

MINUTES OF THE
JOINT SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
TUESDAY, JANUARY 11, 2011, 8:00 A.M.
Room 30, House Building, State Capitol Complex

Members Present: Sen. Allen M. Christensen, Co-Chair
Rep. David Clark, Co-Chair
Rep. Brad Last, House Vice Chair
Sen. Margaret Dayton
Sen. Pat Jones
Sen. Peter Knudson
Sen. Daniel R. Liljenquist
Sen. Wayne Niederhauser
Sen. Luz Robles
Rep. Johnny Anderson
Rep. Jim Bird
Rep. Rebecca Chavez-Houck
Rep. David Litvack
Rep. Ronda Menlove
Rep. Kraig Powell
Rep. Larry Wiley

Members Absent: Rep. John Dougall

Staff Present: Russell Frandsen, Fiscal Analyst
Stephen Jardine, Fiscal Analyst
Jolene Morgan, Secretary

Public Speakers Present: David Patton, Acting Executive Director, Utah Department of Health(UDOH)
Robert Rolfs, Division Director, Disease Control & Prevention, UDOH
Marc Babitz, Division Director, Family Health & Preparedness, UDOH
Barry Nangle, Center for Health Data, UDOH
Michael Hales, Deputy Director, Medicaid & Health Finance, UDOH
Palmer Depaulis, Executive Director, Department of Human Services
Mark Ward, Deputy Director, Department of Human Services
Don Uchida, Executive Director, State Office of Rehabilitation

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

1. **Introduction and Approval of Minutes**

Co-Chair Clark called the meeting to order at 8:14 a.m.

MOTION: Sen. Allen Christensen moved to approve the minutes for the meeting on February 11, 2010. The motion passed unanimously with Sen, Knudson, Sen Liljenquist, Sen. Robles, Rep. Anderson, Rep. Dougall, Rep. Litvack, and Rep Menlove absent for the vote.

2. **Budget Process 101**

Russell Frandsen, Fiscal Analyst did a brief overview of budget to the Joint Social Services Appropriations Subcommittee.

3. **Subcommittee Overview and Governor's Budget Overviews**

Co-Chair David Clark commented on the latest dealing with our state budget. He explained about the basics that have happened on the state revenue side and how the demands for spending continue to rise and the combined effects of what the two challenges bring to this particular committee. Co-Chair Clark commented on how this subcommittee is to approach the 2011 session. He asked the agencies to tell the committee what their plans were for cutting their budget by 7% for FY 2012.

4. **Utah Department of Health**

- a. David Patton, PhD, Acting Executive Director of the Utah Department of Health(UDOH) did a brief history of the Health department. He stated that their mission is to protect the public's health through preventing avoidable illness, injury, disability, and premature death; assuring access to affordable, quality healthcare and promoting healthy life styles. Mr. Patton mentioned that what is done in the UDOH is mostly unknown. He went over some of these in detail. Mr. Patton stated that the current Medicaid program as it is today is not sustainable. He mentioned that they are working on resolving that problem. He reiterated that the department is there to help prevent disease and injury, promote healthy lifestyles, protect the public's health, assure access to affordable healthcare.

Mr. Patton reported on the UDOH Balance Scorecard Management System which is in the handout. The balanced scorecard is a performance measurement system. It is a system of how the UDOH is performing and tracking that performance. One item that was addressed was the prevention of tobacco use among youth and that the trend is down.

Rep. Chavez-Houck asked if the UDOH sees any future cost of targets areas that are missing and has there been any research, that as you delay year by year, what projected costs might be to family and the health community. Mr Patton stated that he does not have that information. That someone else in the department might have more on that. He stated that the UDOH knows that preventative health care cost less then treatment later. Rep. Chavez-Houck also commented on how Utah is one of the healthiest states and that she would like to have a comparison report of Utah with one of the least healthy states that would shows how much the state is saving in health care costs. Mr. Patton said that he could provide that.

Sen. Niederhauser thanked Mr. Patton for the presentation so far. Sen Niederhauser asked for additional information and more discussion on statutory authority in the future. He questioned that on the balanced scorecard, on the objective of preventing tobacco use among youth, if the best approach to preventing this is making sure it is not sold to youth or if there a better use for this money in preventing tobacco use among youth. He also had questions on the balanced scorecard about the optimization of health of children. He stated that the focus there is the completion of a program but what is the condition of that child, the results of completing the program. Mr. Patton replied that in regards to the statutory authority that the UDOH does what the laws tell them to do. He also commented that the scorecard is a scorecard of some indicators not all indicators. In relation to the tobacco use this is only one indicator but there are many

others that are looked at. In response to the question on health of children Mr. Patton replied by saying that this is only one indicator. It is on children that have completed the program. UDOH does have indicators on the other results.

Rep. Bird also asked about the optimization of health of children and why there is only 83.60% completion rate of the program . Do we know why. Mr. Patton replied that he does not know right now but Dr. Babitz could probably address this when he presents.

Sen. Jones thanked all the agencies for being there and all the work they do. Sen. Jones asked to identify the biggest contributor of the rising cost but also on the effects on the quality of life for the future. Mr. Patton stated that the UDOH greatest concerns is with the cost of rising healthcare. He stated that the area that needs the most help in is obesity and nutrition in the state. He stated that this will help the quality of life the most. Sen. Jones asked what are the things that the UDOH is doing in those areas. Mr. Patton stated that they have a small program in that area but as a department this needs to be look at more closely and more funds allocated to it.

Rep. Litvack asked if the UDOH is integrating CHIE and all payers data base in analyzing health care information to work with behavioral health and well as physical health care. Mr. Patton replied yes.

- b. Robert Rolfs, MD Division Director, Disease Control & Prevention & State Epidemiologist commented that obesity is driving illness/death rates and health care costs and also that tobacco remains leading preventable cause of illness and death. The last issue he touched on was prescription drug overuse and misuse and also overdose deaths and stress on Medical Examiners and toxicology labs.

Rep. Chavaz-Houck asked what is your ability to respond to additional outbreaks like H1N1. Mr. Rolfs replied that the Public Health is a stressed system but does not think that it is at a breaking point.

Rep. Litvack asked that in regards to the Medical Examiner what are the metrics that you are gathering and analyzing in terms of its breaking point and are you incorporating any criminal justice information in those metrics also. What is the impact on the criminal justice system on back log of toxicology reports and things like that? Mr. Rolfs explained that the UDOH is well below the critical level. As to law enforcement it is a constant struggle to get things done on time. Mr. Patton interjected that if there was an event in this state where there was a lot of deaths at one time the UDOH would see that breaking point. This is his concern at this time as Acting Director.

- c. Marc Babitz, Division Director, Family Health and Preparedness spoke on the access to early intervention health services for children with developmental delays to reduce downstream health and education costs and quality health care services to medically under served people in rural hospitals and safety net clinics.

Rep. Chavaz asked if we are seeing more preemie and/or developmental needs because of multiple birth and also because of the technology to keep infants alive at a much young age? Are we seeing this trend here in Utah and is this affecting the number of babies and infants that need early intervention and diagnosis so that the state can assist them? Mr. Rolfs states that there is an impact but not a big impact. Mr. Rolfs commented that the driver of inflation in medical cost is

technology.

- d. Barry Nangle, PhD Center for Health Data stated that one of the key health issues in his department is completing the transformation to the full use of electronic health records. Right now 60 % of physician are using electronic billing in Utah. Utah is ranked second. The second issue is to provide information necessary for transparency of health care cost and quality. He stated that this is where the real issue are.
- e. Michael Hales, MPA, UDOH Deputy Director, Medicaid and Health Finance reviewed medicaid enrollment and the cost associated with it. Mr. Hales commented on the Affordable Care Act and how that will effect Medicaid in the future. He also stated that there are 230,812 currently enrolled in Medicaid and that 2/3 of them are children. He then briefly went over the CHIP program. He stated that the majority of funding for the CHIP program comes from the Tobacco Settlement Restricted Fund.

Sen. Dayton commented that with the data provided that the UDOH is kind of at odds with it self. UDOH want to eliminate smoking but that CHIP is funded by the Tobacco Settlement Fund, so UDOH needs people to smoke so that UDOH has that money. Mr. Hales stated that is an interesting paradox. Sen. Dayton asked if Mr. Hales has a suggestion for a better source of funding because hopefully people will stop smoking and that funding will go away. Mr. Hales stated that he does not have any recommendations right now.

Sen. Jones wondered where the growth within Medicaid coming from. Where should the focus be to transition people off of Medicaid and improve the quality of life for them. Mr. Hales commented that the increase is mostly from children coming on but also coming from people with disabilities, and working parents losing their jobs. The UDOH not only needs to look at eligibility with certain program but needs to look at how can UDOH help train people and give them the resources that they can use. He stated that the enrollment for Medicaid will be driven by the economy.

Sen. Robles asked how many of those children qualify because of a disability. Mr. Hales replied that 7 % of the total Medicaid population are children with a disability. Sen. Robles inquired if the UDOH has seen a increase in the time that people are staying in the program. Mr. Hales stated yes that more people are staying on the program longer.

David Patton reported on the Agency Proposals for Budget Reductions. He stated that they have already had a very productive meeting, with analyst Russell Frandsen, going over some ideas on reducing the budget by 10% and what the impact of those cuts might be.

Co-Chair Clark commented that he is concerned with the Medicaid increase and the budget cuts. He would like more concrete ideas and suggestion on where cuts could be made that would have the least amount of impact.

5. Department of Human Services

Palmer Depaulis, Executive Director of the Department of Human Services(DHS) stated that the mission of the DHS is to provide direct and contracted services to a broad range of people in our community, including persons with disabilities, mental health and substance abuse issues, children and families in crisis, juveniles in the criminal justice system, the aged, and vulnerable adults. Mr. Depaulis

stated that a critical issue that the department will be facing is a one-time backfill amount that is expiring next July and that this will effect their budget greatly. Mr. Depaulis explained that this would be about \$25 million in reductions. This reduction will effect Local Mental Health Services, DSPD Provider Rate Rollback, DCFS - Federal Medicaid Changes, and JJS - Federal Medicaid Changes. Mr. Depaulis explained that the goal for 2011 is to review and revise metrics for more efficient management of outcomes, increase transparency in all operations, encourage inventiveness and creativity to develop new models of efficiency, and increase collaboration externally with stakeholders and internally across divisions and offices.

Rep. Wiley inquired about the DSPD Provider Rate Rollback and the figure that shows the DSPD is losing a 2 1/2 to 1 match from the federal government to provide services. Mark Ward, Deputy Director of DHS replied that this is a Medicaid program and in fiscal year 2012 when the funding is gone there will be a 70/30 match rate, so for every \$3 the state puts up the Federal Government will match it with \$7. So if the general funds go away then the matching funds would go away also. Rep. Wiley commented that the state then stands to loose a lot if funding goes away.

Rep. Menlove questioned what percent of cuts have come for administrative staff compared to the percent for providers who provide direct services. Mr. Depaulis stated that over all agencies within the department there has been about a 20 percent cut in administration. Rep. Menlove stated that she has constituents and doctors that she has talked to and was just wondering if cuts are in the right places. Mr. Depaulis replied that he is trying to find that correct balance. Rep. Menlove requested that Mr. Depaulis keep us apprised of that and provide some kind of report as these discussions continue.

Sen. Robles asked Mr. Depaulis to help her get an overview of how close and how concerned DHS is about a law suit against the State of Utah for not providing access to quality health services. Mr. Depaulis stated that DHS is still within the ranges that they should be within but if DHS goes below those ranges then the state could be in danger of legal action. He stated that DHS has a very good system.

6. State Office of Rehabilitation

Don Uchida, Executive Director for the State Office of Rehabilitation(USOR) commented that the mission of USOR is to assist eligible individuals with disabilities to prepare for and obtain employment and increase their independence. He stated that the USOR consists of four divisions which are the Division of Disability Determination Services, Division of Services for the Blind and Visually Impaired Services, Division of Services for the Deaf and Hard of Hearing, and the Division of Rehabilitation Services. Mr. Uchida went over a handout that covered statutory authority, metrics- efficiency/outcome measures, and agency proposals for budget reductions.

Sen. Jones asked Mr. Uchida to describe the kind of input he had with some of the interest groups he is working with and what was their consensus on this.Mr. Uchida responded that there was not enough time to get input on this but this is only preliminary suggestions at this time.

Co-Chair Clark recessed the meeting until 2:00pm

The Joint Social Services Appropriations Subcommittee reconvened at 2:20pm

Members Present: Sen. Allen M. Christensen, Co-Chair
Rep. David Clark, Co-Chair
Rep. Brad Last, House Vice Chair
Sen. Pat Jones
Sen. Peter Knudson
Sen. Daniel R. Liljenquist
Sen. Wayne Niederhauser
Sen. Luz Robles
Rep. Johnny Anderson
Rep. Jim Bird
Rep. Rebecca Chavez-Houck
Rep. David Litvack
Rep. Ronda Menlove
Rep. Kraig Powell
Rep. Larry Wiley

Members Absent: Rep. John Dougall
Sen. Margaret Dayton

Staff Present: Russell Frandsen, Fiscal Analyst
Stephen Jardine, Fiscal Analyst
Patrick Lee, Fiscal Analyst
Jolene Morgan, Secretary

Public Speakers Present: Amy Lopez, NUAP
Cheryl Smith, President of ACU
Linda Jorgenson, Parent
T.J. Smith, Giant Steps
Miriann Liddiard, Giant Steps
James Godwin, Parent
Kristy Thompson-Huffaker, Pingree Center
Ginger Phillips, Certified Pier Specialist
Tracy Johnson, President of New Frontiers for Families
Lori Cerar, Executive Director for Allies with Families
Nita Smith, Disabilities TBI Early Intervention
Ted Dunaski, Parent
Brian Wood, Parent
Debra Bowman, Parent
Becky Shelton, Parent
Kris Fawson, Coalition for People with Disabilities
Andrew Riggle, Public Policy Advocate with the Disability Law Center
Steve Kesler, MRU/Disability Issues
LuWenn Jones, Disability Law Center
Kevin Morris, Advocate for Baby Watch Early Intervention
Nancy Falke, Parent
Vicki Goodman, President of Youth Providers Association
Eric Bjorklund, President of Utah Youth Village

Deb Mair, Utah Independent Living Center
Andy Curry, Utah Independent Living Center
Chris Hill, Utah Independent Living Center
Janet Wade, Director for Easter Seals
Judy Hillman, Executive Director, Utah Health Policy Projects
Dr. Olson, Dentist, University of Utah
Deb Burcombe, Deputy Director of Utah Healthcare Association
Kristen Cox, Executive Director, Department of Workforce Services
Kade Minchey, Lead Auditor, Office of Legislative Auditor General
Tim Osterstock, Audit Manager, Office of Legislative Auditor General
David Patton, Acting Director, Utah Department of Health
Michael Hales, Deputy Director, Utah Department of Health
Dean Eborn, Director of Internal Audit, Utah Department of Health

7. General Public and Provider Comments - Suggestions for Reductions, Savings, & Efficiencies

People that commented on the programs for autism/special needs were Amy Lopez, parent of an autistic child, Cheryl Smith, President of ACU and parent, Linda Jorgenson, parent of a special needs child (handout on special needs resource project), T.J. Smith with Giant Steps, Miriann Liddiard with Giant Steps and a parent, James Godwin a parent, and Kristy Thompson-Huffaker for the Pingree Center.

Rep. Anderson asked how the Giant Steps program was funded. Cheryl Smith responded that it was funded out of Medicaid.

People that commented on the mental health programs were Ginger Phillips, Certified Peer Specialist-mental health advocate/substance abuse, Tracy Johnson, President of the New Frontiers/Mental Health Services, and Lori Cerar, Executive Director for Allies with Families.

People that commented on the programs for individuals with disabilities were Nita Smith with Disabilities TBI Early Intervention (handout on Utah Traumatic Brain Injury Fund), Ted Dunaski a parent, Brian Wood a parent, Debra Bowman there to support the Woods, Becky Shelton a parent, Kris Fawson with the Coalition for People with Disabilities, Andrew Riggle a Public Policy Advocate for the Disability Law Center (handout), Steve Kesler speaking on MRU/Disability issues, LuWenn Jones speaking on disability issues with an egg object lesson, Kevin Morris, Director of DDI Advantage, and Nancy Falke a parent.

People that commented on the DCFS Community-delivered Services were Vicki Goodman, President of the Youth Providers Association (handout), and Eric Bjorklund, President of Utah Youth Village.

People that commented on Independent Living Centers were Deb Mair from the Independent Living Center, Andy Curry from the Independent Living Center, and Chris Hill from the Independent Living Center.

People that commented on Medicaid/CHIP were Janet Wade, Director of Easter Seals (handout), Judy Hillman, Executive Director of Utah Health Policy Projects (handout), Dr. Olson a dentist at the University Of Utah (handout), and Deb Burcombe, Deputy Director or Utah Healthcare Association (handout).

8. **Department of Workforce Services**

Kristen Cox, Executive Director for the Department of Workforce Services(DWS) reported that the DWS strengthens Utah's economy by supporting workforce quality and stability. DWS administers more than 90 programs that serve employers and job seekers as well as those in need of unemployment insurance or public assistance. She reported on the changes that DWS went through in 2008 and in 2009.

Rick Little from DWS went over the new web page and how it helps with research. The web page is dws.utah.gov/DWSDefault.asp.

Sen. Menlove complemented the DWS on the changes that are taking place and the things that will be taking place. She was very impressed with what the DWS has been working on and thanked the DWS.

Co-Chair Clark inquired to know what is a one minute explanation of what Pay for Performance means? Ms. Cox explained that the top performers get rewarded for their work. The DWS wants to reward employees on their performance.

Sen. Liljenquist commented that if Pay for Performance can be done efficiently then it might be a great model for a variety of others in state government.

Ms. Cox went over the budget. She stated that the DWS total budget is \$1.6 billion. She commented on the top 6 expenditure programs which are, Unemployment Insurance at \$954 million, Food Stamps at \$423 million, Temporary Assistance for Needy Families(TANF) at \$89 million, Child Care at \$63, Medical Programs at \$49 million, and Workforce Development Programs at \$29 million.

Co-Chair Clark asked about the first part of the presentation on eligibility and commented on the possible increase of 50% in the future. He wondered what is the divisions capacity for this and what does that mean. Ms. Cox stated that they are looking at a 35 million increase to the budget. She stated that DWS is the gate keeper to all other programs under Medicaid. Co-Chair Clark made the comment that he finds comfort in that he is worried and that the DWS is worried.

9. **Follow-up of Utah's Medicaid Implementation of Audit Recommendations**

Kade Minchey, Legislative Lead Auditor presented a brief overview of the overall findings and recommendation. He stated that on the handout that the follow-up reports provides the status of our recommendation from the two prior reports on the Utah Medicaid Program.

Rep. Menlove commented that she appreciate the recommendation that the work will continue on the data base.

Rep. Anderson asked about the data base being open to providers and what kind of confidentiality issues are there. Mr. Minchey stated that he did not know.

Co-Chair Clark added his personal thanks for the quality and context of the work and that this effort will help to elevated the State of Utah.

David Patton from the Department of Health asked Michael Hales, Deputy Director of the Utah Department of Health to go over the report on Performance Audit of Fraud, Waste, and Abuse and the

report on Performance Audit of Utah Medicaid Managed Care. He stated the actions needed by the UDOH and how they are doing on these items.

Co-Chair Clark asked about the action needed by the legislature. If there was any comments on Legislative Action Items on these two reports. Mr. Patton recommended the item of an independent Office of Inspector General.

There was much discussion on what actions needed to be done from these two reports on the UDOH side and also the Legislature side.

MOTION: Co-Chair Christensen moved to adjourn. The motion was passed unanimously.

Co-Chair Clark adjourned the meeting at 5:08pm

Minutes were reported by Jolene Morgan, Senate Secretary

Sen. Allen Christensen Co-Chair

Rep. David Clark, Co-Chair