

(Draft - Awaiting Formal Approval)
**MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**
Tuesday, July 9, 2013 - 12:00 p.m.
Bear River High School
1450 S Main St.
Garland, UT 84312

MEMBERS PRESENT: Sen. Allen M. Christensen, Co-Chair
Rep. Ronda Rudd Menlove, Co-Chair
Rep. Daniel McCay, House Vice Chair
Sen. Luz Robles
Sen. Todd Weiler
Rep. Rebecca Chavez-Houck
Rep. Tim Cosgrove
Rep. Edward H. Redd
Rep. Marc K. Roberts
Rep. Earl D. Tanner

MEMBERS EXCUSED: Sen. Diedre M. Henderson
Sen. Peter C. Knudson
President Wayne L. Niederhauser
Sen. Brian E. Shiozawa
Sen. Evan Vickers
Rep. Brad L. Dee
Rep. Paul Ray

STAFF PRESENT: Mr. Russell Frandsen, Fiscal Analyst
Mr. Stephen Jardine, Fiscal Analyst
Ms. Wendy Hill, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Co-Chair Menlove called the meeting to order at 1:36 p.m.

Agenda Items 10, 11, and 12, see July 9, 2013 morning minutes.

13. Review of Some Fee-supported Programs

Mr. Frandsen talked to the subcommittee about fees. The Department of Workforce Services (DWS) revenue for fees is equal to the department's expenditures. Mr. Frandsen also explained the departments of Health and Human Services budget for fees. He specifically mentioned Baby Watch, Primary Care Network, Medicaid and the Children's Health Insurance Program (CHIP). These programs are controlled by strict federal rules but some programs have greater flexibility than others for increasing fees.

Co-Chair Menlove asked the subcommittee members if they would mind if the co-chairs met with the department heads about restructuring some fees and then report back.

14. General Assistance Update

Mr. Jardine updated the subcommittee about the DWS, General Assistance (GA) Program. The GA is a state-funded program that provides limited financial assistance to disabled adults without dependent children. From May 1, 2013 to June 30, 2013, DWS temporarily stopped accepting applications for new GA cases because of the fixed amount of funding to cover growing caseloads and the increasing average monthly case subsidies. During the 2013 General Session, DWS did not request an increase in GA funding, which was consistent with the Governor's budget recommendations. DWS's projections were accurate at the time of the 2013 General Session, but the demand for the program changed in a way the department did not foresee. DWS indicated it might possibly reopen the GA program in August 2013. GA is a state program not a federal entitlement program. Mr. Jardine advised the subcommittee of its options.

Mr. Geoffrey Landward, DWS Deputy Director, said that open enrollment will begin August 1, 2013. This program is fully funded by the state. The current budget provides funding for about 900 individuals with a disability that prevents them from working. DWS helps qualified individuals apply for Social Security Disability. DWS opens and closes enrollments, as necessary, in managing the program and preventing overspending.

Sen. Christensen asked how many people applied for the program after it closed. Mr. Landward indicated that more than 900 applications were received after closure. He would like to find a predictable method to open and close the program.

Co-Chair Menlove commented on the funding problem. Mr. Landward said that one option would be to keep the program open but have a waiting list for people that qualify. Sen. Christensen suggested that the benefit could be decreased. Mr. Landward said that \$280 a month is small but it can make a difference for people. GA recipients may also receive Medicaid and Food Stamps but not Temporary Assistance for Needy Families (TANF).

Rep. Chavez-Houck asked why there was an increased demand for the program. Mr. Landward said that opening and closing the program is a normal method for managing GA. The projections made in January were to keep the program open all year but it wasn't possible. Rep. Chavez-Houck asked about reimbursements from the federal government. Mr. Landward replied that in FY 2012, the Office of Recovery Services (ORS) received a reimbursement of about \$752,000 which was added to the General Fund. The GA program has a budget of \$4.8 million. If the reimbursement went back into the GA program, it would help increase the number of cases they could fund. He offered some ideas on how the fund could be managed differently. Rep. Chavez-Houck liked the idea of rotating opening and closing dates. Mr. Landward said there will be a plan in place that will offer more predictability when the program reopens August 1, 2013.

15. Updates on the Affordable Care Act, and

16. Update on Utah's Implementation of the Affordable Care Act

Mr. Kevin Burt, Associate Director, Programs and Training, DWS, addressed the subcommittee. An exchange is a marketplace for individual private insurance and determines eligibility for a tax credit. States have the option of using a federal exchange or a state-based exchange. Utah has a bifurcated exchange which did not change the work of the DWS. The federal exchange will assess eligibility for tax credits, Medicaid and CHIP, then individuals will be referred to the state for a full determination of benefits. The federal government mandated a change for eligibility for Medicaid and CHIP using a Modified Adjusted Gross Income (MAGI). Centers for Medicare & Medicaid Services (CMS) visited with DWS and the Utah Department of Health (DOH) to evaluate the determination process. Several key steps must be in place by October 1, 2013 that include: 1) ability to accept the new application; 2) a MAGI rules engine; 3) ability to connect to the federal exchange; 4) connection to the federal data services; 5) a minimum central coverage check. It was determined that the state would be ready to make the changes at the appointed time. Rule changes are in effect January 1, but individuals can apply during the open enrollment, starting October 1 for a tax credit. Eligibility is effective January 1.

Sen. Christensen asked if the rule changes make it easier or harder to be accepted. Mr. Burt said in most cases it will be easier to be accepted. Some applicants will need reevaluation. Mr. Hales said that existing Medicaid clients have a review date, some clients annually and some clients semiannually to determine eligibility. It is anticipated that 20,000 children from CHIP (about 70 percent of the CHIP population) will be eligible for Medicaid. The transfer takes place within the first four months of 2014.

Rep. Tanner asked about the workforce needed by DWS. Mr. Burt said that DWS realizes there will be an increase in work load and new people have been hired. It is hard to know how many and how quickly new candidates will apply.

Sen. Robles asked how many nonprofit and for profit groups have applied for a grant to be navigators to assist applicants. Mr. Burt said navigators will be selected by the federal government and announced on August 15.

Rep. Chavez-Houck asked for clarification on the rules of eligibility. Mr. Burt explained that during the open enrollment people will be assessed under current rules and the 2014 rules. Some people will need to wait until January 2014 to become eligible.

17. Office of the Inspector General Changes and Needs

Mr. Lee Wycoff, Inspector General, and Ms. Noleen Warrick, Program Integrity Manager, reported to the subcommittee. A handout was distributed and a power point presentation shown. The Office of Inspector General is an independent entity with the Utah Department of Administrative Services. He spoke of some problems collecting overpayments. He asked for continued support from the Legislature to recover inappropriate payments.

Sen. Christensen asked if any legal precedent is in place. Co-Chair Menlove asked if Utah Occupational and Professional Licensing (DOPL) is working with them in regards to professional licensing violations.

Sen. Christensen asked about any overlap with the Office of Recovery Services, ORS. Mr. Wycoff said a coordination of services is completed in regards to third party recovery.

Mr. Mark Brasher, Executive Director, ORS, agreed that this year, things were going better between the two agencies. Sen. Robles also commented.

18. Presentation of Workforce Services Employment Projects

Co-Chair Menlove invited the following people to present information about their partnership to the subcommittee: Mr. Ben Hart, Director, Employer Support Initiatives; DWS, Karen Cronin, Board member and Committee Chair, Science, Technology, Engineering and Mathematics (STEM) Education, Box Elder School District; Mr. Ron Wolff, Superintendent, Box Elder School District; Mr. Beau Lewis, Lewis Cabinets.

Mr. Hart said employment projects are funded from the Unemployment Insurance Administration Fund. His office is distributing funds to counties in Utah to assist with projects. Superintendent Wolf introduced Ms. Cronin. Ms. Cronin formed a STEM committee of 29 members to help students gain skills for employment opportunities. Students needed help with problem solving, communication, team working and analytical skills. The program, "Lead the Way," was recommended by the committee. DWS provided some of the start-up money to implement the program. The school board voted to create a pre engineering program at some of their schools and an expansion of a health education career pathway.

Superintendent Wolff commented about the challenges of implementation. Ms. Cronin said student response exceeded their expectations. A "B" average grade is needed in math and science to qualify for enrollment. Local businesses provide team solving problems for students to work on. DWS funding helps teachers get needed certification to teach classes, buy equipment and upgrade computers. Mr. Hart said Box Elder County is an excellent example of partnering well with the business community. Mr. Lewis, a participant in the Bridge Program, funded through DWS, talked of the growth of his cabinetry business and training new employees. The Bridge Program helps with the cost of training employees. He hired seven new employees this year and hopes to add more.

Sen. Weiler complimented Ms. Cronin on her work and asked why modern education does not meet the skills needed by business. Ms. Cronin said she thinks students are bored with traditional math and science until they see its application in technology. Mr. Hart commented this program is an extension of vocational education already offered.

Sen. Robles complimented the presenters and asked for clarification about the source of funding. Mr. Hart said that the funds come from Utah State Unemployment Compensation penalties and interest. Sen. Robles said STEM is needed in all levels of employment. Superintendent Wolff commented on the need for good technicians.

Rep. Cosgrove asked if there is a program to assist students interested in the medical field. Ms. Cronin replied that students have some medical classes available in high school. Rep. Tanner asked if there is a correlation between the classes and unemployment. Ms. Cronin said fall 2013 will be the first year the STEM classes are offered. Superintendent Wolff said Weber School District has implemented a

comparable program for several years and is helping Box Elder. Weber's program has been successful. Mr. Hart said there are good placement rates with similar programs throughout the state.

19. Utah Growth in Medicaid Spending

Mr. Frandsen introduced the "Medicaid Spending Statewide" brief and an accompanying graph. Medicaid costs represent 23 percent of all General Fund spending statewide. The graph showed an increase in spending from 1998 to the present. Rep. Redd asked about why the cost per client dropped from the high in 2008. Mr. Frandsen explained that provider rate reduction was one factor that made a difference.

20. Issue Brief - Medicaid Providers A Snapshot

Mr. Frandsen presented the Issue Brief, "Medicaid Providers: A Snapshot." The data indicates that participation of physicians in the fee-for-service Medicaid program is decreasing, while dentist participation is increasing, and pharmacy participation has remained constant. Participation in the Medicaid program by providers is optional.

Rep. Redd asked for clarification on the term, provider. Mr. Frandsen said that the term, provider, includes hospitals and groups as well as individual physicians.

Sen. Christensen commented on the number of dentists participating.

Co-Chair Menlove spoke about some new dentists accepting Medicaid patients.

21. Subcommittee Questions from the 2013 General Session

Mr. Hales explained the three types of waivers in Medicaid in response to Rep. Redd's question that included: 1) Freedom of Choice Waiver, 1915b, this waiver is used for mental health delivery and clients in assisted living arrangements; 2) Home and Community-based waiver, 1915c, is an alternative to institutional care, this waiver was used in the new autism program; and 3) Demonstration Waiver, 1115, the state submits a creative proposal to Medicaid or Medicare services to change a program's delivery. The federal government has complete discretion on the approval.

Rep. Redd asked if the three waivers were the only option. Mr. Hales replied in the affirmative.

Dr. David Patton, Executive Director, Department of Health, responded to Rep. Chavez-Houck's question on the cost savings of early detection of cancer in Utah. He said that every year 8,500 Utahns are diagnosed with cancer and about 2,700 Utahns die of cancer. Catching the disease early reduces the cost of treating it.

Mr. Hales responded to a question from Rep. Chavez-Houck on how the Affordable Health Care Act optional Medicaid expansion would increase coverage for individuals with disabilities. Currently individuals in Utah with disabilities are covered up to 100 percent of the current poverty level. If the state chooses the expansion option offered by the federal government, adult individuals with disabilities will be eligible up to 133% of the poverty level. If the state opts for the current reimbursements, those eligible

individuals with disabilities may apply for a tax credit. Rep. Chavez-Houck commented on people with disabilities and their ability to work. Mr. Hales said that the state's "Work Ability Program" will still be in effect. For every two dollars earned, only one is counted toward their eligibility in the Medicaid program.

Co-Chair Menlove asked about a model using nurses to manage Medicaid clients with chronic ailments. Mr. Hales commented on this in place of Mr. Lloyd Berentzen, Executive Director, Bear River Health Department, who was unable to attend the afternoon meeting. The DOH awarded a contract for the program to Bear River Health. Tree House Pediatrics in Logan was involved with the program but has stopped participating because of complications. Two other pediatric providers are just beginning to work in the program.

Co-Chair Menlove mentioned that Sen. Shiozawa wanted to know how the reimbursement rates compare for Medicaid and Public Employees Health Program (PEHP) for the autism pilot provided in HB 272 from the 2012 General Session. She decided to wait until Sen. Shiozawa was present to discuss this item.

22. Quarterly Status Reports on Replacement of Medicaid Management Information System

Mr. Hales explained that the DOH had asked for funding for a new phase of the Medicaid Management Information System (MMIS). Original estimates for the total project costs were \$123 million, \$12 million would be supplied by the General Fund. Because the programming firm designed the MMIS with new software and new hardware more funds are required from the state even though the overall cost of the project has not changed. The federal government will only match some of the new software and hardware at 75/25 instead at the assumed rate of 90/10. The state's required amount for funding has increased from \$12 million to \$15.5 million. The information has been presented to the Executive Appropriations Committee. He anticipates that all General Fund appropriations will be exhausted by 2014. Mr. Hales said \$9.5 million is needed to complete the MMIS project.

23. Report on Dental Request for Proposal in Medicaid

Mr. Hales reported that in 2011, H.B. 256 required the DOH to obtain a competitive bid for Medicaid dental benefits. No contracts were awarded because of a lack of a provider network and high costs. Another attempt was made and two contracts this year were awarded to Delta Dental and Premiere Access. These two providers would fall under the 1915b waiver. A sufficient provider network is found on the Wasatch Front but not in the rural areas. Evaluation of the bids involved a set criterion that included ability to handle insurance and efficiency in claim paying procedures. A standard of 600 clients per one dentist was established. The dental program in Medicaid is an optional benefit, but for pregnant women and children it is a mandatory benefit. Implementation begins September 1. As of July 1, there is a ratio of 517 children to one provider. Not all pediatric dentists that are providing services to Medicaid patients have signed up with either Delta Dental or Premier Access. The program will be monitored closely to insure requirements are being met.

Rep. Cosgrove asked how people are going to obtain dental care in the rural areas. Mr. Hales said that there are no dental care contracts in Utah's rural counties. Rural counties will remain the status quo, fee-for-service. For children living on the Wasatch Front, service will be arranged through one of the two providers.

Rep. Cosgrove also asked about the assurance of quality care for people receiving a fee-for-service. Mr. Hales responded that the DOH is required to produce annual reports on dental benefits and traveling clinics subsidized with Medicaid dollars move throughout the state.

Sen. Christensen was concerned about the smaller number of providers serving Medicaid patients. Rep. Cosgrove asked why there were few providers. Sen. Christensen responded that the reimbursement rate is not high enough to give proper care.

Rep. Chavez-Houck thanked Co-Chair Menlove and Sen. Christensen for their work on the meeting.

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

Co-Chair Menlove adjourned the meeting at 3:58pm.