2) Medicaid inflation, and (3) the Federal Medicaid Assistance Percentage (FMAP) rate change. She stated that as the committee hears from each division, recommendations can be made. Building Blocks will be added after the base budget.

Lisa-Michele Church, Executive Director, Department of Human Services, stated she appreciated the chance to address the committee and also appreciated the early attention to the base budget. She said this gives reassurance when serving people in need that there will be continuity. She also expressed thanks for past support of the Division of Human Services which has enabled Utah to develop and build a responsible, well-run Human Services Department. She stated that the Department's mission is not an easy one to define and many may feel it's a black hole with so many needs that all can't be satisfied. She stated the Department does a very good job of balancing those needs in Utah. She said that the \$500 million budget for the Department is one of the bigger budgets in state government, but through that budget thousands and thousands of people are served.

Mark Ward, Deputy Director, Department of Human Services, answered questions regarding the impact of the Budget Reconciliation Act which is pending. He stated the primary impact will be in the area of Office of Recovery Services where a change in the policy on incentive payments which now are treated as General Fund and can be put back into the child support program and be used to draw down federal dollars. The federal government is proposing a change in that policy to say that those incentive funds cannot be used to match federal dollars.

Fiscal Analyst, William Greer, explained the Budget Brief for the Department of Health. He pointed out that this is a large Department with a budget of \$1.8 billion, but that 92.7percent of the budget is pass-through funds to other organizations or individuals, leaving less than 8percent that is actually used for the operation of the Department. He stated that this base budget is the FY 2006 appropriated budget, minus the one-time money, plus \$28 million General Fund for Medicaid issues. The Department had a little over \$4 million of one-time money with most of that being for the adult vision

and adult dental that was put into the budget last year as one-time funding. This will be an issue that will need to be addressed during this session. He said that the Medicaid caseload and utilization increase for FY 2006 was not fully funded by the Legislative in 2005. A supplemental appropriation request has been made by the governor. This will also need to be discussed during the session. He stated that each Budget Brief is an overview for the line item and lists the programs for each Division in the Department.

Dr. David N. Sundwall, stated he was pleased that attention is being paid to this budget which gives the Department confidence of fair oversight. He said that after being with the Department for over a year, he is proud to be a part of this agency. He stated that what the Department does affects the lives of every single Utah citizen every day in one way or another. He said that it is more than Medicaid for the poor or services for the needy. It is really protection of the public's health. He explained that Michael Deily, long time Director of the Division of Health Care Financing, has retired, and introduced Michael Hales as the new Acting Director of that Division.

Dr. Sundwall stated that his Department, is also waiting to see what the impact of the federal negotiations will be. He feels it will be significant. He said the tobacco settlement funds are also a question mark. Today he can only give the committee the best estimate of what will be needed. He addressed the information on the Budget Fact Sheets regarding the Governor's Supplemental Requests. He indicated they are not asking for program growth or expansion but just asking to maintain effort.

Michael Hales answered questions concerning how case loads are estimated. He indicated the 30 percent estimate is a standard portion of the equation based on the population of the state and verified by past studies over the years. He indicated they look at several things in estimating the amount to request for caseload utilization: growth in the program; trends over the past year to eighteen months; the general state of the economy; unemployment statistics and how all these things impact the number of people coming into the program.

Dr. Sundwall discussed the impact of the Medicare Part D program, which may result in some people being dual eligible for Medicaid. This would increase enrollment in the Medicaid program. Mr. Hale indicated that it was first felt this would be budget neutral but indications now show that may not be. Dr. Sundwall discussed the request to fund the dental and vision. He said many consider these "options" but in reality, they are not. They both impact the general health and well being of Utah's citizens. He discussed the Medical Examiner shortfall and the Baby Watch Program.

Dr. George Delavan, Director, Division of Community and Family Health Services, discussed the Utah Birth Defect Network. He indicated this program collects information on all major birth defects in the state. He said this is important as it allows the Division to know the rate of these defects and monitor any changes to look for causes and factors that might be accounting for changes in rates in a specific defect. The program in the past has been funded by federal grants which have expired and without new state funding, the program will not be continued.

Analyst Headden discussed the Issue Brief regarding Intent Language for Human Services. She explained that often the Legislature will adopt Intent Language for various purposes. Last year it was decided that some Intent Language that had been carried year after year should be excluded or adopted into Statute. She explained that on the brief she has outlined the Intent Language with the blue printing indicating the Intent Language; the green giving the agency responses and the red giving the analyst's recommendations. They are divided into three recommendation categories: (1) those to be excluded; (2) those to be included in FY 2007; and (3) those recommended for inclusion in Statute.

Rep. Mascaro thanked the chairman and the analysts for the approach being used this year and for the concise outline of the information.

Approval of Minutes

Co-chair Killpack asked for a motion to approve minutes. Rep. Mascaro indicated that his name had been misspelled Stephen and should be Steven and that Sen. Christensen had been identified as Rep. instead of Sen. on the first page. Rep. Tilton also indicated that his name should be Tilton and not Tilson, also on the first page.

MOTION: Sen. Davis moved to approve the minutes of 12-06-05 as corrected. The motion passed unanimously.

Analyst Greer stated that through the last few years the Intent Language in the Department of Health has primarily been related to non-lapsing funds. Most of these funds have been related to revenue from fees or penalty funds. His recommendation that the committee might consider putting them into Statute. He drew attention to the Intent Language for Health Systems Improvement on Page 3 of the Budget Brief; for Epidemiology and Laboratory Services on Page 3 of the Division brief; and Community and Family Health Services on Page 3 of that Division brief.

Co-Chair Killpack reminded committee members and Departments that the base budget is by no means the final budget. He expressed thanks to the staff and the Departments for organizing the information for the committee. He indicated that as the committee is moving into the session they will be well prepared in knowing the major issues. He asked committee members to make their desires known if further clarification was needed on any issue. He indicated that the committee would not come back today after caucus meetings.

MOTION: Sen. Christensen moved to adjourn. The motion passed unanimously.

The meeting adjourned at 10:59 a.m.

Minuted recorded by Norda Shepard, Secretary

Sen. Sheldon L. Killpack
Committee Co-Chair

Rep. Merlynn T. Newbold
Committee Co-Chair