

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION**

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Call to Order: By **CHAIRMAN EDITH CLARK**, on January 15, 2003 at 8:07 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Edith Clark, Chairman (R)
Sen. John Cobb, Vice Chairman (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Sen. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Robert V. Andersen, OBPP
Pat Gervais, Legislative Branch
Lois Steinbeck, Legislative Branch
Sydney Taber, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp refers to the material above it.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None.
Executive Action: AMDD:Mental Health Services
Chemical Dependency

CHAIRMAN CLARK said that the Subcommittee would go over some housekeeping and then do Executive Action on Addictive and Mental Disorders Division (AMDD).

LFD Explanation of Unspecified Reductions

Lois Steinbeck, Legislative Fiscal Division (LFD), distributed an LFD information sheet on the general fund starting point and the options to meet unspecified reductions Exhibit 1. She explained that the FY02 expenditure in general fund represents expenditures by the Department in FY02 adjusted for statewide present law adjustments, including pay plan, rent, and inflation. There is no caseload growth or annualization of provider rate increases included for 2003. There is a reduction of \$49 million in general fund from the adjusted base, which is \$44 million below the executive budget level. When the Subcommittee takes action and it is a negative adjustment, LFD will ask whether that negative adjustment should apply to the total unspecified reduction. At the end of Subcommittee meetings, LFD will tell the Subcommittee how many reductions have been made and whether they are unspecified.

EXHIBIT (jhh08a01)

As example, **Ms. Steinbeck** explained that should the Subcommittee accept the \$8 million general fund Mental Health Services Plan (MHSP) reduction, she would ask if it would count against the unspecified reduction. If yes, the Subcommittee has made changes that would lower the unspecified reduction by \$8 million, bringing it to \$16 million. If the Subcommittee were to reject it, then it would add \$8 million in general fund spending.

{Tape: 1; Side: A; Approx. Time Counter: 0.6 - 8; Comments: Tape counter appears after the testimony.}

SEN. STONINGTON said that it was her understanding that it would take a positive motion to add money back in, not a positive motion to accept the reductions. **Ms. Steinbeck** said the Subcommittee needs to decide how it will get to the new base. If DPHHS were to be limited to that much general fund, the Subcommittee would need to specify the programmatic reductions at the start. Under present law, this level of general fund does not support what is in statute for programs. She reviewed the methods that could be used to get back to the starting point for the Agency, stressing that in DPHHS it is difficult to add money after the fact.

{Tape: 1; Side: A; Approx. Time Counter: 8 - 11.7}

Ms. Steinbeck further explained that if the Subcommittee were to accept every negative decision package (DP), and put them toward

the unspecified reduction, it would account for some of the spending reductions that would need to be made. If the Subcommittee accepts any of the positive proposals in the Executive Budget, it increases the negative offset that must be adopted.

{Tape: 1; Side: A; Approx. Time Counter: 11.7- 13.2}

REP. HAINES summarized that if they were to apply the \$8 million to this then it would reduce the unspecified reduction to \$16 million, and if it is not applied, there would be a \$32 million reduction and \$24 million would still be unspecified. **Ms.**

Steinbeck concurred and further stated that it would be LFD recommendation that negative reductions be assigned to a specific policy because it is difficult to make moves without changing statutes. As an example, she said that should they cap population at Montana State Hospital (MSH), the Department would need the ability to charge counties, which would need to be specified in statute.

{Tape: 1; Side: A; Approx. Time Counter: 13.2 - 15.9}

There was further discussion on the issue of assignation of unspecified reductions, and **SEN. COBB** suggested that they should ignore them, and treat the budget as if the \$44 million had not been taken out. He also expressed the opinion that they should introduce some bills before the time ran out. **Ms. Steinbeck** said that the Subcommittee would have until day 75 to introduce and pass a bill that implements HB2 and clearly links statutory changes to that implementation.

{Tape: 1; Side: A; Approx. Time Counter: 15.9 - 19}

SEN. STONINGTON brought up questions regarding the ability of subcommittees to request committee bills. **Taryn Purdy, LFD**, said that LFD staff have asked for a legal ruling on the issue. **SEN. COBB** asked if it takes a three-quarters vote of the Subcommittee to request a committee bill. **Ms. Purdy** said that Greg Petesch, LFD Legal Counsel, said that it would take a simple majority, but they are going to get together with attorneys to clear it up. **REP. JAYNE** brought up the issue of protocol for Executive Action, particularly in regards to proxy voting. **CHAIRMAN CLARK** said that she would accept member votes for 24 hours after the vote or proxy votes at the time of the vote. She added that **SEN. KEENAN** was presenting a bill and was excused. Remarking on the issue of proxy voting, **SEN. STONINGTON** said that the ruling she had received from Mr. Petesch was that anything not specifically mentioned in the rules is at the pleasure of the Chair; this issue is not in the rules, so is at the Chair's discretion.

{Tape: 1; Side: A; Approx. Time Counter: 19 - 30}

SEN. COBB returned to the issues of voting on the budget and presenting a bill draft request. In response to a question from **SEN. STONINGTON, CHAIRMAN CLARK** said that she would like to approve the decision packages that they can and hold those with which they have problems. Responding to a question from **SEN. COBB, CHAIRMAN CLARK** said that the Subcommittee should vote each time whether it would go to unspecified cuts.

{Tape: 1; Side: A; Approx. Time Counter: 30 - 37.6}

Responding to a question from **CHAIRMAN CLARK, Bob Andersen, Office of Budget and Program Planning (OBPP)**, said that his opinion was that they should take action on the Executive Budget and then deal with the \$44 million. **Ms. Steinbeck** commented that **Mr. Andersen** was assuming that the Subcommittee would accept all the positive DPs in the Executive Budget, so starting from the Executive Budget is an easier way to about it, but the Subcommittee would need to take a positive action to add any positive DPs or negative. If the Subcommittee added no positive and accepted all the negative, it would be \$35 million toward the target.

{Tape: 1; Side: A; Approx. Time Counter: 37.6 - 45.7}

Ms. Steinbeck reviewed some of the historical workings of the Subcommittee and distributed and explained information on the standard motion. The Subcommittee should decide for each Division if the base budget for state special and federal should be FY02 or not. If the Subcommittee adopts the motion, it will be authorizing ongoing expenditures of state special revenue (SSR) and federal funds in the base. If action is taken to reduce general fund for Medicaid, federal funds would come out automatically.

EXHIBIT (jhh08a02)

Questions from Subcommittee Members and Responses:

SEN. STONINGTON asked if the motion were to have all SSR and federal funding be at the 2002 base with present law adjustments, and general fund was not there to provide match for federal money would the money automatically come out and be reflected in the ongoing status. **Ms. Steinbeck** said that as long as general fund is specified it can be done.

{Tape: 1; Side: A; Approx. Time Counter: 45.7 - 50}

Ms. Steinbeck recommended that the Subcommittee permit the LFD staff to draft and get legal opinion on language it wished included in HB 2. Referring to Exhibit 1, **Ms. Steinbeck** reviewed

the positive and negative Executive Budget DPs. **Ms. Steinbeck** gave some examples of negative and positive DPs.

SEN. STONINGTON asked if the Subcommittee were to adopt all the Executive Budget, both positive and negative DPs, would there be a \$44 million deficit. **Mr. Andersen** said that there is currently \$15.3 million for the four adjusted base items, \$24 million in present law increases, and \$29.4 in new proposal decreases, so overall there is a \$5 million decrease. **SEN. STONINGTON** suggested that the Subcommittee consider making motions to increase revenue to solve problems. As example, she cited doubling the alcohol tax to solve the deficit and funding problems.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 10.9}

LFD Issue on Division Consistency

Ms. Steinbeck went over the LFD issue of consistency among divisions with regard to where general fund was added and general fund spending reductions were made. LFD requested information on Department guiding principles and policy used in the process of deciding who moves from institution to community services, who pays a co-pay, and resources and assets tests. **Gail Gray, Director of the Department of Public Health and Humans Services (DPHHS)**, addressed the process and philosophy in making the recommendations. She added that many of the decisions should be made by the Legislature rather than DPHHS as a matter of public policy.

The two guiding principles were to keep the basic services plan intact and to do the least amount of harm. In the process, DPHHS reviewed matching rates, the length of time programs had been in effect, and litigation. They started with a pro rata share of cuts to each of the division, looked at division needs, and brought Department management in to discuss what should be done. They made recommendations based on the dollar figure from the OBPP and made their recommendation to them. At that point, there were three public forums to discuss the effect of the reductions on providers and clients. As a result, the Governor recommended reinstatement of services that had been cut as a result of Department deliberations. She cited examples of cut services that the Governor request be reinstated.

{Tape: 1; Side: B; Approx. Time Counter: 10.9 - 21.2}

EXECUTIVE ACTION ON MENTAL HEALTH SERVICES

Motion: SEN. COBB moved to ACCEPT THE PRESENT LAW ADJUSTMENT TO THE FY02 BASE FOR ALL FUNDING EXCEPT FOR GENERAL FUND AND STATEWIDE PRESENT LAW ADJUSTMENTS AS REQUESTED FOR ALL FUNDS FOR ALL THREE PROGRAMS IN THE DIVISION.

Discussion:

REP. JAYNE asked how the general fund reduction will determine the federal and nongeneral fund amounts. SEN. COBB said that they would be accepting the federal and the SSR for 2002 and at the end would adjust down to fit the actual cuts. Ms. Steinbeck explained that it would establish the base for two fund types of FY02. As the other reductions are specified, LFD will compute the matching rates to reduce funds commensurate with the general fund reduction. Those will be separate DPs. As example, she reviewed what would occur with the reduction of Medicaid eligibility.

Vote: Motion carried on a voice vote 4-1 with Jayne voting no. There is a proxy for SEN. KEENAN but it was not voted. The vote occurred at 9:50 AM.

{Tape: 1; Side: B; Approx. Time Counter: 21.2 - 30.2}

Referring Subcommittee members to B-179 of the LFD Budget Analysis, Ms. Steinbeck explained that the present law adjustments have been acted on so the Subcommittee would need to go to DP135 for the first DP.

Motion: SEN. COBB moved TO ADOPT DP 135, MENTAL HEALTH INTERGOVERNMENTAL TRANSFER CASELOAD.

Discussion:

Ms. Steinbeck explained the DP. Dan Anderson, Administrator of AMDD, said that it has been reformulated as a Medicaid access payment. It is the same concept as using county money to leverage additional federal money to pay providers. There were Subcommittee and LFD questions whether counties relying on the frontier differential would continue to receive the same amount and whether counties were in on the plan. The funds were previously paid by counties to mental health centers and could have an effect on counties. It is not funds previously used by counties as match for their own projects. The total amount of the money received will quadruple, and mental health centers will receive 58%. The rest will be used in the general Mental Health Medicaid Program.

{Tape: 1; Side: B; Approx. Time Counter: 30.2 - 45.3}

In further discussion, **SEN. STONINGTON** said that she wanted to ensure that county money identified as federal money could be used as leverage for their own mental health centers. **John Chappuis, Deputy Director of DPHHS**, explained that a federal grant cannot be used as match, but this would be a fee for service and would lose federal identity when paid to a provider.

{Tape: 1; Side: B; Approx. Time Counter: 45.3 - 49.5}

There was continued discussion on the issue of fees for service and grants to counties with respect to federal match identity. **Ms. Steinbeck** requested a clarification on the issue of whether strings are attached to access money. **Mr. Anderson** said that if access payments could be done there would be no strings, but if they do this through raising Medicaid rates then there would be strings. After a telephone conversation with the Center for Medicaid Services (CMS), they were told that they could do this. They are waiting for written verification. **SEN. STONINGTON** suggested that perhaps they should pass the motions contingent on seeing the letter when it arrives. **Ms. Steinbeck** suggested that the Subcommittee could pass it as a restricted appropriation contingent on approval and could also ensure that it is considered as a one time only.

{Tape: 2; Side: A; Approx. Time Counter: 0.4 - 5.5}

Substitute Motion: **SEN. STONINGTON** made a substitute motion **TO APPROVE DP135 CONTINGENT ON FEDERAL APPROVAL OF ACCESS PAYMENTS THAT DO NOT LIMIT COUNTY AUTHORITY TO LEVERAGE FEDERAL OR OTHER FUNDS AND CONTINGENT ON FEDERAL FUNDING.**

Discussion:

Mr. Anderson said that the payments under this are to providers not counties.

Motion: **SEN. STONINGTON** moved **TO AMEND THE MOTION TO READ PROVIDERS NOT COUNTIES.**

Discussion:

There were Subcommittee questions regarding the amount in county funds that would be used to replace general fund with Medicaid match, and **Mr. Chappuis** said that it would be \$650,000. **Ms. Steinbeck** explained the funding switch that they were talking about was DP 350. The DPs are not interrelated. She briefed the Subcommittee on the impact to the budget that expansion of access

payment use could have. **Mr. Chappuis** explained what the federal letter would and would not address.

Vote: Motion carried on a voice vote 4-1 with Jayne voting no at 9:25 am. The proxy for **SEN. KEENAN** was not voted, but it was agreed that henceforth, his proxy would be voted.

{Tape: 2; Side: A; Approx. Time Counter: 5.5 - 13.9}

LFD Issue on PATH Block Grant

Ms. Steinbeck reviewed the LFD issue associated with the PATH block grant. **Mr. Mullen** said contractors did not draw down the entire amount of the grant so the appropriation was not completely spent. He reviewed the program for the Subcommittee.

Motion: **SEN. COBB** moved TO ADOPT DP 140, THE BLOCK GRANT INCREASE.

{Tape: 2; Side: A; Approx. Time Counter: 13.9 - 19.1}

Discussion:

CHAIRMAN CLARK asked if local funds could be used for match. **Mr. Anderson** said that he did not know if it was required to be state or local match, but that it is a fee for service grant. There was more discussion on the issue. **Bob Ross, South Central Montana Mental Health Center**, addressed the purpose of the grant, services offer, the impact on the communities he works for, and the numbers of people served **REP. HAINES**.

Vote: Motion carried unanimously on a voice vote. **REP. HAINES** voted his proxy from **SEN. KEENAN**.

It was agreed by the Subcommittee that **REP. HAINES** could write all the votes on one proxy.

{Tape: 2; Side: A; Approx. Time Counter: 19.1 - 31.4}

Ms. Steinbeck reviewed DP141 the Mental Health Contract Reviews. **Mr. Anderson** then responded to questions from the Subcommittee, about the estimate of money saved and the necessity of the process, whether it included medication, and its efficacy in helping the homeless. He said that it was an essential service. He further stated that they project a \$2 million decrease in out-of-state residential treatment and that more children were coming into the program. The DP includes caseload increases and retrospective reviews, the reduction in general fund is because the contract does not do the eligibility for MHSP or the retrospective for prior authorization of that program. If a portion of the funding for MHSP were restored it would not affect this DP.

Ms. Steinbeck stated that this was updated by the Executive Budget so savings should be increased by \$18,750 per year.

Substitute Motion: **SEN. COBB** made a substitute motion **TO MOVE TO REVISE DP 141 TO INCREASE FEDERAL FUNDS BY \$18,750 AND REDUCE GENERAL FUND BY \$18,750.**

Discussion:

Ms. Steinbeck answered questions from **SEN. STONINGTON** regarding the revised motion.

Vote: Motion carried unanimously by voice vote at 9:32 am. **SEN. KEENAN'S** proxy was voted by **REP. HAINES.**
{Tape: 2; Side: A; Approx. Time Counter: 31.4 - 45.2}

Motion: **CHAIRMAN CLARK** moved **THAT THE AMOUNT OF SAVINGS BE DEDUCTED FROM THE ADJUSTED BASE OF \$44 MILLION AND GO TOWARD THE UNSPECIFIED REDUCTION.**

Discussion:

SEN. COBB asked if it meant the \$494,000 or \$18,000 would be deducted. **CHAIRMAN CLARK** said it would be the entire amount. **SEN. STONINGTON** said that it could be depicted as going to the unspecified cuts in the Executive Budget and the total. **Ms. Steinbeck** stated that there are few unspecified reductions in the Executive Budget, just the Subcommittee action relative to the motion made in Senate Finance and House Appropriations. **SEN. STONINGTON** asked if they voted no would it keep it in the Executive Budget. **Ms. Steinbeck** explained that the Subcommittee could specify that the amount of reduction could go toward the \$49 million target or not. The \$49 million target has nothing to do with Executive Action.

{Tape: 2; Side: A; Approx. Time Counter: 45.2 - 50}

Further Discussion on Unspecified Reductions:

Mr. Mullen said that if the Subcommittee wished to do this it needed to reduce positive present law adjustments by the same amount. **CHAIRMAN CLARK** said that her motion was to apply the full amount of savings in DP 141 plus the related \$18,750 per year over the total amount to the \$49 million.

{Tape: 2; Side: B; Approx. Time Counter: 0.5 - 2.2}

Ms. Steinbeck addressed Subcommittee questions on the \$49 million dollar reduction and what would happen if they did not take action or took certain actions. She explained that if the

Subcommittee did not specify where the \$49 million in reductions is to come from, it would have to return to make additional reductions. Responding to the request for a separate tracking sheet of possible reductions, **Ms. Steinbeck** said it is already so confusing that a separate tracking sheet would add to the confusion. **SEN. STONINGTON** said that does not like the motion to count it against the \$44 million and wants to resist it.

{Tape: 2; Side: B; Approx. Time Counter: 2.2 - 7.7}

Referring to **CHAIRMAN CLARK'S** motion, **SEN. STONINGTON** asked **Ms. Purdy** to explain what would happen if they just took the negative proposal and did not offset with positives. She said that there is an unspecified reduction of \$25 million a year, and the Subcommittee can apply any negative adjustment in the Executive against the \$25 million if it chooses, if it uses it as the basis to get to the new Legislative target. It can ignore any impact of the Executive Budget on it and concentrate on that number if it chooses. Each DP is a specification against the total. If the Subcommittee chose all of them, then it would not specify all of the reductions. **SEN. STONINGTON** then asked if she wished to resist using the unspecified reductions should she then vote no, and **Ms. Purdy** responded that she should. **Ms. Purdy** further said that the budget established by the Subcommittee is \$243.3 million each year, and DPHHS will have to figure out how to live within it. In further discussion, **Ms. Purdy** said that if the Subcommittee went through all the DPs and followed the Executive Plan, but did not specify any as reductions of the unspecified budget back to the 2000 base, then they would have reduced DPHHS from \$243 million down further. If they took the positive proposals as well, the budget would have been increased.

{Tape: 2; Side: B; Approx. Time Counter: 7.7 - 17.4}

Ms. Steinbeck further explained that if the LFD printed its DPHHS report now, the Subcommittee would see one more DP in the tables and it would be for \$25 million general fund reduction each year. If the Subcommittee specified that the reduction is part of that, it would be adjusted from \$25 million general fund reduction to \$24.5 million. If it is not done, the DP stays at \$25 million out and this one also comes out, so it would be a \$25.5 million reduction to DPHHS. Using an example, **Ms. Steinbeck** made further explanations of the process by which specified reduction cuts would be made and the impact to the DPHHS budget.

{Tape: 2; Side: A; Approx. Time Counter: 17.4 - 24}

There were more explanations of the meaning of specified reductions of the budget. Using a hypothetical from **SEN. STONINGTON**, **Ms. Steinbeck** explained that the unspecified reduction is an across the board cut with no specificity. She reviewed the necessity of making statutory changes and

conditioning appropriation in order to put the Subcommittee stamp of approval on policy. If it ignores statute, and a program is permissive then the Department is left to allocate as it sees fit. If it is imperative to the Subcommittee that a particular thing be accomplished, there must be a statute that can be enforced and not merely a provision of the Appropriations Act.
{Tape: 2; Side: A; Approx. Time Counter: 24 - 38.6}

CHAIRMAN CLARK restated her motion to put the money from DP 141 be applied against the unspecified reduction for the Subcommittee.

Vote: Motion failed 3-3 with Cobb, Jayne, and Stonington voting no on a voice vote. **REP. HAINES** voted **SEN. KEENAN'S** proxy.
{Tape: 2; Side: A; Approx. Time Counter: 38.6 - 39.6}

Ms. Steinbeck commented that the budget had been lowered below the \$49 million.

CHAIRMAN CLARK called for a 10-minute break at 10:00 AM. The meeting reconvened at 10:13 AM.

Motion: **SEN. COBB** moved **TO APPROVE DP 143, FEDERAL MEDICAID PROGRAM CHANGES.**
{Tape: 2; Side: A; Approx. Time Counter: 39.6 - 47.8}

Discussion:

Ms. Steinbeck clarified the DP for Subcommittee members.
{Tape: 2; Side: A; Approx. Time Counter: 49 - 50.4}

Further Discussion of the DPs:

Responding to a question from **CHAIRMAN CLARK**, **Mr. Anderson** added that if this did not pass, AMDD would not be able to take on additional caseload and would have to eliminate services or make substantial eligibility or provider rate cuts. **Ms. Steinbeck** and **Mr. Chappuis** gave some historical perspective on caseload changes and said that the Subcommittee may need to revisit the numbers. Citing examples of past changes and statute, **Ms. Steinbeck** recommended that if the Subcommittee does not accept caseload adjustments it request from the Department the adjustments it would make because it may require statutory changes. **CHAIRMAN CLARK** asked if the Subcommittee would still be able to revisit if it were passed now. **Ms. Steinbeck** responded that if programmatic actions were taken the Subcommittee would need to make other policy changes, and it would be easier if all the information were before them.

SEN. COBB restated his motion to pass DP 143.

Vote: Motion carried 5-1 with Clark voting no on a voice vote.

REP. HAINES voted **SEN. KEENAN's** proxy.

{Tape: 3; Side: A; Approx. Time Counter: 0.4 - 9.6}

Mr. Anderson offered to prepare for the Subcommittee a list of program changes that would be made should this ultimately not pass. **SEN. STONINGTON** also suggested that a running list of necessary statutory changes would be helpful. **Ms. Steinbeck** added that the Medicaid program has undergone numerous changes in MHP and in HPSD, and if the Subcommittee would like to view it in totality, they may wish for the Department to address it by Medicaid programs only rather than by division. She expressed concerns that LFD staff have regarding consistency within the programs.

{Tape: 3; Side: A; Approx. Time Counter: 9.6 - 11.5}

Motion: **SEN. COBB** moved TO ADOPT DP 144, THE MENTAL HEALTH BLOCK GRANT INCREASE.

Discussion:

Ms. Steinbeck explained the LFD issue with this in that MHP spending has declined so that the state may no longer be able to receive the block grant in the first year of the biennium. She suggested that the Subcommittee may wish to line item it so that there is not additional Federal IV-E floating around in the budget if the block grant is not received. It is about \$1.3 million annually. **SEN. COBB** asked how much Maintenance of Effort (MOE) they were looking out. **Mr. Mullen** stated that it was almost \$3 million short on MOE over a two-year average. **SEN. COBB** said that he would like to line item this. **Ms. Steinbeck** responded that several other Subcommittee members have expressed concern over additional hollow federal authority. It could be line-itemed and restricted such that the authority could be spent only if the grant were received. **SEN. COBB** stated that he would like that put in the motion.

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 144, MENTAL HEALTH BLOCK GRANT INCREASES AS A LINE ITEM. Motion carried unanimously on a voice vote. **REP. HAINES** voted **SEN. KEENAN's** proxy.

{Tape: 3; Side: A; Approx. Time Counter: 11.5 - 14.4}

There was further discussion on the motion for DP 144 and shortfalls.

LFD Issue on DP 147

Ms. Steinbeck explained that DP 147 would move 35 individuals currently in the Nursing Care Center who are eligible in the community into group homes in the community to be served in the community with Medicaid funds. The Executive Budget does not include the increased state supplement payments that would need to be made by Senior and Long Term Care (SLTC), about \$35,000 a year. **Mr. Anderson** said that the amount would be added to the DP, but it would reduce the amount of savings. **Ms. Steinbeck** addressed the LFD issue regarding the reductions in overtime due to the reduced FTE and asked that was taken into account. **Mr. Mullen** said that the request does. **Ms. Steinbeck** said that if the Subcommittee accepted the proposal as explained in the Executive Budget, it would need to allow LFD staff to net the general fund reduction against the general fund increase of \$35,000 per year state supplement payments.

{Tape: 3; Side: A; Approx. Time Counter: 14.4 - 20.3}

Motion: SEN. COBB moved TO ACCEPT DP 147 AS CHANGED BY THE EXECUTIVE.

Discussion:

REP. JAYNE requested specifics on how AMDD will create intensive community support programs for the individuals in question, what type of services would be provided, and the anticipated client levels. **Mr. Anderson** said that several providers have done evaluations on clients, and they expect to receive proposals from at least two providers. It would be a group home similar to those with developmental disabilities which require more supervision, a specialized day program, and case management services. The upper limit of the Nursing Care Center is 75, so that is the limit, and they reduce their licensed capacity.

Vote: Motion carried unanimously in a voice. **REP. HAINES** voted **SEN. KEENAN's** proxy.

{Tape: 3; Side: A; Approx. Time Counter: 20.3 - 24}

LFD Issue on DP 351

Ms. Steinbeck recommended that the Subcommittee title DP 351 a fund switch should they adopt it. She explained that it assumes mental health centers in counties will remit the entire amount of county funding to AMDD. Some of it would be used to increase payments to community mental health centers, but the balance is a straight general fund offset to fund ongoing caseloads and would not necessarily result in increased payments to community mental health centers. Responding to a queries from **SEN. STONINGTON** and

SEN. COBB, Ms. Steinbeck said that counties would not receive the money. She further explained the issue, federal limits, and possible statutory change.

{Tape: 3; Side: A; Approx. Time Counter: 24 - 32}

Mr. Anderson said that it is voluntary, and they have written agreements with counties and mental health centers identifying the means by which the money is transferred to AMDD. Counties and mental health centers receive substantially more money through the access payment than they receive directly from the counties. Mental health centers receive additional money, and the Department receives additional money for Medicaid match. **Ms. Steinbeck** reiterated that the LFD issue is that this is a funding switch not an Intergovernmental Transfer (IGT). **SEN. COBB** commented that DPHHS is at risk.

{Tape: 3; Side: A; Approx. Time Counter: 32 - 37.7}

Motion: **SEN. STONINGTON** moved **TO ACCEPT AND RETITLE DP 147 AS A FUNDING SWITCH.**

Discussion: **REP. JAYNE** requested clarification of how much of the county funds will be used to replace general fund Medicaid match, the affect on counties, and whether there would be increased payments to mental health centers. **Mr. Anderson** said that it would be \$657,600 FY04 and \$648,600 FY05 or \$1.3 million over the biennium. The affect that it would have on counties is that they would write a check to the Department rather than to mental health centers. They would still be on the board of mental health centers and have input into policy. It is a matter of putting the money through the DPHHS in order to get the additional Medicaid match. There is the possibility of increased payments back to mental health centers. **Ms. Steinbeck** interjected that the DP is strictly using county funds to offset general fund and results in no increased payments to community health centers. DP 135 results in increased payments.

REP. JAYNE requested comment from **Mona Jamison, representing Gallatin County.** **Ms. Jamison** said that Gallatin County does not want to receive less funding than it currently receives.

{Tape: 3; Side: A; Approx. Time Counter: 37.7 - 45.5}

REP. HAINES asked if the money coming back to the county is Medicaid, and **Mr. Anderson** said that it goes back to the community mental health center and is a Medicaid payment. **Ms. Steinbeck** said that it is a funding switch which has little to do with mental health centers. DP 135 was the IGT regarding equity to counties. This is a funding switch which takes county funds to offset general fund. If the payments supporting the amount

were prorated back to community mental health centers, they would receive 23% of the payment and the rest would go to other providers supported by the money. **REP. HAINES** requested clarification on the ramifications to the county of this DP.

{Tape: 3; Side: A; Approx. Time Counter: 45.5 - 49.5}

Mr. Anderson responded that the DP would provide enough funding to fund the Medicaid program. The ramification for providers would be less chance that AMDD would cut rates or eliminate services. **Ms. Steinbeck** commented that, if viewed in isolation, it reduces county funds available to community mental health centers by \$600,000 a year. She further said agreement with community mental centers does not constitute agreement with counties.

{Tape: 3; Side: B; Approx. Time Counter: 0.9 - 4.3}

Mr. Ross explained the historical relationship between counties and the mental health centers he represents and how the mechanism would work for them. The concept of the access payment back to mental health centers is that it would provide incentive that they would receive more back than was taken by counties, and it would provide discretionary dollars. The mental health centers agree to the concept, but he suggested that the Subcommittee get input from Commissioner Kennedy. **REP. HAINES** asked if when the money came back there would be negative ramifications, and **Mr. Ross** said that if the mechanism works there would be no negative impact on the system.

{Tape: 3; Side: B; Approx. Time Counter: 4.3 - 8.2}

Bill Kennedy, Yellowstone County Commissioner and Chairman of the Board of the Mental Health Center in Region 3, and First Vice-President of the Association of Counties, remarked on the background of IGT and how it works. He addressed concerns regarding the impact that it has on county and discretionary dollars. He reviewed cost increases, the possibility of a gatekeeper bill and the cost accrued to counties when people are committed to Montana State Hospital (MSH). Counties like the idea of mental health dollars coming into the community, but are opposed to any cuts in mental health services in the community. If there are not guarantees that the dollars will come back to communities, then people will seek help in emergency rooms, the most acute care for which the highest dollar is paid. Finally, he said that counties are willing to help, but there must be guarantees from the state that rates will come up and that discretionary dollars will be there. **CHAIRMAN CLARK** asked if it were an IGT, and there were guarantees how would they view it, and **Mr. Kennedy** responded that it make them more comfortable. **Mr. Anderson** and **Director Gray** reiterated that it is voluntary,

and an annual commitment, so if counties do not benefit, they don't have to sign on the next year.

{Tape: 3; Side: B; Approx. Time Counter: 8.2 - 21}

Vote: Motion carried 5-1 with Jayne voting no on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 3; Side: B; Approx. Time Counter: 21 - 22.3}

Motion: SEN. COBB moved TO ACCEPT DP 352.

{Tape: 3; Side: B; Approx. Time Counter: 22.3 - 22.4}

Ms. Steinbeck recommended that DP 352 be rolled into DP 143.

SEN. COBB withdrew his motion to accept DP 352.

Motion/Vote: SEN. STONINGTON moved TO DIRECT LFD STAFF TO TRACK FINAL FEDERAL MATCH RATE AND ADJUST THE DOLLARS IN DP 143. Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 3; Side: B; Approx. Time Counter: 22.4 - 28}

Ms. Steinbeck explained DP 354, and the problems if it is adopted in only one division. It was agreed to defer DP 354 and DP 8146.

{Tape: 3; Side: B; Approx. Time Counter: 28 - 31.9}

Motion/Vote: SEN. COBB moved TO ACCEPT DP 154, MSH AND DEPARTMENT OF CORRECTION AGREEMENTS. Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 3; Side: B; Approx. Time Counter: 31.9 - 33.8}

Motion: SEN. COBB moved TO ACCEPT DP 287, FTE REDUCTIONS.

Vote: Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 3; Side: B; Approx. Time Counter: 33.8 - 35.9}

Motion: SEN. COBB moved TO ACCEPT DP 339, MEDICAID SCHOOL-BASED MENTAL HEALTH SERVICES.

Discussion:

Responding to questions from SEN. STONINGTON, Mr. Anderson said that they had received permission from the Center for Medicaid Services (CMS) for this, and that it would use \$3.5 million of OPI money for Medicaid match for recently reinstated in-school services. This is a cross-agency effort.

Vote: Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 3; Side: B; Approx. Time Counter: 35.9 - 43.7}

Ms. Steinbeck explained that DP 350 is a funding switch taking alcohol tax money to use for Medicaid mental health match. She address the LFD issue involved in the way the Executive Budget is structured and subjects local programs to all the risk of general fund reductions. The Executive indicated that it would be willing to put the \$371,000 general fund in the regular Medicaid program match and use alcohol tax funds for the access fees. The Subcommittee made no motion.

{Tape: 3; Side: B; Approx. Time Counter: 43.7 - 48.2}

Ms. Steinbeck reviewed the LFD issue with regard to the Medicaid provider reimbursement reduction in DP 353. The provider rate reduction was in the budget prior to the newest round of provider rate reductions.

{Tape: 3; Side: B; Approx. Time Counter: 48.2 - 49.5}

Responding to questions from SEN. STONINGTON, Mr. Anderson said that the cuts put into affect in the last month are seen as provider rate cuts to get through FY03. There was explanation of the amount of reductions and AMDD's future intention.

Director Gray briefly reviewed her draft of additional provider rate reductions to get back to the 2000 base. She further explained the reasons for rate reductions and Department objections to it. She also touched on the importance of Medicaid money to different groups.

{Tape: 4; Side: A; Approx. Time Counter: 0.3 - 10}

EXHIBIT (jhh08a03)

There was no motion on DP 353.

REP. HAINES distributed a motion to members.

EXHIBIT (jhh08a04)

Motion: REP. HAINES moved \$3,107,640 OF ESA FUNDS BE USED TO REDUCE THE GENERAL FUND APPROPRIATION FOR VOC REHAB PROGRAMS BY \$1,353,803 IN FY04 AND \$1,753,837 IN FY05, AND THAT THE GENERAL FUND MADE AVAILABLE DUE TO THIS FUNDING SWITCH BE ALLOCATED AS FOLLOWS, \$325,013 FOR CHILD PROTECTIVE SERVICES CHILDCARE AND \$751,859 FOR CHILDCARE DEVELOPMENT FUND MATCHING CHILDCARE.

{Tape: 4; Side: A; Approx. Time Counter: 10 - 12.8}

Discussion:

CHAIRMAN CLARK requested that **Wendy Keating, Montana Department of Labor and Industry (DLI)**, distribute information and testify on traditional use of the funds and the impact taking Employment Security Act funds would have on DLI and rural Montanans. **REP. HAINES** explained his intent in taking the money and said that it would be used to help keep people working so that they would not have childcare concerns. **SEN. STONINGTON** concurred that it would be a good use of the money, but suggested that the best use of the money might be a combination of job services office to help find jobs and childcare money to help people keep jobs. **REP. JAYNE** requested information on the numbers of families that would be affected by such a measure. **Pat Gervais, LFD**, referred members to B-37 in the Budget Analysis and recollected that 800 childcare slots would be affected. The graph indicated reflects general and federal fund reductions. There are some concerns about providers going out of business. Responding to questions from **REP. JAYNE, Ms. Gervais** said that the \$325,000 for Child Protective Services Childcare is funding is for children affected by those services and the remaining would be for childcare subsidies. There was further explanation.

EXHIBIT (jhh08a05)

Vote: Motion carried 5-1 with Jayne voting no on a voice vote.

REP. HAINES voted **SEN. KEENAN's** proxy.

{Tape: 4; Side: A; Approx. Time Counter: 12.8 - 42.8}

There was more discussion on provider rate reductions, levels of care, and staffing issues.

{Tape: 4; Side: A; Approx. Time Counter: 42.8 - 51.5}

{Tape: 4; Side: B; Approx. Time Counter: 1.1 - 6.2}

EXECUTIVE ACTION ON CHEMICAL DEPENDENCY PROGRAM

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 140, BLOCK GANT INCREASE. Motion carried unanimously on a voice vote. **REP. HAINES** voted **SEN. KEENAN's** proxy.

{Tape: 4; Side: B; Approx. Time Counter: 6.2 - 7.2}

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 143, MEDICAID CASELOAD INCREASE. Motion carried unanimously on a voice vote. **REP. HAINES** voted **SEN. KEENAN's** proxy.

{Tape: 4; Side: B; Approx. Time Counter: 7.2 - 8.9}

Motion: SEN. COBB moved TO ADOPT THE MCDL BASE ADJUSTMENT.

Discussion:

REP. JAYNE asked if the DP would impact the block grant, and Mr. Anderson said that as the Medicaid benefit program increases, the alcohol tax money match from the Medicaid program comes from this leverage and can be replaced with block grant.

Vote: Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 4; Side: B; Approx. Time Counter: 8.9 - 10.6}

Substitute Motion/Vote: SEN. COBB made a substitute motion TO ADOPT DP 335. Substitute motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 4; Side: B; Approx. Time Counter: 10.6 - 11.1}

Motion/Vote: SEN. COBB moved TO ADOPT DP 132. Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 4; Side: B; Approx. Time Counter: 11.1 - 11.8}

Motion/Vote: SEN. COBB moved TO ADOPT DP 133. Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 4; Side: B; Approx. Time Counter: 11.8 - 12.3}

There was no motion on DP 355.

Motion: SEN. COBB moved TO ADOPT DP 131.

Discussion:

REP. HAINES asked if there was a real requirement for an FTE. Director Gray said that it requires specialized skills, and there is not the staff. People have the capability, but not the time.

Vote: Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 4; Side: B; Approx. Time Counter: 12.3 - 16.7}

Motion/Vote: SEN. COBB moved TO ADOPT DP 287. Motion carried unanimously on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 4; Side: B; Approx. Time Counter: 16.7 - 17.7}

A letter from the Missoula County Commissioners was submitted.

EXHIBIT (jhh08a06)

ADJOURNMENT

Adjournment: 12:00 A.M.

REP. EDITH CLARK, Chairman

SYDNEY TABER, Secretary

EC/ST

EXHIBIT (jhh08aad)