

MINUTES OF THE
INTERIM MEETING
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
Wednesday, January 10, 2007 - 8:30 a.m.
Room W125, West Office Building, State Capitol Complex

Members Present: Sen. Allen Christensen, Committee Co-Chair
Rep. Merlynn T. Newbold, Committee Co-Chair
Sen. Chris Buttars
Sen. Ross Romero
Rep. David Litvack
Rep. Roz McGee
Rep. Paul Neuenschwander
Rep. Paul Ray
Rep. Ken Sumsion

Members Excused: Sen. Peter Knudson

Members Absent: Rep. Steve Urquhart

Staff Present: William Greer, Fiscal Analyst
Debbie Headden, Fiscal Analyst
Norda Shepard, Secretary

Public Speakers Present: Dr. David N. Sundwall, Executive Director, Utah Department of Health
Dr. Todd C. Grey, Medical Examiner
Teresa Garrett, R.N., Dir., Division of Epidemiology and Laboratory Services
Dr. George Delavan, Director, Div. of Community and Family Health Services
Dr. Marc Babitz, Director, Division of Health Systems Improvement
Michael Hales, Director, Division of Health Care Financing
Lisa-Michele Church, Executive Director, Department of Human Services
Mark Ward, Deputy Director, Department of Human Services
Brent Kelsey, Dep. Director, Division of Substance Abuse and Mental Health
Darren Marshall, Legislator Auditor
George Kelner, Director, Division of Services for People with Disabilities
Mark Brasher, Director, Office of Recovery Services
Richard Anderson, Director, Division of Child and Family Services

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

The meeting was called to order by Co-Chair Newbold at 8:40 a.m.

1. Subcommittee Business

Co-Chair Newbold welcomed those in attendance and requested that subcommittee members and staff introduce themselves. She noted that Sen. Knudson was excused for the morning session but planned to be in attendance for the afternoon.

2. Appropriation Subcommittee Process Overview

Co-Chair Newbold indicated that the subcommittee would not be taking motions at this meeting but would be given an overview and introduction to some of the issues that will be discussed during the upcoming legislative session. She reminded everyone distributing handouts during subcommittee meetings to be sure the secretary receives copies to include with the minutes. Fiscal Analyst William Greer indicated that it would also be helpful if these handouts

were three-hole punched.

The proposed schedule for subcommittee meetings was distributed and discussed. The subcommittee will be meeting on Monday, Wednesday, and Thursday afternoons from 2:00 p.m. until 5:00 p.m., except for the first Monday, January 15. These meetings will be held in Room W125, except for the two public testimony meetings which will be held in Room W135. Notification will be made of these two room changes. On Wednesday, January 17, the subcommittee will be making on-site visits to the Medical Examiner's Office, the State Lab, and a substance abuse treatment center.

Co-Chair Newbold instructed subcommittee members to inform Analyst Debbie Headden of how many will desire transportation in state vehicles or who will be driving their own vehicles to the site visits so she can make the necessary arrangements. More information as to time and addresses will be forthcoming on Monday.

3. Base Budget Funding Sources, Issues and Spending Limitation

Analyst Greer indicated the Departments of Health and Human Services had spent many hours during the interim gathering information for the Medicaid Interim Committee.

He distributed copies of Request for Appropriation forms and indicated they should be used if a Legislator desires to have his bill reviewed by an appropriation subcommittee. Instructions for use are on the back of the form. He stated that the subcommittee would deal with the Department of Health in the a.m. and the Department of Human Services in the p.m. Both agencies have a large number of divisions within their departments and a variety of budget sources including general funds, federal funds, dedicated funds, non-lapsing funds, etc. A graph on Page 1, Tab 4 of the Budget Analysis contains a breakdown of this funding mix for FY2008.

Mr. Greer explained the spending limitations that are detailed under Tab 5 and said that regardless of the amount of money available there are still appropriation limitations. State funding is controlled by two factors: (1) the availability of revenue, and (2) a statutory Appropriations Limitation.

4. Department of Health Program and Funding Overview

Analyst Greer stated the Department of Health's budget is broken into nine line items with the possibility of a number of divisions within each line item. A Budget brief is prepared for each division within the Budget Analysis binder.

Dr. David N. Sundwall, Executive Director, Utah Department of Health said he was pleased and honored to serve as director of this Department and looks forward to forming a budget that will benefit the Utah public. He stated the Department of Health has three purposes: (1) to protect the public from harm's way; (2) to prevent disease; and (3) to provide health services for those most in need. He said he would give a broad overview about what Governor Huntsman hopes to accomplish for the Department with his proposed budget. The Governor's budget would maintain current effort, including a commitment to expand health coverage for the state's children and a modest amount set up to help small businesses or individuals set up health insurance.

The Department's number one building block request is for funding for a new laboratory. Dr. Sundwall stated this is very critical to protect public health. There will also be requests for a modest amount of money for vaccines for our children. Utah ranks 41st in the nation for childhood immunizations. Other requests will be modest funding for the Primary Care Network Clinics throughout the state and first time moneys for patient safety for pandemic preparedness. He explained there are five programs within the Executive Director's office (1) Executive Director's Office; (2) Program Operations; (3) Medical Examiner; (4) Bio Terrorism Grants; and (5); Center for Health Data. These funding requests are found under Tab 7 and will be further explained during upcoming subcommittee meetings.

Dr. Todd C. Gray, State Medical Examiner, explained the State Medical Examiner's office, located at on the University of Utah campus, is responsible for the investigation of any sudden or unexpected death in the state of Utah, which is about 25% of Utah's deaths. With funding of \$2.2 million this is about 85 cents per capita. The national average is \$1.50. He stated his office has been under continual strain because of increased costs and workload, with indication that workload will continue to increase by 3 to 5%. Additional funding if needed to keep the office operating at the current level.

Teresa Garrett, Director, Division of Epidemiology and Laboratory Services and Director of Public Health Nursing, stated she is passionate about the work of her Division which touches the lives of people every day. She said she wanted to say thanks for three improvements the Division was able to implement because of last year's funding. These included being able to hire Dr. Robert Rolfs as State Epidemiologist, purchase some new lab equipment and a modest expansion of Environmental Chemistry. The concerns for this Division include a 50% increase in reported communicable diseases; concern for pandemic flu; rising sexually transmitted diseases in the youth; the rise in vaccine preventable diseases. The Department's biggest challenge is to respond to all these increases.

Ms. Garrett distributed a handout on funding for the new lab. Four state departments will share in this new facility: (1) Utah Department of Agriculture and Food; (2) Utah Department of Environmental Quality; (3) Utah Department of Health; and (4) Utah Department of Public Safety.

Dr. George Delavan, Director, Division of Community and Family Health Services, stated this is a large division with approximately 30 different programs and can be complicated to get a handle on understanding the various workings and funding for each program. He said he would like to highlight three programs. He noted that the tobacco rate use for high school students in going in the right direction and are the best in the country. He said that child obesity is growing in Utah and throughout the country and needs to be addressed. He noted some Gold Metal Schools are emphasizing good nutrition and physical activity but much more needs to be done. He said the Baby-Your-Baby hotline will be requesting funding to encourage more entry into it's prenatal care to prevent birth defects. The Division will be requesting \$500,000 to make vaccines available to the underinsured. A discussion was held on uninsured and under insured and if the word was getting out to those who need and are eligible for these services.

Dr. Marc Babitz, Director of Health Systems Improvement, distributed four handouts; a fact sheet on State Primary Care Grants Programs for Medically Undeserved Populations; a fact sheet on Antiviral Medication Funding, a fact sheet on UDOH/HSI Patient Safety Program and a News Release entitled Utah Department of Health Awards Primary Care Grants. He stated this Division facilitates, coordinates, and improves the quality of the Utah Health care system throughout the state. It gathers information from providers around the state and shares this in a joint effort to provide a safety net for the under insured. He pointed out that even if every Utahn had health insurance, we would still not have the capacity to care for everyone. The critical effort of the safety net is to continue to provide access. They will be asking for building blocks to address promoting patient safety and for antiviral purchases, which the federal government is allowing states to purchase at reduced cost.

Michael Hales, Director, Division of Health Care Financing, gave an overview of the Medicaid program and distributed two handouts on requested building blocks for replacement of one-time Medicaid funding and to increase access to Children's Health Insurance Program (CHIP). He explained that the state decides what groups of people will be covered. However, people covered and income levels are based on federal mandates. The federal match rate in Utah is about 70%. Eligibility is month to month and if income improves people may no longer qualify. Children make up about 60% of the program in Utah. He explained that while enrollment in CHIP can be capped according to budget requirements, Medicaid is an entitlement program and services must be provided for those who are eligible.

Mr. Hales indicated his budget concern is that all Medicaid reimbursements to providers are not as high as other insurance companies and there is a great need to increase provider reimbursements. There is \$12.7 million in the Governor's budget for new general funds to cover a 2.5% increases to physicians and additional funding for a 5% increase for dentists. He indicated there is good news in that the federal funding rates will go up 1% which will

result in an additional \$10 million.

5. Critical Funding Issues Summary

Analyst Greer discussed the base budget adjustments. He indicated the FMAP rate change will replace General Fund with federal funding. He stated that the one time funding of \$19,149,600 for Medicaid inflation will need to be addressed by the committee. He said the Governor has requested that Primary Care Grants be on-going. He told subcommittee members that the material under Tab 13 in the Budget Analysis will be helpful in helping them to understand the operation of Medicaid.

Steve Jardine of the Office of the Governor Planning and Budget distributed the Governor's recommendations for Human Services and asked to be excused from the afternoon meeting.

Recessed at 11:40 a.m.

Co-Chair Newbold reconvened the meeting at 2:38 p.m.

Co-Chair Newbold stated that the subcommittee would now hear a review of the base budget and a discussion of new issues coming up for the Department of Human Services.

6. Report by the Department of Human Services on the New Appropriations Received for FY 2006 and FY 2007.

Lisa-Michele Church, Executive Director, Department of Human Services, distributed a blue binder containing Department information to each subcommittee member. She also distributed spread sheets showing program descriptions, funding sources, clients served, client expenditures and program results. She indicated this would help to answer the questions as to why money is put into these services. She said the values driving Human Services are: (1) Protecting the vulnerable populations in the state; (2) Promoting independence and self sufficiency of clients; (3) Accountability; and (4) Efficiency. This helps to determine this the best place to put the dollars. The vast majority of services are provided by the private sector and the Department tries to efficiently spread services throughout the state.

Ms. Church indicated the factors driving the costs of these services is population growth, which increases caseload; material costs; staffing costs, which is a critical issue this year; costs for legal requirements from suits filed against the Department; federal guidelines and public expectations. She said she loves her job and has a terrific staff who work for low wages with great dedication to the people of the state of Utah.

Mark Ward, Deputy Director, Department of Human Services, referred to Tab B in the blue binder which detailed a report of the new appropriations. He highlighted the opening of 30 adults beds and 26 forensic beds at the Utah State Hospital. The \$2 million for Mental Health gave service to an additional 1,376 unfunded clients; and new funding took 253 people off the waiting list of Services for People with Disabilities. He reported on the pilot program authorized by H.B. 31 in last year's session where 100 people were served with job training, job monitors and job placement, with 49 obtaining jobs.

7. Follow-up on Issues from the 2006 General Session

Fiscal Analyst Debbie Headden drew attention to reports under Tab 31 in the Budget Analysis which were required by intent language. In answer to questions concerning measuring success rates, especially in the DORA program, Brant Kelsy, Assistant Director, Division of Substance Abuse and Mental Health, said they chart client's by: (1) completion of treatment; (2) completion of goals; and (3); success in getting job and returning to their life. Analyst Headden pointed out that FY2007 is only half way into the year and this should be taken into consideration in

reading these reports.

Mr. Ward discussed the impact of the Federal Deficit Reduction Act and policy changes on the Department of Human Services which are outlined under Tab C of the Blue Binder. He stated areas most affected were Targeted Case Management, Child Welfare Foster Care and Foster Care Children with Disabilities.

Mr. Ward gave a update on eREP, which is the system that allows state agencies to communicate information with each other. \$37,400 has been spent from the Office of Recovery Services and the remaining funds will be spent when the project is completed, estimated to be in spring 2008.

Mark Brasher, Director, Office of Recovery Services, reported on the Performance Audit of the Office of Recovery Services, which is found under Tab 31 in the Budget Analysis. The audit concluded that the office was rightly forgiving debts, but recording and some operation procedures needed improving. He indicated case collections have increased and improvements have been made in processing.

Darren Marshall, Legislative Auditor, stated the audit focused on two main areas: (1) efficiency of operations and (2) debt write off issues. He indicated the audit agreed with the write off issues if debts were truly uncollectible. He said the audit found that the Office of Recovery Services was not always following established policy. A discussion was held concerning the advisability of suspending driver's licences for those not meeting their payments. Mr. Marshall indicated that page 11 of the Audit Report includes information on this matter and the impact it has had on other states. He said suggestions have also be made that other licensing suspensions, such as fishing and hunting, also be considered.

Analyst Headden discussed the base budget for the Department of Human services, found under Tab 19 of the Budget Analysis. A spread sheet under this tab shows the various programs, sources of funding and FMAP rate adjustments. A sheet is also included which lists the Department's budget requests for FY 2008. The base budgets for each division are explained starting with Tab 22 through Tab 29. Fee schedules are included under Tab 19 and issue briefs and intent languages are included under Tab 20.

Ms. Church asked subcommittee members to look under Tab G of the blue binder and read the Department's efficiency report. Mr. Ward highlighted where some divisions were trying to find savings: One FTE was eliminated in the Office of Licensing; two FTE's from Office of Fiscal Operations; the Office of Recovery Services used increased technology to save staff time and bring in more collections; the Division of Services for People with Disabilities reorganized the staff to be more cost effective; and the Division of Aging and Adult Services reallocated three employees from Adult Protection Services because of overlaps in job descriptions.

Ms. Church indicated under Tab H of the blue binder is a color coded progress report , with green equaling or exceeding target; yellow, close to target; and red far from target. She indicated that some of these targets are difficult to measure. She indicated that Building Blocks that will be explained in Division budget hearings are listed under Tab J.

Mr. Church reported on the David C. lawsuit that has been on-going under court supervision since the 1970's concerning the Division of Family and Children's Services. She said the Division has worked very diligently to exit this case and has made good improvement. She feels the judge is ready to end this in the next calender year. Richard Anderson, Director, Division of Child and Family Services says caseloads are now around 20, but turnover and salary issues make this difficult to maintain. Clients continue to increase and new caseworkers are badly needed.

Mr. Church indicated the Waiting List lawsuit brought by the Disability Law Center went to court last year and the Division won, showing that the list was based on critical need and not amount of time on the list. She indicated this lawsuit is well behind them and the Department has a good working relationship with the Disability Law Center.

George Kelner, Director, Division of Services for People with Disabilities, report on the \$150,000 which was funded for the pilot program to serve 100 people who needed help getting training to keep a job. He reported that 49 of these people were employed . Others are still working with a job coach, and five people are completely out of the project on their own. He said the Division hoped to have the same success in the next six months and will be requesting funding for another year for this successful program.

Mr. Kelner explained that the Division also offers classes and counseling for families to teach more effective methods to deal with family members with disabilities. Respite care is offered to enable family members to attend the classes and bonus respite is granted if they complete the classes. He said they would like to expand this program and target more people. He also said they are considering establishing a drop-in day care center to give a break for care giving parents, with fees based on an ability to pay.

Chair Newbold thanked everyone who participated.

MOTION: Sen. Christensen moved to adjourn. The motion passed unanimously.

Co-Chair Newbold adjourned the meeting at 4:15 p.m.

Minutes reported by Norda Shepard, Secretary

Sen. Allen Christensen, Committee Co-Chair

Rep. Merlynn T. Newbold, Committee Co-Chair