

OFFICE OF THE  
LEGISLATIVE  
FISCAL  
ANALYST

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**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Steven Allred, Deputy Director  
**DATE:** April 6, 2010  
**SUBJECT:** Assignment of Interim Studies

The purpose of this memorandum is to recommend interim studies for your approval and bring other possible study items to your attention.

Legislative Fiscal Analyst

Joint Rule 3-2-502 states that, “each year, the Executive Appropriations Committee shall select a state agency, institution, or program to be the subject of an in-depth budget review.” Usually the committee tasks the LFA to carry out the in-depth study and report back to the committee. This year we recommend an in-depth study of the Department of Human Services. We have been focusing on social services for the past year, including studying the Departments of Workforce Services and Health. The Department of Human Services is the next logical component.

Governor’s Office of Planning and Budget

UCA 63J-1-701 states, “The Legislative Management Committee, upon recommendation of an appropriations subcommittee of the Legislature, may request of the governor for any designated fiscal year, an in-depth budget review of any state department, agency, institution, or program.” We recommend the EAC ask the Legislative Management Committee to amend Item #127 of the Master Study Resolution as shown below, and ask the Governor’s Office to carry out the study:

127. Medicaid Program Coordination – to study the consolidation or improved coordination of the Medicaid program by the Department of Health, the Department of Human Services, and the Department of Workforce Services. The coordination study shall include a format for a combined, unified annual report from the three departments, and any other state agency receiving Medicaid funds, to the Executive Appropriations Committee showing how all Medicaid appropriations were spent in the prior fiscal year. Additionally, study shall be made for potential options for coordinated reporting from those performing final expenditures via contract.

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### Intent Language

Various items of intent language require reports. Below are the items and the appropriations subcommittee to which we recommend they be assigned:

*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 (H.B. 2, Item 206). – **Health and Human Services***

*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 (H.B. 2, Item 207). – **Health and Human Services***

*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 (H.B. 2, Item 207). – **Health and Human Services***

*The Legislature intends that the Public Employees' Health Program (PEHP) provide a report to the Legislative Fiscal Analyst by December 31, 2010 on ideas learned by PEHP that could be applied to Medicaid (H.B. 2, Item 208). – **Health and Human Services***

*The Legislature intends the Division of Facilities and Construction Management review office space management for the Department of Human Services in conjunction with the office space availability and needs of all state agencies and report back to the Office of the Legislative Fiscal Analyst on or before January 1, 2011 concerning optimal facility utilization (H.B. 2, Item 212). – **Capital Facilities and Government Operations, and to EAC as a component in the in-depth study of the Department of Human Services***

*The Legislature intends the department review all oversight and audit functions for streamlining and consolidation in an effort to maximize the effectiveness of the audit process and minimize disruption to the provision of services. The Legislature further intends the study of the effectiveness of streamlining and consolidation of audit efforts by the Department of Human Services on counties and private providers be placed on the Master Study Resolution (H.B. 2, Item 212). – **Health and Human Services***

*The Legislature intends the Division of Substance Abuse and Mental Health and the Division of Aging and Adult Services forego site visits of county mental health, substance abuse, and aging programs during FY 2011 and conduct statutorily required monitoring through reports submitted by electronic or other means and report back to the Office of the Legislative Fiscal Analyst on or before January 1, 2011 concerning the outcome of this monitoring technique (H.B. 2, Items 213 and 217). – **Health and Human Services***

*The Legislature intends the Department explore options to privatize the Utah State Developmental Center in order to bring greater cost sustainability to the state. The Legislature further intends the department identify opportunities to privatize other activities and facilities and report back its findings regarding the Developmental Center and other opportunities to privatize to the Office of the Legislative Fiscal Analyst on or before November 1, 2010 (H.B. 2, Item 214).* – **Health and Human Services**

*The Legislature intends the Division of Child and Family Services take the following actions as a result of the funding changes made to this line item: 1) increase caseloads by an average of 1 case per caseworker, 2) identify opportunities to increase in-field work as well as telecommuting in order to reduce facility costs on an ongoing basis, and 3) consider options and strategies to pay workers on a per case basis. The Legislature further intends the Division of Child and Family Services report back to the Office of the Legislative Fiscal Analyst on or before January 1, 2011 concerning the effects of this change on division outcomes and operations (H.B. 2, Item 216).* – **Health and Human Services**

*It is the intent of the Legislature that the Department of Environmental Quality do a complete review of the Division of Air Quality. Including review of all division functions, staffing, programs, fees, and funding sources. The Department shall report back to the Office of the Legislative Fiscal Analyst prior to the 2011 General Session its findings and recommendations to identify what program, policy, fee, staffing and other changes are needed to improve service to stakeholders, better address and respond to federal mandates, improve permit processing times and response, improve air quality and other changes needed to maintain program primacy with requirements of the federal government (H.B. 2, Item 303).* – **Transportation, Environmental Quality, National Guard, and Veterans' Affairs**

*The Legislature intends that the Division of Facilities Construction and Management and the Department of Public Safety cooperate with Salt Lake City to advance preliminary discussions for the programming, design, and costing of a joint Emergency Operations Center, and provide the results of that planning to the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget, with the intent of reporting their recommendations and analysis regarding the cost effectiveness and potential operational efficiencies of such a facility to an appropriate legislative committee by June 30, 2010 (H.B. 3, Item 72).* – **Capital Facilities and Government Operations**

*The Legislature intends that the Department of Natural Resources report to the Natural Resources, Agriculture, and Environment Interim Committee and the Natural Resources Appropriations Subcommittee on or before their November, 2010 meeting, providing detailed information on how funds are expended for the Colorado River, June Sucker, and Virgin River plans, including detailed information on contract issued, deliverables required, and deliverables accomplished (H.B. 2, Item 275).* – **Natural Resources**

*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 (H.B. 2, Item 116). – **Health and Human Services**

*The Legislature intends that the Department of Workforce Services report to the Office of the Legislative Fiscal Analyst the feasibility of allowing non-state entities working with low income individuals to submit the required information for Medicaid and other public programs eligibility via online methods by December 31, 2010 (H.B. 2, Item 157).* – **Commerce and Workforce Services**

*The Department of Human Services shall report to the Legislative Health and Human Services Appropriations Subcommittee no later than December 31, 2010 in accordance with Subsection (4)(b). (b) The report required by Subsection (4)(a) shall include:(i) changes made by the division or the department beginning July 1, 2010 that effect the Medicaid program, a waiver under the Medicaid program, or an interpretation of Medicaid services or funding, that relate to care for children and youth in the custody of the Division of Child and Family Services or the Division of Juvenile Justice Services;(ii) the history and impact of the changes under Subsection (4)(b)(i);(iii) the Department of Human Service's plans for addressing the impact of the changes under Subsection (4)(b)(i); and (iv) ways to consolidate administrative functions within the Department of Human Services, the Department of Health, the Division of Child and Family Services, and the Division of Juvenile Justice Services to more efficiently meet the needs of children and youth with mental health and substance disorder treatment needs (H.B. 397).* – **Health and Human Services**

#### Master Study Resolution

The MSR contains various items that are fiscal in nature. If the Management Committee authorizes appropriations subcommittees to meet during the 2010 interim, we recommend that the EAC assign some of the MSR items to the subcommittees. A copy of the MSR is enclosed.