



INTENT LANGUAGE FOLLOW-UP FROM PRIOR YEAR

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

The objective of this issue brief is to determine if the Department of Health complied with the 11 intent language statements adopted by the Legislature during the 2010 General Session. This issue brief provides a follow up to each of the pieces of intent language passed. The Analyst has no concerns of non-compliance.

DISCUSSION AND ANALYSIS

The Analyst has no concerns of non-compliance with any intent language issued last year. The following is a list of 11 legislative intent statements from the 2010 General Session with the Department of Health's response or comments by the Analyst. Intent language may be adopted by the Legislature to explain or place conditions on the use of funds. Intent language is binding for one year and may not contradict or change statutory language. Follow up to intent language related to ARRA (federal stimulus) funding can be found in the Issue Brief entitled "ARRA Funds Approval." The Subcommittee may want to direct the agency to take further action on the information presented in the reports requested by the Legislature.

1. Medicaid Outpatient Fee Schedule Changes (H.B. 2, Item 70):

The Legislature intends that the Department of Health establish a fee schedule for each of the following types of facilities: rural hospitals, urban hospitals, and ambulatory surgical centers. The first twenty-five percent of the new fee schedule should be implemented no later than July 1, 2010. Fifty percent should be implemented no later than October 1, 2010. Seventy-five percent should be implemented no later than January 1, 2011. The project should be completed by July 1, 2011.

Agency Response: "The division did successfully implement the first 25 percent on July 1, 2010. A letter dated September 6, 2010, cosigned by Senate President Michael Waddoups and Speaker of the House David Clark instructed Medicaid to shift reimbursement schedules for all possible outpatient services to existing Medicare payment rates."

2. Report on Reimbursement Options for Pharmacy Drugs in Medicaid (H.B. 2, Item 206):

The Legislature intends that the Department of Health report by October 1, 2010 to the Office of the Legislative Fiscal Analyst on reimbursement options for pharmaceutical drugs that would give the State more control over inflationary increases and/or move away from a reimbursement based on Average Wholesale Price.

Agency Response: The full reports can be found at

<http://health.utah.gov/medicaid/stplan/LegReports/Medicaid%20AWP%20Replacement%20Option%20Report.pdf> and
<http://health.utah.gov/medicaid/stplan/LegReports/Rx%20Exec%20Sum%20and%20White%20Paper%20FINAL1.pdf>.

3. Report on Replacement Options for the Medicaid Management Information System (H.B. 2, Item 207):

The Legislature intends that the Department of Health report to the Office of the Legislative Fiscal Analyst by July 1, 2010 its plans for a Medicaid Management Information System

replacement. The presentation should include the full array of options for which parts of claims processing are performed by State vs contracted workers.

For more information please see the budget brief entitled “Medicaid Management Information System Replacement.”

4. Quarterly Status Reports on Replacement of Medicaid Management Information System (H.B. 2, Item 207):

The Legislature intends that the Department of Health report quarterly to the Office of the Legislative Fiscal Analyst on the status of replacing the Medicaid Management Information System replacement beginning September 30, 2010. The reports should include, where applicable, the responses to any requests for proposals.

For more information please see the budget brief entitled “Medicaid Management Information System Replacement.”

5. Non-lapsing Authority for Medicaid Management Information System (H.B. 2, Item 69):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$350,000 of Item 99 of Chapter 1, Laws of Utah 2007, Volume 1 for funding of the Medicaid Management Information System not lapse at the close of Fiscal Year 2010. The use of any nonlapsing funds is limited to the redesign of the Medicaid Management Information System and implementing recommendations from the Legislative Auditor General's audits in Medicaid.

Agency Response: “The Division non-lapsed \$250,000 in at the close of FY2010. The funds will be used to procure Medicare software to implement the Legislative mandate to adopt the Medicare reimbursement system for outpatient hospital payments. A cost will be incurred to integrate the software with the Division’s [Medicaid Management Information System]. This Legislative mandate must be in effect by June 30, 2011.”

6. Non-lapsing Authority for Laboratory Equipment (H.B. 2, Item 67):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Epidemiology and Laboratory Services in Item 96 of Chapter 396 Laws of Utah 2009, Volume 2 not lapse at the close of Fiscal Year 2010. The use of any nonlapsing funds is limited to \$250,000 for laboratory equipment, computer equipment and/or software and building improvements.

Agency Response: “USL [Utah State Laboratories] uses its non-lapsing account monies to fund replacement of critical laboratory equipment and provide required upgrades to our computer system. Because USL has no equipment fund to replace or upgrade these critical systems, yet relies on the proper functioning of millions of dollars worth of scientific equipment to keep Utahns safe, these funds are nearly always used to replace broken equipment or dysfunctioning computer systems. Such are our plans for the remainder of FY2011.”

7. Non-lapsing Authority for Primary Care Grants Program (H.B. 2, Item 68):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$400,000 of Item 94 of Chapter 396, Laws of Utah 2009, Volume 2 for Primary Care Grants Program not lapse at the close of Fiscal Year 2010. The use of any nonlapsing funds is limited to final Fiscal Year 2010 contract payments to contractors based on contract reviews.

Agency Response: “The State Primary Care Grants Program distributed non-lapsing funding to eligible public and other not-for-profit organizations in the following fiscal year's competitive application and award process. Non-lapsing funding unexpended during the previous fiscal year is carried over into the

following year and is awarded to ‘continuation grants’ or previously eligible public and other not-for-profit organizations.”

8. Non-lapsing Authority for Bureau of Health Facility Licensure, Certification and Resident Assessment for Plan Reviews (H.B. 2, Item 68):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$210,000 of Item 94 of Chapter 396, Laws of Utah 2009, Volume 2 from fees collected for the purpose of plan reviews by the Bureau of Health Facility Licensure, Certification and Resident Assessment not lapse at the close of Fiscal Year 2010. The use of any nonlapsing funds is limited to plan review activities.

Agency Response: “The funds were used for evaluating health care facility new construction and remodels to ensure their compliance with appropriate building and fire marshal codes and in accordance with state health facility construction rules. We anticipate spending approximately \$199,600 during this fiscal year. This will include personnel service costs as well as current expense costs. ”

9. Non-lapsing Authority for People with Bleeding Disorders (H.B. 2, Item 68):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$50,000 of Item 94 of Chapter 396, Laws of Utah 2009, Volume 2 of unused funds appropriated for the Assistance for People with Bleeding Disorders Program not lapse at the close of Fiscal Year 2010. The use of any nonlapsing funds is limited to services to newly eligible clients.

Agency Response: “The Assistance for People with Bleeding Disorders Program contracted provider continues to anticipate awarding more eligible clients annually than in prior years. Non-lapsing funding unexpended during the previous fiscal year is carried over into the following year and is awarded to the contracted provider to assist new eligible clients.”

10. Non-lapsing Authority for Civil Penalty Monies from Childcare and Health Care Provider Violations (H.B. 2, Item 68):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that civil penalties money collected for Child Care Licensing and Health Care Licensing in Item 94 of Chapter 396, Laws of Utah 2009, Volume 2 from childcare and health care provider violations not lapse at the close of Fiscal Year 2010. The use of any nonlapsing funds is limited to trainings for providers.

Agency Response: “The civil penalty monies were collected from various health care providers for failure to be in compliance with state rules. Health Care [Financing] has planned to use some funds to provide training during the Utah Health Care Association, Home Health and Hospice Association and Utah Assisting Living Association annual meetings. Nonlapsing Childcare funds are used to deliver ongoing training throughout the state to assist providers in complying with the rules. Trainings for center based providers are delivered to staff in centers. Approximately 14 center provider trainings are held throughout the state each month. Trainings for home based providers are delivered in central locations in local communities throughout the state. 10-12 home provider trainings are held throughout the state each month. Nonlapsing funds are used for a portion of trainer salaries, and for in-state travel costs and training materials. We anticipate spending all the nonlapsing funding this year.”

11. Non-lapsing Authority for Drug Prevention and Reduction Programs (H.B. 2, Item 66):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$500,000 of Item 97 of Chapter 396, Laws of Utah 2009, Volume 2 for the alcohol, tobacco, and other drug prevention reduction, cessation, and control programs not lapse at the close of Fiscal Year 2010.

The use of any nonlapsing funds is limited to unexpended funds in contracts issued for Fiscal Year 2010 for the purposes outlined in those contracts.

Agency Response: "Division of Disease Control and Prevention intends to spend the non lapsing funds in accordance with statute. However, due to the anticipated reduction in Tobacco Settlement revenues, Disease Control and Prevention would ask the appropriations subcommittee consider revising intent language to allow FY 2010 non-lapsing funds be used to fund the FY 2011 Tobacco Settlement revenue shortfall. The non lapsing funds would be used for FY 2011 expenditures. None are obligated at October 2010."

One Other Intent Language That May be Of Interest to the Subcommittee

1. State Auditor Follow ups (H.B. 2, Item 116):

The Legislature intends that the Utah State Auditor report to the Legislative Fiscal Analyst by December 31, 2010 on how the Departments of Health and Workforce Services have addressed problems found by the Utah State Auditor in their FY 2008 and FY 2009 audits.

Agency Response: "The report on the (1) Department of Health can be found at: <http://www.sao.utah.gov/finAudit/rpts/2010/10-21.pdf>, (2) the interim report on the Department of Workforce Services can be found at: <http://www.sao.utah.gov/finAudit/rpts/2010/10-24.pdf> and, (3) the final report on the Department of Workforce Services can be found at: <http://www.sao.utah.gov/finAudit/rpts/2010/10-38.pdf>."