

(Draft – Awaiting Formal Approval)  
**MINUTES OF THE  
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**  
Edison Elementary School, 466 S. Cheyenne, Salt Lake City, Utah 84104  
Thursday, September 12, 2013  
8:00 a.m. -12:00 p.m.

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

MEMBERS ABSENT: Sen. Deidre M. Henderson  
Sen. Brian E. Shiozawa  
Rep. Tim Cosgrove  
Sen. Peter C. Knudson  
Sen. Wayne L. Niederhauser  
Sen. Luz Robles  
Rep. Brad L. Dee  
Rep. Paul Ray

STAFF PRESENT: Mr. Russell Frandsen, Fiscal Analyst  
Mr. Stephen Jardine, Fiscal Analyst  
Ms. Paula Winter, Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.leg.utah.gov](http://www.leg.utah.gov).

### **1. Call to Order/Approval of Minutes**

Co-Chair Christensen called the meeting to order at 8:30 a.m. He excused Sen. Henderson and President Niederhauser from today's meeting. No minutes were approved.

### **2. Public Input on Topics on Agenda**

There was no public comment.

### **3. Medicaid Data Breach**

Dr. David Patton, Executive Director, Department of Health (DOH), spoke about the \$300,000 allocated to address the security system and stated that two people had been hired. He introduced Ms. Francesca Rivera as the Data Security Manager. Ms. Rivera reviewed the job of the system and the agency's job performance.

Rep. Chavez-Houck inquired about the specifics that were being performed.

Co-Chair Christensen asked about how often the security check happens and Sen. Weiler asked if a breach had occurred since the last legislative meeting.

Dr. Patton replied that since the last meeting there had been 37 inquiries about the breach, 4 identity thefts but no identity breaches that were identifiable.

Mr. Mark VanOrden, CIO/Executive Director, Department of Technology Services (DTS), spoke about security issues. He reviewed information obtained since the legislative session. He stated that attacks on the system have increased and informed the committee that on July 26, there were 300 million attacks. Along with an increase there has also been an increase in the sophistication of attacks. Mr. VanOrden has met with the FBI and the security is at work 24 hours per day 365 days a year. About 5 percent of the budget or \$6.5 million has been spent on security. He continued to address the issue of encrypted data and also risk assessment on the system. He covered the fact that a Security Council has been created and meets monthly to establish policies. A new Chief Security Officer is expected to be hired and will work with other agencies to share information and strategies.

Co-Chair Christensen asked if those that work within the system have ways to check on each other. Mr. Vanorden responded that they do work with each other in the system.

Rep. Menlove voiced appreciation for the effective processes now in place and the level of response and positive changes which have been made so far.

Co-Chair Christensen took a moment to acknowledge Ms. Tracy Vandeventer, Principal, Edison Elementary School, and thanked her for the hospitality given the committee.

#### **4. Pharmacy Actual Acquisition Cost Update**

Mr. Michael Hales, Deputy Director, Department of Health (DOH), addressed the cost update issue by beginning with coverage by Medicaid, reimbursement and pricing models. He stated that pharmacy prices have decreased. Studies have been done with other states. There is a range of \$135,000 savings to a cost of \$2.4 million if a switch is made to pay based on actual acquisition cost. So, no transition is planned.

Rep. Tanner inquired about the difference between a mom and pop establishment as compared to a Walgreens pharmacy. Mr. Hales replied that the smaller establishments can call the DOH to state their cost and go from there. He also stated there is inequity in the system and that it is a challenge to keep prices updated.

Rep. Tanner asked if there is a measure of what is being charged.

Mr. Hales answered that pharmacy prices are tracked as accurately as possible by the DOH and that pharmacies determine the prices.

Sen. Vickers stated that he is aware of the difficulty and based on the reimbursement model it would cost the state more and wondered if that meant that the state is being underfunded.

Mr. Hales responded that the change would have to be studied. Utah is the second leanest in the states as far as reimbursement is concerned.

#### **5. Executive Branch Plans for Performance Measurement**

Ms. Kristen Cox, Executive Director, Governor's Office of Management and Budget (GOMB), addressed the topic of how performance is measured in government agencies. She reviewed the Success Framework program and specifically mentioned the Division of Workforce Services (DWS) and cited a reduction in costs in the agency. Ms. Cox explained that increased performance and decreased costs is the goal of Utah government. She spoke of target and vision and introduced a formula QT/OE or quality throughput

divided by operating expense. She mentioned again specifically the Labor Commission system which forces all elements to balance out and stated there are 51 systems throughout the state. Ms. Cox then reviewed the Throughput Operating System (TOS) and what it is and isn't. The example of a doctor's office was used to illustrate the effectiveness of the system.

Rep. Menlove applauded the work done and asked if legislators are engaged with any of this procedure.

Ms. Cox stated that information is put forth and hopefully questions will be asked by the committee.

Rep. Menlove voiced a concern and asked if joint conversations with the agencies and GOMB could be facilitated along with budget people. She also stated that as legislators they are in the trenches and want to be part of this process. There are a number on the committee who are on other budget committees. There is a need for them to be there. There was an exchange between Rep. Menlove and Ms. Cox about further involvement and a question from Rep. Menlove about how their constituents are receiving the services and also that anecdotal data needs to be considered along with other data. A response was given by Ms. Cox stating that both input and feedback are important.

Sen. McCay asked for an explanation from Ms. Cox about the QT/OE formula and who is setting the policy for what the QT is and who is defining what the success measures are and where that policy is set. He referred to Rep. Menlove's question about who is making decisions and reiterated her concern that only having departments make the decisions is concerning because these are policy-based decisions and that could be problematic.

Ms. Cox responded that joint ownership is necessary. The legislative body sets the policy and that is what needs to be followed. Discussion of the issue has forced them to be clear on their goal. She also stated that being aware of breakdowns in the system helps them to know where changes need to be made. Observation of trends helps the GOMB to start questioning what the policies should be.

Sen. Weiler, Rep. Menlove, and Ms. Cox discussed how policy is being made, outlier problems that may occur, and how objectivity and flexibility need to be maintained. Sen. Weiler pointed out that there may be constraint issues and not necessarily quality issues that need to be addressed also.

Rep. McCay asked in regard to the QT/OE, will there be a hard target that will be able to change or adjust operating expenses based on the output? Ms. Cox replied that the conversation with the legislative body is important because all the agencies are different and all are facing demands. The formula will shift depending on the agency. Discussion is important.

Rep. McCay stated that he is cautiously optimistic about the process occurring.

Rep. Menlove questioned Ms. Cox about how quality of service is being determined. Ms. Cox responded that three areas are being considered. They are time, program effectiveness and accuracy.

Rep. Menlove voiced concern that there is no measure of consumer satisfaction and that the consumer of state services has no choice. How will there be a determination if the service has been effective and satisfying? What kind of measures will be put in place?

Ms. Cox responded that the legislative body and the GOMB need to be clear on the quality and accuracy. The critical needs should be addressed along with accuracy and dependability. Respect and satisfaction are part of what needs to be looked at but it's difficult to do it all at once. Time is being spent on those issues that will have the biggest impact on the customer.

Rep. Menlove encouraged the GOMB to bring consumers in and talk to them as part of this building process along with input from legislators who receive information from the people also.

Co-Chair Christensen commented that there is a big difference in widget manufacturing and suicide prevention calls. The measurement is absolutely different. Ms. Cox responded that the blue light as well as other measures should be used in both areas.

Rep. Chavez-Houck asked how when the control point changes, can agencies remain nimble and not be penalized for the fact that because of a crisis situation resources may have changed. Ms. Cox responded that each agency should have discussion about their protective capacity and what it should look like in the event of crisis situations.

Rep. Tanner appreciated the information given and asked how the information would be available to legislators. Ms. Cox replied that documentation which can currently be requested and Google sites for each agency which are not available yet but are being built for each agency. She requested patience from legislators.

#### **6. Tour of Edison Elementary regarding Early Intervention Mental Health Pilot Project**

Co-Chair Christensen praised the management practices of GOMB and announced that the next item will be a tour of Edison Elementary School. He turned the time over to Principal Vandeventer to address the funding for the Early Intervention Mental Health Pilot Project granted to Edison Elementary.

Principal Vandeventer outlined the makeup of the school population stating that of the 620 students, 88 percent are from minority backgrounds, 6 percent are homeless and 94 percent are at free or reduced lunch. These students have needs. Studies have shown that of poverty level kids about 21 percent have mental health issues which they see at this school. They received a mental health person and were supposed to share but they quickly filled up her time. There are 13 languages spoken in the school. Some students have come straight from the refugee camps.

Ms. Susan Pizitz, Program Manager for School-based Mental Health, Valley Mental Health, reviewed the services provided and the benefits of blended services created to assist in academic success.

Ms. Aubrey Vance, Educator, shared a particular student's situation and work with the mental health person at the school and explained their progress and the benefits she has seen.

A single parent mother through an interpreter shared the effects of the school's mental health assistance on her family. She praised the program and expressed thanks for the assistance it provides.

Co-Chair Christensen replied to her in Spanish and the committee was dismissed for the tour.

Co-Chair Christensen called the committee to order at 10:45 a.m.

#### **7. State Auditor – Performance Audit of Utah State Office of Rehabilitation**

Mr. John Dougall, Utah State Auditor, introduced Mr. David Pulsipher, Director of Performance Auditing. He introduced Ms. Rachel Dyer and Mr. Nick Purser who assisted in the audit. Mr. Pulsipher discussed and distributed "A Performance Audit of the Division of Rehabilitation Services Cost

Controls,” a summary of the full audit, which is available online at [www.auditor.utah.gov](http://www.auditor.utah.gov). He stated the objective of the performance audit was to determine the adequacy of the Division of Rehabilitation Services (DRS) controls to detect and prevent unnecessary spending. Mr. Pulsipher referred to the slides being shown and the 4 areas covered which are: vehicle modifications, direct authorizations, medical expenditures, and identity verification. He proceeded to give a brief history of the DRS and then explained how someone would qualify for services. He referred to a slide which illustrated how the appropriations are utilized and indicated that about one-half of the appropriations are used for administrative services and the other half to render services. He pointed to page 11 of the audit which illustrates that DRS counselors did not follow policy when authorizing expenses for modifications on a vehicle. He illustrated this with a specific situation.

Co-Chair Christensen asked for clarification on the types of vehicle modifications.

Mr. Pulsipher specified that in this case it was a Ram joystick-controlled car. He continued to explain that in this case public transportation could have been used but the DRS did not explore this possibility and stated that further information on this case could be obtained on pages 12-14 of the Audit Report. He continued illustrating the concern through another example contained in the report. Next he referred to recommendations given to DRS on page 20 of the audit. He further continued to refer to the 4 findings on the Audit Brief handout along with the timeline also illustrated there.

Rep. Chavez-Houck requested that Mr. Pulsipher go back to finding 1 recommendation to review them in terms of public transportation. She pointed out that other avenues hadn't been explored as far as flex-trans etc. She asked what recommendations the auditors would have in determining better use of public transportation while realizing there are many factors that could affect the availability of it.

Mr. Pulsipher stated that they have worked with the Utah Transit Authority (UTA) which stated they would be willing to work with the DRS and coordinate services. He emphasized that it appears there has been no coordination of services and therefore there hasn't been much of an effort to use UTA and that Para-transit sticks to a rigid schedule. He also responded that there has been a recommendation to work with UTA to come up with solutions to these issues.

Rep. Chavez-Houck also inquired about what the reclamation of assets might look like once someone leaves the program, and if a “retrofit” is ever undone. Mr. Pulsipher gave a specific example and said that high-cost modifications should still be the property of the state and that some assets are recognized as not being possible to be undone.

Mr. Dougall suggested that the customers may want to reimburse the state because the purpose of the DRS is to help people get back to work.

Rep. McCay asked Mr. Russ Thelin to respond to the recommendations given by the auditors to the DRS.

Mr. Russ Thelin, Director, Utah State Office of Rehabilitation (USOR), began with a general response, expressed his appreciation for what has been done, and stated that the USOR is generally in support of the recommendations. He stated that the USOR is in the top 10 percent nationally of placing individuals in employment for individuals working 35 weeks or more as well as the top 10 percent in cost performance. Mr. Thelin continued to explain that this is an efficient program. He addressed the vehicle modification issue and stated that they are trying to improve those situations. He also responded to Rep. Chavez-Houck's question about using public transportation with an affirmative response that UTA is utilized but there is also room to improve communication. He also responded that the potential for fraud and waste is there and that the State Board of Education has just appointed a person to work with them on some of

these issues. He also suggested that maybe an auditor could work with them for a period of time to help them get a better view of what is going on.

Rep. McCay requested some intent language be prepared for a timeline and some information to be communicated between now and the legislative session. Rep. McCay also asked about how Medicaid subscriber rates could be done better.

Mr. Thelin acknowledged that is something that could be looked at as an agency. He stated that typically those rates are set in such a way that they are not so low that it doesn't supply individuals with some services that are appropriate. USOR has set their rates at about 150 percent of Medicaid which is basically the middle of the road. The rate we have set allows us to pay for those individuals who need the most services. Comparable benefits are used and if a person can receive services at the Medicaid cost that is used. He suggested that those Medicaid rates need to be scrutinized and services explored along the Wasatch Front and in the rural areas.

Rep. McCay stated that he wasn't aware of a difference in rural services and that those receiving services are all getting the equal "shaft." He suggested transparency as to why the rates were higher than the Medicaid rates.

Rep. Menlove asked if there were some people who couldn't get the services if a higher rate wasn't paid.

Mr. Thelin responded that if an individual needs a particular service that service will be searched out at the lowest possible cost. There have been instances when an individual needs a service but the Medicaid rate will not be accepted and so the higher rate is necessary.

Rep. Menlove asked if the USOR is required by law to provide certain services.

Mr. Thelin and Rep. Menlove conversed about what the term "set rate" actually means and the clarification of it.

Rep. McCay addressed the issue that some people who are disabled are also on Medicaid and that the potential for gamesmanship for services is present and an overlap could occur as services are being sought. He thought that perhaps there could be more coordination. Mr. Thelin responded that they work hard in many ways to not duplicate services and some of those ways will be presented later in the day.

Rep. McCay requested that USOR be placed on the agenda later in the day.

Rep. Menlove took a moment to recognize Mr. Don Uchida and Mr. Palmer DePaulis who are retiring, and thanked them for their services. She welcomed those replacing them.

## **8. What are the areas where services overlap between services for substance abuse and mental health?**

Co-Chair Christensen requested that in the interest of time each agency respond with their performance measures and services and programs currently being used.

Mr. Russ Thelin, Executive Director, Utah State Office of Rehabilitation (USOR), referred to a one-page electronic sheet and stated that they are a department serving individuals with disabilities to achieve employment and independence. He stated there are a number of individuals they serve with substance abuse and mental health issues. The overlap is something they deal with. He referred to the sheet that names various specific groups working together for the individuals to help them appropriately deal with

their particular situations. There are a number of partnerships set up to assist the individuals to secure employment and become integrated into the community.

Mr. Doug Thomas, Acting Director, Utah Division of Substance Abuse and Mental Health, stated that an individual cannot be separated from mental health issues so they are an integral player with many agencies. There are many integrated care issues that are dealt with. He gave specifics about how their division and the Division of Child and Family Services work together. He gave highlights of data in using the services. He named several agencies worked with and mentioned integration and early intervention as their goal. He specified two department programs: Systems of Care where the child and family are the focus and Trauma Informed Care, which addresses adverse childhood experiences. He reported that there is a strong relationship with the Department of Health because of the Medicaid funding. There is much work going on with several agencies and programs to avoid overlap.

Rep. Tanner asked what effect the Medicaid expansion would have on their programs.

Mr. Thomas replied that the question would be answered in collaboration with the Department of Health later today. Co-Chair Christensen mentioned that the committee expects the departments to constantly be analyzing the effectiveness of their programs. The funds won't necessarily be taken away but can be redistributed to those getting the "bigger bang for the buck."

Rep. Redd asked how success is measured in the mentally ill and substance abuse disorder individuals to get them back into the work force. He inquired if there was data available. Mr. Thomas replied that would be answered this afternoon because it is about recidivism and jobs. We do have outcome measures that we track to see about people who are employed when they come into our care and how many are employed when they leave our care. There are other measures that are available also which can be given to the committee.

Mr. Michael Hales, Deputy Director, Department of Health (DOH), stated that Medicaid is the biggest payer in the state for those with behavioral and mental health issues. Those with behavioral issues end up being dealt with through a joint venture with the state and the counties. The DOH oversees the waiver and they are reimbursed for the services provided. He explained that some receive payment in the form of fee-for-service arrangements. He explained various other methods of coverage including Medicaid payments. The DOH works closely with the Department of Human Services to actuate payments.

Ms. Casey Erickson, Deputy Director, Department of Workforce Services (DWS), reviewed qualifications, purposes, and successes of employment.

Rep. Tanner wondered who is delivering the services and if they are through DWS and/or mental health providers in the counties. Ms. Erickson stated that it is both. They do have contracts with Valley Mental Health and other social work services. If longtime treatment is needed there are about 20 social workers that work for the DWS and their goal is to increase participation to get individuals back to employment. She continued to explain the procedure for those needing long term care and other varying situations. There is a lot of in home care as well as outside care.

### **How do the new requests stand up to what is going on?**

Dr. David Patton, Executive Director, Department of Health, spoke about 5 program areas. The first area was assistance to persons with bleeding disorders. He addressed the issue that the out of pocket expense

for medication is tremendous. The question now is whether with the Affordable Care Act (ACA) will cover this adequately. Dr. Patton responded that is not yet known. The cap will be delayed until 2015.

Co-Chair Christensen clarified Dr. Patton's statement about the cap being delayed until 2015.

Dr. Patton stated that more will be known after January 1, 2014. He also covered the second program which is cancer screening. This program is for women 18-40 years of age. He explained the good data they have available for this program and the benefits of the large number of cases which have been diagnosed quickly in the first or second stage of the disease, which has the effect of saving money because treatment is covered earlier in the progression of the cancers.

Rep. Redd commented on the significance of adequate screening for those who do not have the services available and how effective the screening is for them.

Dr. Patton stated that he is not sure whether this will be obviated by the ACA but maybe the part where the state does the screenings may be covered. He also stated that the efforts are worth it. The next area was Medicaid Inpatient Hospital. He informed the committee that this program is mandated under Medicaid ACA and that there are good accounting measures in place to assure adequate payment.

Next, Dr. Patton discussed the Medical Examiner issue. Dr. Patton explained the duties of the Medical Examiner and explained they have very good measurement in this area. He commented on the 24 hour turnover time in acquiring a body and stated that there is 100 percent compliance. They received two new examiners which have also been beneficial in completing the necessary tasks which includes filling out forms, answering subpoenas, and working with organ recovery organizations, which also helps them to be fully accredited. He explained that this is a \$3.8 million program, of which \$3.4 million is supplied by the state General Fund. He also expressed appreciation for the two new examiners added to the program.

Co-Chair Christensen asked how the new state lab might affect expenses. Dr. Patton stated that there may not be any cost savings there but the better environment and added storage space will be the largest benefit. He issued an invitation to everyone to visit the old facility to see the conditions present now.

Sen. Vickers and Dr. Patton conversed about the efficiencies that may be available. Dr. Patton explained that an important efficiency might be communication between agencies rather than other cost saving efficiencies. Dr. Patton shared that the throughput would be much more efficient and the working conditions would be very beneficial.

Dr. Patton moved to the last area, health care statistics. He identified a number of different areas for databases. He stated there are a good number of facilities reporting and mentioned a few of those. He stated that this is largely run by state dollars at a cost of \$2.4 million with \$4.4 million from the federal government. Co-Chair Christensen commented about how important this area is and Dr. Patton responded that it is important because you can't fix what you can't measure.

Co-Chair Christensen invited the Department of Human Services (DHS) to present.

Mr. Mark Brasher, Deputy Director, DHS, asked the committee to suggest items they would like to know about rather than cover all six areas.

Rep. Menlove made an inquiry about disability employment.

Ms. Lana Stohl, Deputy Director, DOH, addressed this issue, by emphasizing the importance of employment in assisting with integration of the disabled into the community as well as providing a

financial benefit. It is also a priority for the national government. The number of individuals needing the services as well as those receiving the services is being tracked. Employment and job coaching activities support the effort. The current data indicates that 95 percent of the funding is being utilized.

Co-Chair Christensen asked Mr. Brasher to address the area of Recovery Services.

Mr. Brasher explained that this agency is responsible for the collection of child support. He explained that the cost effectiveness ratio is about six dollars recovered for every dollar spent. The cost avoidance for Medicaid is about \$240 million.

Co-Chair Christensen reminded the committee that the money collected is passed along and does not go directly back to the state. However, there is some collected for the state.

Mr. Brasher expressed his appreciation to Mr. Brent Platt and his hard work with Foster Care and in keeping children in their homes.

Mr. Casey Erickson, Deputy Director, Department of Workforce Services, spoke about eRep operations, which run eligibility-based programs and is rules-based. The eRep system has been implemented for about 4 years. She explained that they have moved public eligibility from DOS based to a rule based system. She explained that they are moving from the old software to an intermediary process to avoid a big drain on the system. They are moving to something called Drules. This will be ready to go on October 1, 2013. This system will allow us to decrease fraud and improve efficiencies.

Co-Chair Christensen stated that in the future he would like information on Housing and Refugee Services.

Mr. Thelin referred to the handout which is available on SharePoint. He stated the job of the USOR is to assist individuals with disabilities to achieve independence, jobs, and to integrate into the community. He stated some statistics on the handout which indicated the success of the program in terms of those served as well as funds saved. This program is predominantly federally funded with 20 percent state match. The number served has increased significantly; about a 150 percent increase had occurred since 2008-2009.

Co-Chair Christensen commented on his support for independent living centers and the benefit they are. He encouraged others to visit a facility to see the good that is done there.

## **9. Items from the Afternoon Agenda**

There were no items that were discussed from the afternoon agenda.

Co-Chair Christensen dismissed the meeting at 12:02 p.m. He informed the committee that the afternoon meeting would be held at The Children's Center, 350 South 400 East, Salt Lake City, Utah 84111 – 4<sup>th</sup> Floor and would begin at 1:00 p.m.