

Fiscal Highlights

What Happened in the September 22, 2016 Social Services Appropriations Meeting? - Stephen C. Jardine

The Social Services Appropriations Subcommittee met on Thursday, September 22, 2016 for a morning meeting at the Cottages of Hope in Ogden, Utah. The agenda and topics covered were as follows:

1. Call to Order/Approval of the Minutes
2. [Update on Implementation of Health Coverage Improvement Program](#) - "During the 2016 General Session of the Utah State Legislature, House Bill 437 passed and was signed into law by Governor Gary Herbert on March 25, 2016. This bill directs the Department of Health (DOH) to expand coverage for parents and to develop criteria for three new eligibility groups of adults without dependent children. DOH must submit a plan to the Centers for Medicare and Medicaid Services (CMS) to modify the current Utah Medicaid program accordingly. It is estimated that 9,000-11,000 adults will be covered through these changes."
3. [Subcommittee Questions from the 2016 General Session \(Department of Health\)](#) - "We are looking at data for individuals whose costs are high but less than \$100,000 to determine if there are meaningful interventions that can be used to mitigate costs in certain circumstances."
4. [Study of Continuous 12-month Enrollment for Children on CHIP and Medicaid](#) - "If Utah switched all eligible children on Medicaid to 12-month continuous eligibility, it would cost the State between \$300,000 and \$2.2 million General Fund. The Department of Health would likely pay for an additional 1,000 to 50,000 member months of medical services. The Department of Health indicates that currently 23 other states have a 12-month continuous eligibility for children on Medicaid."
5. [Quarterly Status Reports on Replacement of Medicaid Management Information System](#) - "The Department is estimating that the net ongoing impact to the State for the PRISM will be a cost increase. The ongoing increase is estimated to be \$290,000 in General Fund (\$1,161,000 in total funds)."
6. Public Input on Topics on Today's Agenda - one individual provided public input regarding agenda item #4 (Study of Continuous 12-month Enrollment for Children on CHIP and Medicaid).
7. Highlight Some Performance Measure Trends: (a) [Department of Health](#) - "Rates of Gonorrhea have increased from 22.2 per 100,000 in FY 2013 to 62.3 per 100,000 in FY 2016, a 181 percent increase. UDOH is monitoring this increase and distributing surveillance updates to the LHDs. Additionally, UDOH monitors all GC cases for appropriate treatment and is conducting a case-control study to better identify risk factors for GC among Utah residents. UDOH aims to halt this increase in the gonorrhea rate in FY 2017."; (b) Department of Human Services - the subcommittee reviewed trends with regard to [four major Human Services' outcome measures](#) included in the [H.B. 7, Social Services Base Budget](#) (2016 General Session); and (c) [Department of Workforce Services](#) - "Cases Determined for Eligibility within 30 days have increased by 10 percent over the last four years. Dislocated workers that have re-entered employment has gone up by nine percent over the last four years. Job seekers served has gone down by 36 percent over the last four years (because the economy as a whole has been strengthening). Cost per placement has gone up by 27 percent over the last four years."
8. [Fiscal Note and Budget Item Follow-up Report \(Social Services\)](#) (<http://le.utah.gov/interim/2016/pdf/00003385.pdf>). Staff provided an overview of the [2016 Interim Fiscal Note and Budget Item Follow Up Report](#) (<http://le.utah.gov/interim/2016/pdf/00003034.pdf>) originally presented to the Executive Appropriations Committee (EAC) in July of 2016. EAC voted unanimously to have the report heard in each appropriations subcommittee. The Fiscal Analyst's Office reports annually on the implementation of fiscal notes and budget actions from past legislative sessions. The report is intended to create a feedback loop regarding funded items. This year's report followed up on 161 selected fiscal notes and budget actions from the past - primarily items passed during the 2015 General Session. Thirty-five of the 161 items are associated with the Social Services Appropriations Subcommittee. In summarizing the 35 Social Services items, \$13.8 million of

unused funds were identified for instances where actual expenditures were less than what the Legislature had originally appropriated. There was also \$3.0 million of additional costs identified where the original appropriation did not fully cover the actual or estimated expenditures. Some highlighted items associated with Social Services are shown in [Follow up on Building Blocks Within Social Services](#).

9. Tour of Cottages of Hope - Cottages of Hope, located in Ogden, Utah opened its doors in January of 2008. It's 2016 operational budget is \$660,000. During 2015 Cottages of Hope received \$330,000 from the State of Utah. Cottages of Hope served 3,200 customers from September 2015 to August 2016. Cottages of Hope presented the following documents describing its efforts on behalf of the state: (1) [SparkPoint Center Brochure](#) and (2) [Prosperity Center Brochure](#).
10. [SNAP Performance Audit Issue Brief](#)- Staff provided an Issue Brief to a report created by Department of Workforce Services (DWS) as a response to an audit on SNAP (food stamp) abuse performed by the Utah State Auditor. There were five finding recommendations and DWS responded by either making changes to their data capture and analysis efforts or continuing efforts that have been implemented. Three audit recommendations led to administrative changes and for the remaining two recommendations, the agency continued efforts they had in place. For any debts that are collected from SNAP Abuse, 35 percent of the collected amount is deposited into the State General Fund by way of incentive for agencies to collect the debts. It is estimated that of the 794 Intentional Program Violations (IPV) SNAP over-payments referred for adjudication in SFY16, 120 remain in adjudication. The impact on the state budget is still unclear.
11. [Strategies to Assist Families Identified as Part of Intergenerational Poverty](#) - Department of Workforce Services (DWS) coordinated a presentation on strategies being used throughout the state to combat Inter-generational Poverty. Presenters highlighted what part of the state had the most need, who the agency was partnering with, and other programs such as neighborhood revitalization. Forecasts for percentage of children with access to high quality preschool were also presented (estimated 42 percent by 2019).
12. [Direct Care Salary Increase Report](#) - the Division of Services for People with Disabilities (DSPD) received appropriations for direct support worker wage increases for community providers in both the 2015 and 2016 General sessions. DSPD reported that the 2015 General Session increase raised direct support worker wages 10.5 percent and the 2016 General Session increase raised wages an additional eight percent. This had the effect of increasing starting wages, on average, from \$8.16 per hour up to \$9.67 per hour. It also had the effect of increasing average wage from \$10.35 per hour up to \$11.82 per hour. Legislative intent language also requires community providers to report on the distribution to ensure that 100 percent of the increase goes to direct support staff. DSPD also performed audits on a sample of community provider reports which showed that the information was supported by payroll information maintained by the community providers. The Community providers also provided a [direct care staff turnover calculation update](#) indicating that turnover rates had fallen from 86 percent to 57 percent, a 29 percentage-point decrease.
13. [Recovery Services Medical Collections Report \(Summary\) Issue Brief](#) - "the Utah Department of Health (DOH) has contracted with the Office of Recovery Services (ORS) since the early 1980s to perform insurance verification, medical collections, and cost avoidance of medical claims for its Medicaid program. . . In 2013, Utah implemented an Accountable Care Organization (ACO) model. By contract, ACOs are now responsible for health claim collections . . . however . . . ACOs are not responsible for insurance verification, investigation, and collection on personal injury cases involving Medicaid members or estate recovery. All of these functions are still required under Medicaid federal regulations. Starting in July 2015 the percentage of Medicaid clients served by ACOs went from 70 percent to 85 percent." As a result of 2016 General Session legislative intent language, ORS submitted a [report](#) providing a five-year history of medical collections, changes in workload, and other supplementary information including an estimate of how the ORS budget might be reduced to match actual collections to date and future projections. The report shows that the most recent ORS collection totals went down nine percent, from \$18.5 to \$16.9 million. Total Medicaid collections, as shown on the Legislature's Fiscal Health Dashboard (<http://le.utah.gov/lfa/fiscalhealth/revenuesTab>) show a 36 percent decrease from \$28 million in FY 2014 to \$17.9 million in FY 2016. DOH has expressed concern about making any reductions in ORS staff that are responsible for mandatory Medicaid functions. ORS

states that "only 7.25 FTE are devoted to Health Claim recovery." The issue brief offers five options the legislature may want to consider.

14. [Use TANF for Homeless Reform Initiative and Report](#) - The Director of Housing and Community Development, Jonathan Hardy, gave a presentation on the state of the TANF award which was given to aid Homelessness efforts. Salt Lake County received \$1,200,000 in order to operate the Midvale Family Shelter year round. Prior to this, the Midvale Shelter was only open during the winter.
15. [Use TANF for Domestic Violence Shelters and Report](#) - Of the \$787,000 authorized in the 2016 General Session for Domestic Violence Shelters, ten contracts have been signed by organizations working with DWS, eight are in the signature process, and two more are in budget negotiations.
16. Other Business - staff provided copies of the following two briefs: (1) [Issue Brief - 2016 Interim - Medicaid Spending Statewide](#) - "This issue brief summarizes FY 2015 statewide spending on Medicaid of \$553,909,000 General Fund and \$7,212,000 Education Fund (\$2,438,200,800 total funds). Totals represent 25 percent of all General Fund spending statewide. Other entities provided \$190,213,500 or 25 percent of the matching funds used to draw down \$1,686,866,300 in federal funds in FY 2015. The data source for information in this brief comes primarily from the Department of Health's annual report entitled 'Utah Annual Report of Medicaid & CHIP.'" (2) [Issue Brief - 2016 Interim - Medicaid Collections, What is the Bang for our Buck?](#) - "Total return on investment for Medicaid collection agencies when comparing direct collections vs. collection costs has ranged from \$3.83 to \$8.99 for the General Fund from FY 2014 through FY 2017 estimated."