

**MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**

Room 30 House Building, State Capitol Complex

Monday, February 4, 2013

MEMBERS PRESENT: Sen. Allen M. Christensen, Co-Chair
 Rep. Ronda Rudd Menlove, Co-Chair
 Sen. Deidre M. Henderson
 Sen. Peter C. Knudson
 Sen. Luz Robles
 Sen. Brian E. Shiozawa
 Sen. Evan J. Vickers
 Sen. Todd Weiler
 Rep. Rebecca Chavez-Houck
 Rep. Tim Cosgrove
 Rep. Paul Ray
 Rep. Edward H. Redd
 Rep. Marc K. Roberts
 Rep. Earl D. Tanner

MEMBERS ABSENT: Rep. Daniel McCay
 Sen. Wayne L. Niederhauser
 Rep. Brad L. Dee

STAFF PRESENT: Mr. Russell Frandsen, Fiscal Analyst
 Mr. Stephen Jardine, Fiscal Analyst
 Ms. Paula Winter, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at <http://le.utah.gov>. A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Christensen called the meeting to order at 8:10 a.m.

Public comment was given by phone by Judi Hillman, Executive Director Utah Health Policy Projects, spoke in favor of ACA expansion. Matt Slonaker, Director Medicaid Policy and Collaborations, spoke on the Medicaid budget, Cheryl Stevenson, Housing Counselor with Salt Lake Community Action Program, spoke about effectiveness of counseling to prevent people losing their homes.

John Pierpont, Department of Workforce Services (DWS), commented on the transfer of Housing and Community Development (HCD) to Workforce Services as a result of HB 139. No changes have been made as to how the department administers their program as per agreement for one year which is up June 30, 2013. A savings matrix has been created to track savings, and those are evidenced in a number of areas, also tracking of performance to ensure no service is lost is available on the handout.

Rep. Menlove voiced a concern from citizenry as to the integration of HCD and DWS and their various functions. Mr. Pierpont responded that the departments have tried to make the transition smooth. Rep. Menlove also stated a concern that constituents had about the heating program and putting heating contractors out of business. Mr. Gordon Walker addressed the issue by informing the committee that contracts are made with about 150 contractors to include as many

as possible.

Rep. Chavez-Houck had questions related to the communications with a stake-holder group for low-income housing tax credits that are aligned with the housing division being moved over to DWS. Mr. Walker clarified this and also how clients can access information on the website. The access on the web has not changed.

Mr. Van Christensen, Audit Director with the Utah State Auditor, covered the Annual audit of the Department of Health. Stacey Whipple, Audit Supervisor and John Dougall, State Auditor were also present. There were two findings one on health and safety studies required under the Medicaid program to be performed at nursing homes periodically. All 99 nursing homes were studied. The effect of noncompliance is that violations may go undetected at certain nursing homes. The second finding was for rates charged for certain screenings which seemed to be a data entry error.

Dr. David Patton, Executive Director of the Department of Health (DOH), spoke in regard to building blocks for Medicaid and Children's Health Insurance Program (CHIP). Michael Hales Deputy Director of DOH passed out a brief summary of the requests for 2013 and 2014. He referred to the handout Department of Health Division of Medicaid and Health Financing and the Medicaid Caseload. Mr. Hales continued to reference the handout information as to funds and growth.

Rep. Tanner asked if there were regulations to permit the assessment system and Mr. Christensen confirmed that it was a statute that permits the nursing home assessment. Rep. Tanner also inquired about a provider tax being used in Arizona. Mr. Christensen replied that because the majority of nursing homes and all of the hospitals participate in the Medicaid program we do have hospital and nursing home assessments. Physicians and managed care facilities could be taxed, but because of the broad base of participants in Medicaid they are not.

Rep. Redd asked Mr. Hales to speak to the dramatic reduction in Medicaid enrollees and the demographics of it. Mr. Hales indicated that Medicaid is actually growing but the change has been a reduction in birthrate. All other populations are growing. An economic recovery also leads to a reduction in number of children and their parents participating.

Sen. Vickers requested information on the report of efficiencies in the preferred drug list. Mr. Hales explained about being able to add several more drug classes to add to the savings. In pharmacy reimbursements the policies are drastically different for Molina and the state which is causing cash-flow difficulties for the pharmacies.

Mr. Hales continued to cover building blocks for 2014 which includes a return of \$21.2 million dollars. These are estimates and are reflected in # 1 and #4 on the handout. The base budget has been decreased. Item #5 includes the Affordable Care Act which takes effect January 2014 and there many provisions the state does not have discretion over. He enumerated a number of those items that will affect the enrollment. It was emphasized that this is only a 6 month enrollment estimate. Many CHIP children will be switched to the Medicaid program because of an increase in the eligibility income and elimination of the asset test. The effect of transitioning these

children will cause an increase in General Fund of \$2.3 million.

Sen. Knudson wondered about the 100 percent poverty level in dollars Mr. Hales responded that 200 percent is about \$33,000 and so 100 percent is around \$16,000 to \$17,000 for a family of four.

Rep. Redd wanted clarification of who the CHIP recipients would be after 138 percent expansion of Medicaid. Mr. Hales clarified that the age of the child will affect coverage by CHIP or Medicaid. Medicaid covers to 100 percent of the poverty level with an asset test and CHIP is an overlay program that covers any child up to 200 percent of the poverty level without an asset test. In 2014 the eligibility will be across the board at 138 percent of the poverty level. There will be a number who will not be covered under the tax credits and those are the people who have employer sponsored insurance the tax credits do not apply to you. Rep. Redd confirmed with Mr. Hales that there is a mandate to be covered by insurance. The exemptions to the mandate are those who are roughly under 200 to 250 percent of the poverty level. If children are eligible for Medicaid they will have to enroll but if the child would be eligible for CHIP and insurance needs to be purchased, CHIP offers a subsidy that can be combined with the tax credits the family would get to purchase insurance.

Russell Frandsen clarified that the poverty level for a family of 4 in 2012 is \$23,050.

Rep. Cosgrove asked why the poverty level is so low at \$23,050 and why we don't cover more Mr. Hales stated that federally there is a basic construct and then states have the option of going beyond that and Utah has stayed with the basic federal constructs and have kept the asset test for Children on Medicaid. He also clarified the 133 percent vs. the 138 percent amount. These issues will happen whether or not we expand Medicaid it is part of the ACA.

Russell Frandsen explained that the cost estimate to expand Medicaid is \$4 million net impact cost to the state general fund.

Mr. Hales stated that nothing being requested in the building blocks is related to the ACA optional Medicaid Expansion. These are all mandatory elements of the ACA for January 2014. He covered the \$4 million request for increase of Medicaid Management Information System to replace the current 30 year old one. The data breach was not part of the system but outside it. We are consciously discussing with the vendor features that would make the system secure.

Dr. Marc Babitz, Division Director of Family Health Preparedness discussed the Building Block request to replace funds that were short from last year that would cover for FY 2013. Mr. Babitz also clarified for Rep. Redd the Facility Licensing Certification and Residence Assessment which administers background screening for facility workers.

Rep. Menlove stated that this Department's requests will be found under the tab of January 29, past the agenda. The DOH document lists their Building Block requests.

Sen. Christensen said he currently has a bill open which would divert some licensing fees back into the DOH so additional people could be hired to increase the efficiency of the licensing.

Michael Hales covered SB 180 and distributed a handout on Utah's version of ACA

Organization.

All four ACO integrated a pharmacy benefit except those drug classes prohibited from inclusion as per state law. The purpose of this is to prescribe the behaviors of the prescribers with the ACO and to deliver care more efficiently as well as keep the quality of service.

A discussion proceeded between Sen. Christensen and Mr. Hales about preferred drug list mental health drugs and the ACO contracts and the preferred drug lists.

Lee Wyckoff, Office of the Inspector General, presented a brief overview of his office. It was created in 2011 to review post payments to Medicaid and training the provider community to educate them on the OIG process and also on guiding them on how to avoid waste and abuse. Mr. Wyckoff directed the committee to the handout entitled The Utah Office of the Inspector General and referenced the cash collected on the Recovery of Fraudulent or Improper Use of State and Federal Medicaid Funds page which shows almost double the amount collected from FY 2012 to FY 2013. Mr. Wyckoff explained the MFCU is the Medicaid Fraud Control Unit which also recovers funds. The two units work together on egregious cases. Mr. Wyckoff proceeded onto the pie chart to explain each area. He clarified that the OIG does not write policy.

Rep. Tanner inquired about where the recoveries come from. Mr. Wyckoff clarified that the OIG does not go to the clients but from the providers because they do not have jurisdiction to do so.

Rep. Menlove asked who the OIG report goes to and Mr. Wyckoff replied that they report to Kristen Cox who reports to the Governor. Rep. Menlove inquired about whether there is a report to the legislature and Mr. Wyckoff stated that there is a requirement that he report to the Executive Appropriations Committee annually and are encouraged to provide information to the legislature on a routine basis.

Sen. Christensen stated that items #7 and 8 on the agenda would be moved to the Thursday agenda.

Rep. Menlove moved to adjourn
Co-Chair Christensen adjourned the meeting at 9:53 a.m.

Minutes were reported by Ms. Paula Winter, Senate Secretary

Sen. Allen M. Christensen, Co-Chair
Rep. Ronda Rudd Menlove, Co-Chair