

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 10, 2010, 2:20 P.M.
Room 30, House Building, State Capitol Complex

Members Present: Sen. Allen M. Christensen, Co-Chair
Rep. John Dougall, Co-Chair
Sen. Patricia W. Jones
Sen. Daniel R. Liljenquist
Rep. Kraig Powell
Rep. Rebecca Chavez-Houck
Rep. Ben C. Ferry
Rep. Keith Grover
Rep. Paul Ray
Rep. David Litvack
Rep. Ronda Rudd Menlove

Members Excused: Sen. Margaret Dayton

Staff Present: Russell Frandsen, Fiscal Analyst
Stephen Jardine, Fiscal Analyst
Ernest Hayes, Secretary

Public Speakers Present: Dr. David. N. Sundwall, Executive Director, Utah Department of Health
Michael Hales, Deputy Director, Utah Department of Health
Joe Christensen, Deputy State Auditor

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

1. Call to Order and Approval of Minutes

The meeting was called to order by Co-Chair Christensen at 2:36 p.m.

MOTION: Co-Chair Dougall moved to approve the minutes from January 20, 2010, January 27, 2010, January 28, 2010, and February 01, 2010.

The motion passed unanimously with Rep. Grover and Sen. Dayton absent from the vote.

2. ARRA Funds Approval

Russell Frandsen, fiscal analyst, briefly explained a brief entitled A Limited Review of State Agency Regulatory Fees. He highlighted a few pieces of information comparing the licensing fees of Utah with eight western states. Mr. Frandsen then reviewed the informational brief entitled ARRA Funds.

3. FY 2009 Department of Health Audit by the State Auditor

Joe Christensen, Deputy State Auditor, reviewed the state's audit of the Department of Health for the committee. With respect to the CHIP program, he noted that there were material non-compliance issues discovered during the audit related to eligibility. Mr. Christensen explained the dollar impact of the

various findings included in the audit. Several findings related to Medicaid and third party liability were also discussed. In terms of the dollar impact, Mr. Christensen stated that the audit discovered ineligibility costs in the amount of around \$9 million for Medicaid.

Committee questions regarding eligibility were addressed by Mr. Christensen who stated that some of the eligibility issues stemmed from caseworkers not requiring proper documentation.

4. Agency Response on State Audit

David Sundwall, Executive Director of the Utah Department of Health, addressed the committee and responded to the state's audit of the Department of Health. Dr. Sundwall noted that many audit findings from early in his tenure are no longer a problem within the department. He complimented the auditors and reported that the audit has proved to be an effective management tool in identifying deficiencies within the system. Two findings were referenced in his response, 1) inadequate monitoring of Indian Health Service claims, and 2) a state treasury agreement. Both of these issues are being addressed by the department. Dr. Sundwall stated his willingness to continue to work with the Department of Workforce Services in correcting some of the eligibility issues found through the audit.

A few committee questions were addressed by both Dr. Sundwall and Mr. Hales.

5. Update on FY 2010 Budget Proposal

Mr. Frandsen went over the budget proposal handout entitled Department of Health Reductions which represents what the Executive Appropriations committee had passed out as of last night. Not shown in the handout are two items, 1) a recommendation by EAC of \$17.1 million General Fund for Medicaid caseload growth and 2) the use of \$20 million from a pharmacy lawsuit to help offset some costs.

Mr. Frandsen addressed a committee question regarding federal funds.

Stephen Jardine, fiscal analyst, referred to the handout entitled Department of Human Services Reductions FY 2010 and explained the list of reductions. He commented on the Disabilities Trust Fund being used to backfill.

6. Action from Previously-presented Issue and Budget Briefs

Mr. Frandsen briefly introduced the Department of Health motion sheet. He stated that it basically represents a summary of all the recommendations in the budget and issue briefs that have been presented to the committee.

Mr. Jardine further explained the motion sheet and that some of the intent language has to do with non-lapsing authority.

7. Action on Medicaid Review Report

Mr. Frandsen gave the committee a review of the handout entitled Medicaid Review Implementation. The sheet highlights eleven of forty-two recommendations as first steps for possible improvements and changes in the Medicaid program. Out of all the listed policy changes on page one, Mr. Frandsen noted

that only number four has not been proposed or implemented. Mr. Frandsen briefly touched on several items included in the brief and addressed Co-Chair Christensen's question regarding the difference between intent language and statutory change through a bill. He stated that statutory changes would be needed for anything related reports without specific funding sources and/or specific policy direction.

In response to a question from Rep. Litvack, Mr. Frandsen clarified various items on the handout for the committee. The committee requested to hear from the department on the recommendations.

8. Proposed Intent Language/Other Motions

Dr. Sundwall expressed a concern that the Department of Health sometimes plays the role of a health services research institute with the number of studies and reports requested of it, and rather needs to focus on implementing a Medicaid program.

Mr. Hales briefly commented on the eleven main recommendations made by staff.

9. Department of Health Reorganization

David Patton, Deputy Director of Operations with the Department of Health, addressed the committee in regards to the department's reorganization and the proposed motion which would allow for the required budgetary restructuring. He provided the committee with a handout that includes the proposed motion as well as restructuring and budgetary information related to the motion.

MOTION: Co-Chair Dougall moved to adjourn.

The motion passed unanimously.

Co-Chair Christensen adjourned the meeting at 3:27 p.m.

Minutes recorded by Ernest Hayes, Secretary

Sen. Allen Christensen, Committee Co-Chair

Rep. John Dougall, Committee Co-Chair