



Select Committee on Efficiency in Government 62nd Montana Legislature

SENATE MEMBERS

JON SONJU--Chair
EDWARD BUTTREY
MARY CAFERRO
JIM KEANE
EDWARD WALKER
DAVID WANZENRIED

HOUSE MEMBERS

MARK BLASDEL
RON EHLI
GALEN HOLLENBAUGH
PAT NOONAN
SCOTT REICHNER
KATHLEEN WILLIAMS

COMMITTEE STAFF TEAM

DAVE BOHYER, Lead Staff
DAVID NISS, Staff Attorney
DAWN FIELD, Secretary
SUE O'CONNELL, LSD, Health Care
SONJA NOWAKOWSKI, LSD, Nat'l Res.
QUINN HOLZER, LFD, Health Care
TARYN PURDY, LFD, Budgeting Process
BARBARA SMITH, LFD, Technology
LOIS STEINBECK, LFD, Health Care

MINUTES

November 16, 2011

Sletten Cancer Institute
Great Falls, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

Sen. Jon Sonju -- Chair
Sen. Edward Buttrey
Sen. Mary Caferro
Sen. Jim Keane
Sen. Edward Walker

Rep. Mark Blasdel
Rep. Ron Ehli
Rep. Galen Hollenbaugh
Rep. Pat Noonan
Rep. Scott Reichner
Rep. Kathleen Williams

COMMITTEE MEMBERS EXCUSED/ABSENT

Sen. David Wanzenried

STAFF PRESENT

Dave Bohyer, Lead Staff
Dawn Field, Secretary

AGENDA & VISITORS' LIST

Agenda, Attachment #1.
Visitors' list, Attachment #2.

COMMITTEE ACTION

The Select Committee on Efficiency in Government approved a motion to request the Legislative Audit Committee to perform an audit of the Magellan utilization review contract with the Department of Public Health and Human Services.

CALL TO ORDER AND ROLL CALL

00:00:01 SEN. SONJU called the Select Committee on Efficiency in Government (SCEG) to order at 8:04 a.m. The Secretary noted the roll, SEN. WANZENRIED was excused (Attachment #3).

00:00:37 **Terry Olinger, Chief System Service Officer, Benefis Health System, Great Falls**, welcomed the SCEG to Benefis and noted that each committee member received a packet of information pertaining to the Benefis organization (EXHIBIT 1).

LOCAL GOVERNMENT PANEL - SEN. BUTTREY, MODERATOR

00:03:00 SEN. BUTTREY reviewed the purpose of the meeting and panel discussion. He thanked Benefis Health System for hosting the SCEG and introduced Bill Bronson, Great Falls City Commissioner (EXHIBIT 2).

00:05:12 **Bill Bronson, Commissioner, City of Great Falls**, discussed the importance of coordination between state and local governments, including several examples where coordination and communication is strong or in need of improvement (EXHIBIT 3).

00:15:34 SEN. BUTTREY introduced John Faulkner, Great Falls Airport Authority (EXHIBIT 2).

00:16:28 **John Faulkner, Great Falls Airport Authority**, discussed how a local airport authority interacts with state government through economic development projects and other avenues. Mr. Faulkner also discussed several suggestions on how to strengthen the relationship, including creating a state-funded revolving loan fund to be used by local governments for short-term improvement projects, tapping into tourism dollars to help decrease the cost of flights into Montana, and better utilization of state contracting to expand or improve purchasing power of state and local governments.

00:26:52 SEN. BUTTREY introduced Cyndi Johnson, Pondera County Commissioner (EXHIBIT 2)

00:27:13 **Cyndi Johnson, Pondera County Commissioner**, discussed several issues of concern including tax shifting and the impact on local governments, out-of-control

administrative rulemaking, difficulties with the Public Employees' Retirement System (PERS), legislator disconnect in certain districts, the need for better coordination and communication between state and local governments, the need for more economic development tools, and a lack of understanding by state agencies for local governments.

- 00:33:43 Commissioner Johnson also discussed several examples of positive interactions between state and local governments. She said that there is a need for flexible but fair and equitable partnerships between state and local governments because Montana is such a large and diverse state.
- 00:35:51 SEN. BUTTREY introduced Steve Malicott, Great Falls Chamber of Commerce (EXHIBIT 2).
- 00:37:04 **Steve Malicott, Great Falls Chamber of Commerce**, said that the impact of a decision made at the state level can have devastating effects at the local level. He said his recommendations to the SCEG would be to carefully evaluate each decision and work to improve communication and accessibility. Mr. Malicott discussed how the Great Falls Chamber of Commerce works with the Montana Chamber of Commerce on issues of concern.
- 00:43:14 SEN. BUTTREY introduced Larry Bonderud, Mayor, Shelby (EXHIBIT 2).
- 00:44:19 **Larry Bonderud, Mayor of Shelby**, discussed his county's efforts in consolidating city and county services, including law enforcement, fire departments, creation of a purchasing pool, and sharing of employees. Mr. Bonderud also discussed the public-private partnership between the City of Shelby and a private business to operate a hot mix plant.
- 00:50:26 Mayor Bonderud presented a number of ideas and concepts for the SCEG's consideration. The list included self-insured pools to provide health insurance, the need to address provider issues between doctors and hospitals, and the need for a mechanism with which to measure health care outcomes in Montana.
- 00:55:04 Mr. Bonderud also discussed measures that would increase IT efficiencies and recommendations to improve the permitting process for natural resource issues.

Public Comment

- 00:59:09 **Aart Dolman, Great Falls**, discussed his Medicaid research project in the Golden Triangle area and said he agreed with many of Mayor Bonderud's comments, and that the Shelby-Toole County model of cooperation is a positive step for the future.
- 01:00:48 **Jane Webber, Cascade County Commissioner**, noted that she was speaking on her own behalf and not as a county commissioner. She complimented the Department of Environmental Quality (DEQ) on how it interfaces with local and federal governments. She said that more help is needed to deal with the aging population and for city-county health departments.

Committee Questions

- 01:03:03 SEN. CAFERRO asked Commissioner Bronson to elaborate on his comments regarding tax increment finance districts (TIFs). Commissioner Bronson provided additional details regarding the challenge of legislative mandates for TIFs appropriations for economic development and difficulties in working with the Department of Revenue within that process.
- 01:06:42 SEN. BUTTREY asked Mr. Faulkner to discuss further his suggestion regarding an incentive program for low cost airfare into Montana and if other states have such a program. Mr. Faulkner discussed incentive programs in Wyoming and South Carolina. He noted that officials in the Bozeman community are in the process of creating a direct flight to and from New York and provided a few details of that effort.
- 01:10:41 SEN. SONJU asked how the Bozeman-New York flight will be funded. Mr. Faulkner said it will be a mix of state and federal funding. SEN. SONJU asked if Mr. Faulkner was recommending that the incentive program be funded through the tourism program in the Department of Commerce. Mr. Faulkner said yes, that his proposal would require a one-time draw from the state tourism dollars. SEN. SONJU agreed that air travel connectivity both within and out of the state is a problem.
- 01:12:40 SEN. BUTTREY asked Mr. Faulkner if the incentive program would require permanent state funding or if it would become self-supporting. Mr. Faulkner said an incentive program would have to be able to stand on its own eventually. He estimated that there would be a significant savings to local markets under such a program.
- 01:14:42 REP. HOLLENBAUGH commented that while the suggestion intrigued him, unintended consequences could be a problem. He said there could be other streams of revenue that could be used.
- 01:16:07 REP. HOLLENBAUGH asked Mayor Bonderud for additional discussion regarding his concerns about relationships between hospitals and physicians. Mayor Bonderud said it is statewide trend for doctors to be employees of a hospital, which creates a great potential for increased costs. He said the solution is outcome reporting and quality of care reporting, neither of which is done in Montana. He said that technology exists to track this information and that many entities are already doing it. He provided additional details.
- 01:20:16 REP. WILLIAMS asked for an example of a state with an effective tracking model in place. Mayor Bonderud said that all of the states surrounding Montana are successfully tracking outcome data and suggested that models could be obtained from health and human services entities or through contractors providing services.
- 01:27:00 SEN. BUTTREY asked Mayor Bonderud about his comments regarding wind energy development on school trust lands. Mayor Bonderud said that companies have sometimes avoided school trust lands due to concerns about Montana's environmental review process.
- 01:29:53 REP. HOLLENBAUGH asked Mayor Bonderud for more details on the public-private partnership/hot mix plant example, saying that the SCEG has heard about the

potential for public-private partnerships in the IT services. He noted that concerns have been expressed regarding state entities unfairly competing with private businesses. Mayor Bonderud said that state statute has been strictly followed and that there has been no push back from the private sector. He said he is sensitive to the issue and that the private sector should do as much as possible but that there is a role for government too.

- 01:33:21 SEN. WALKER asked Commissioner Bronson to provide additional information regarding difficulties in working with the MDT and DOR. Commissioner Bronson discussed the problems encountered with each agency. He said everyone wants the system to work and to figure out a way to make the system work better. SEN. SONJU said that the Revenue and Transportation Interim Committee (RTIC) is also working with the DOR to solve concerns regarding how to more efficiently deal with changes in the tax base. Mr. Bohyer explained that the DOR has only a few months to deal with changes to the tax base which is what causes some of the delays.
- 01:38:52 SEN. WALKER asked if a shortage of manpower or IT issues are the cause for the delays and difficulties. Mr. Bohyer speculated that it was a combination of both. SEN. WALKER asked about cross training between agencies and sharing of agency resources. REP. HOLLENBAUGH said that happens only on a very limited basis and generally is frowned upon by the Legislature. He explained further.
- 01:40:44 SEN. BUTTREY asked Commissioner Johnson to expand on her comment regarding out-of-control rulemaking at the state level. Commissioner Johnson said a recent example is a rule change regarding accrual of personal leave. She said the change will cause significant problems and that she would like more legislative oversight of the process.
- 01:42:12 REP. HOLLENBAUGH said that the rulemaking process is designed to be deliberative, with public hearings held. He asked if the counties provided comment. Commissioner Johnson said she did not because she didn't find out about the hearing until after it was held. REP. HOLLENBAUGH said that strengthening communication between state and local governments would help with the problem. SEN. SONJU agreed that there is a need for better communication in the rulemaking process.
- 01:44:09 SEN. BUTTREY thanked the panelists for their participation and comments. SEN. SONJU recessed the SCEG for a short break.

BREAK

- 02:13:53 SEN. SONJU called the committee back to order at 10:18 a.m.

HEALTHCARE/MEDICAID

- 02:14:36 **Susan Barton, Manager, Medicaid Health Improvement Project (MHIP), Riverstone Health, Billings**, addressed the SCEG via polycom phone. She discussed the role of MHIP, the formula used to identify high risk patients, MHIP's coverage region, and program components and goals.
- 02:26:01 SEN. CAFERRO asked if the MHIP saves Medicaid dollars and if so, how much. Ms. Barton said yes but that she could not specify an exact amount.

02:29:28 REP. WILLIAMS and Ms. Barton discussed how risk scores can assist with outcome indicators.

Public Comment

No public comment was given.

02:32:56 **Mary Dalton, Medicaid and Health Services Branch Manager, Department of Public Health and Human Services (DPHHS)**, said that she also serves as the State Medicaid Director and State CHIP Director. Ms. Dalton continued the discussion of MHIP. She said that Montana has two or three aspects that it considers when looking at health improvement: a nurse advice line, a passport program for primary care case management, and a health improvement program specifically for people with a higher risk score. She gave a brief description of each program.

Committee Questions

02:46:16 There were no committee questions.

Details regarding "Medicaid Optional Services" in DPHHS

02:46:37 Ms. Dalton discussed a detailed matrix on mandatory and optional Medicaid services in Montana, beginning with services provided through the developmental disabilities program (pages 1-6, EXHIBIT 4).

02:59:41 Ms. Dalton discussed senior and long term care programs (pages 6-8, EXHIBIT 4).

Committee Questions

03:04:33 There were no committee questions.

03:04:37 Ms. Dalton discussed services provided under the addictive and mental disorders program (pages 8-10, EXHIBIT 4).

Committee Questions and Discussion

03:06:37 REP. WILLIAMS said, regarding calculating cost shifts, that eliminating programs will reduce people's overall health and that in the long run, cost shifts could go over 100%. Ms. Dalton said that is correct, that a person who is not able to access services early can be very expensive to treat in the long term.

03:09:48 SEN. SONJU asked Ms. Dalton to review the total agency optional services amounts listed in the orange bar on page 10 of EXHIBIT 4. Ms. Dalton explained each amount listed in the bar.

03:11:44 REP. REICHNER commented that the numbers could change dramatically, depending on what the congressional "Super Committee" decides. SEN. SONJU said that staff from Sen. Baucus's office will be invited to discuss the work of the Super Committee and that the DPHHS will be asked to comment.

Performance-based contracting considerations

03:16:25 Ms. Dalton said that at the last SCEG meeting, the members heard a performance-based contracting presentation and proposal from Intermountain and Yellowstone Boys and Girls Ranch (YBGR). She said the preliminary discussions have been held

but that the DPHHS has not formulated a formal position at this time. She said that much more discussion will have to be held on a number of issues, that the Department will continue to meet with Intermountain and YBGR, and that all input will be considered.

Committee Questions

There were no committee questions.

Overview of DPHHS Medicaid estimating process for appropriations and budgeting purposes

03:19:11 Ms. Dalton said it is extremely difficult to explain this particular process and that forecasting costs for Medicaid patients is especially difficult. She explained the model used by the DPHHS to estimate costs.

03:24:29 SEN. SONJU asked about the long delay in billing. Ms. Dalton explained a number of factors that can affect the billing process and how they cause billing delays.

03:34:00 Ms. Dalton provided additional discussion of the factors involved in the Medicaid estimate process.

03:31:58 SEN. WALKER noted that in one month, about 785 children were added to the Children's Health Insurance Program (CHIP). He asked if that was net and how many drop off per month. Ms. Dalton said in any given month, about 600-800 children come off CHIP, which means to get a net of 783 added in one month, about 1,500 new children were added.

Public Comment

03:32:58 There was no public comment given.

Medicaid Subcommittee Report

03:33:30 REP. NOONAN said that the Subcommittee set a deadline of December 15 for comment in order to complete it's work at the January meeting. He referred to a decision matrix (EXHIBIT 5) to discuss the topics selected for further study.

Work Plan Subcommittee

03:34:59 SEN. SONJU reported on decisions made by the Work Plan Subcommittee (EXHIBIT 6). He thanked Mr. Bohyer, saying that the work plan was thorough and well-crafted. SEN. CAFERRO requested that Dr. Hank Gardner, designer of the Wyoming health care model) also be invited to present to the Subcommittee.

IT Subcommittee Report

03:40:14 REP. HOLLENBAUGH reviewed the issues discussed by the IT Subcommittee (pages 4-5, EXHIBIT 6). He noted that the Subcommittee is waiting for a report on the Montana Information Technology Act (MITA) being prepared by the Legislative Audit Committee (LAC) and one additional presentation from the Secretary of State's Office before finalizing recommendations for the full SCEG.

- 03:41:44 SEN. SONJU said that Barb Smith, Legislative Fiscal Analyst, Legislative Fiscal Division (LFD) prepared a draft list of recommendations as discussed at the previous day's Subcommittee meeting (EXHIBIT 7).
- 03:42:54 On the topic of natural resources, SEN. SONJU asked Mr. Bohyer to comment on the issue of multiple permitting processes in Montana, saying that the SCEG may not want to look at all of them. Mr. Bohyer reviewed the provisions of HB 642 (page 4, EXHIBIT 6) and discussed the possibilities. He said that SEN. KEANE, who will serve as chair of the Natural Resources Subcommittee, would provide direction on the topics to be studied. SEN. SONJU said that the Environmental Quality Council (EQC) could be asked to provide a "Permitting 101" class to begin the process.
- 03:48:42 SEN. KEANE said that some of the issues identified in HB 642 are already being taken care of the by the EQC. He said his personal opinion is that the SCEG should work to gather solid information to address the perception that there is a problem in Montana with the permitting process.
- 03:50:59 REP. WILLIAMS said the model used by the Medicaid Subcommittee to solicit input was effective and suggested that the Natural Resource Subcommittee consider using it also. SEN. SONJU asked SEN. WALKER and REP. WILLIAMS to work with SEN. KEANE on the agenda for the January meeting. SEN. SONJU said that three hours would be allocated for the first natural resources meeting in January, at which time a Subcommittee would be appointed.
- 03:53:57 SEN. SONJU reviewed the proposed meeting dates (page 11, EXHIBIT 6).
- 03:56:34 REP. WILLIAMS suggested that the SCEG Final Report reflect that issues being addressed by other committees be noted in the SCEG's Final Report, so that it would not appear that the SCEG ignored the issue.

Public Comment

- 03:57:19 **Jani McCall, Intermountain Children's Services and YBGR**, asked for confirmation that the performance-based contracting proposal would be presented to the full SCEG. REP. NOONAN said that was correct. SEN. SONJU said he would work with Ms. McCall on agenda details. In addition to that, Ms. McCall said that a meeting has been set up with the DPHHS on December 7.

- 04:00:06 SEN. SONJU recessed the SCEG for a 30-minute lunch break.

LUNCH BREAK

- 04:47:46 SEN. SONJU called the meeting back to order at 12:50 p.m.

BUDGET REPORT

- 04:48:17 Mr. Bohyer provided an updated budget report (EXHIBIT 8).

COMMITTEE MEMBER ISSUES

Online Input Tool

- 04:49:53 Mr. Bohyer reviewed the online input tool, as discussed at the October meeting (EXHIBIT 9). He noted that five responses have been received to date.

04:51:25 REP. WILLIAMS thanked staff for working to develop the input tool and discussed concerns that the tool has not been adequately promoted. She asked that whenever notification of SCEG activities go out that information about the tool be included in the communication. She also discussed the need for deadlines to ensure timely input and other concerns. SEN. SONJU agreed that promotion efforts need to be strengthened. Mr. Bohyer discussed several avenues for increasing exposure and maximizing input.

MEDICAID "UTILIZATION REVIEW CONTRACT"

04:57:36 Ms. Dalton discussed the Washington state law that provides for a penalty for transferring of assets. Ms. Dalton said she believed that such a law would act as a deterrent to disposal of assets in anticipation of entering a nursing home and would reduce the need for filing civil suits. She said she would provide additional information which could be posted on the SCEG website.

05:02:02 SEN. CAFERRO and Ms. Dalton discussed current Montana statute, who is responsible for filing charges to retrieve property, and who the charges are filed against. Ms. Dalton said she could have a presentation from Adult Protective Services to explain the process further, if the committee wished.

05:06:16 Ms. Dalton discussed the utilization review (UR) process, saying that Montana operates on a fee-for-service system. She contrasted the UR process with managed care and said that each program has its difficulties. She listed a number of services provided under UT contracts and how they are administered.

05:13:00 Ms. Dalton discussed cost savings achieved since 2007.

05:14:03 **Tim Kober, Program and Account Manager, Magellan Medicaid Administration**, subsidiary of Magellan Health Services, reviewed details of Magellan's two contracts with DPHHS - Children's Mental Health Services Division and Addictive and Mental Disorders Division (AMDD).

05:23:46 Ms. Dalton said the Department follows state procurement law in retaining a contract company. She explained the procurement process. She noted that the Magellan contract is up for renewal in July 2012.

Public Comment on UR Contract

05:27:14 **Sheila Smith, Director, Children's Mental Health Services, Stillwater Therapeutic Services, Kalispell**, discussed numerous concerns regarding the UR contract system in obtaining services for children.

05:33:58 SEN. CAFERRO asked Ms. Smith to discuss some of the challenges that children in group homes deal with. Ms. Smith said that her facility serves adolescent females with severe emotional disturbances or other significant mental health problems. She said that most of the girls have traumatic life histories and are at high risk for self harm.

05:36:12 REP. WILLIAMS asked Mr. Kober to discuss how Magellan provides quality assurance. Mr. Kober said that satisfaction surveys are completed with Children's

Mental Health Bureau, that an internal quality assurance program reviews quality of care, and that another quality assurance piece is done through a regional care coordinator.

- 05:38:45 REP. WILLIAMS asked Ms. Smith if Mr. Kober's response adequately addressed her quality assurance concerns. Ms. Smith said she is concerned about state monitoring of the contract, not Magellan's monitoring of providers.
- 05:40:02 REP. NOONAN asked how the DPHHS monitors the Magellan contract for quality assurance. Ms. Dalton said the State meets with Magellan on an ongoing basis to look at a number of things, such as the number of denials, how many decisions are appealed, and how many overturned. She said that the Department hears from unhappy people and that the Department discusses the problem with them.
- 05:42:00 SEN. SONJU asked why the Magellan contract is needed if the State can supercede Magellan. Ms. Dalton said the Magellan contract is needed because the Legislature hasn't appropriated enough funding for an internal UR and because there is such a limited number of mental health providers in Montana. She explained further.
- 05:44:47 REP. NOONAN asked about the denial of service and appeal process and what happens to the client. Mr. Kober explained the process and the time line allowed for appeals. He said he could not say definitively what happens to the client during the appeal process but that it is likely the child remains in treatment until a final decision is made. Ms. Dalton also discussed the appeals process, including the potential for District and Supreme Court involvement.
- 05:50:34 SEN. KEANE asked it would be possible to provide these services but do it in a different way that would cost significantly less. Ms. Dalton said that when the DPHHS has done cost estimates, the estimate has been either at the cost of the contract or slightly above. She noted that the current UR contract saved \$4.2 million dollars in fiscal year 2010.
- 05:51:37 SEN. BUTTREY referred to statistics discussed by Ms. Dalton relating to reductions in lengths of stay. He asked if Ms. Dalton was implying that reductions in lengths of stay are related to UR. Ms. Dalton said yes, because the goal is to provide the right treatment for the right amount of time and to get the child back to his home setting.
- 05:53:51 REP. NOONAN asked for a breakdown of what the federal minimum review requirements are and what the State requires. Ms. Dalton said UR is required for psychiatric residential treatment facilities for youth but that the State chooses for the other therapeutic programs. She said that in fiscal year 2011, approximately \$30 million dollars was spent for therapeutic group home and psychiatric residential treatment programs.
- 05:55:30 SEN. CAFERRO asked if Magellan tracks recidivism rates for kids with shorter lengths of time versus longer stays in order to determine outcomes and the effectiveness of treatment. Mr Kober said that a longitudinal study over six years was requested by two senators and that the report was available to the SCEG. He said

that Magellan has not been asked to nor is it not required to track recidivism but that it has the capability to do so.

- 05:59:15 SEN. CAFERRO asked if the Department has requested the funds needed to hire the internal staff to do UR. Ms. Dalton said the Department has not made that request. She said that about \$1.891 million would be needed and explained the FTEs and other resources that would be needed to do in-house UR. She agreed that recidivism is a concern but said it is difficult to measure all of the components needed to determine outcome.
- 06:04:31 REP. REICHNER asked Ms. Dalton if pursuing outcome measures is a good idea and the Department's position. Ms. Dalton said it is difficult to get the information to accurately measure outcomes and discussed factors that can prevent a child from being tracked. REP. REICHNER asked for the Department's position. Ms. Dalton said she couldn't speak for the Department. She said that a move toward outcome-based systems is coming but that she has concerns about the technology and funding.
- 06:08:26 SEN. WALKER asked if Magellan is compensated based on a fixed fee or an hourly billable or value-added fee. Mr. Kober said the contract agreed upon with DPHHS is a fixed administrative fee each month and that there is no incentive built in for reduced lengths of stay. SEN. WALKER said that Medicaid payments flat-lined last few years. He asked if Magellan's Medicaid payments have flat-lined as well or if Medicaid payments have increased or decreased. Mr. Kober said fee has been maintained at same level for the last three years.

Public Comment about Magellan

- 06:10:35 **Jani McCall, Intermountain Children's Home and Yellowstone Boys and Girls Ranch**, said that both Intermountain and YBGR believe that UR is important but that it would be prudent to examine the Magellan contract. She said an analysis of how much is spent of the levels of care is needed. Ms. McCall said that YBGR is participating in a national benchmark project on outcome indicators and she urged the SCEG to not give up on the discussion on outcomes. She discussed the longitude study referred to by Mr. Kober and said that the revised report has not been provided. She said the question is, how are kids doing over a length of time? She said that YBGR has found that emotionally disturbed children average about 8 placements in out-of-home care but that no analysis has been done on either the cost or the effectiveness of treatment. She said those are the issues that must be addressed. She noted that the DPHHS has asked providers to participate in a work group to develop a new RFP for the UR contract.
- 06:16:40 SEN. SONJU asked Mr. Kober to respond to Ms. McCall's statement that the report he mentioned is not available. Mr. Kober acknowledged that the initial report was flawed and said that a corrected report was sent to Bonnie Adey, Children's Mental Health Bureau.
- 06:17:43 **Andree Deligdisch, Great Falls**, said it is very difficult to find psychiatric services for children in Montana and that she isn't certain the State could duplicate those services provided by Magellan. Regarding UR and gathering of outcome data, Ms.

Deligdisch said that the child must be followed for many years, which would be very expensive and time consuming.

General Public Comment

- 06:22:15 **Laurie Merrill, Executive Director, Big Sandy Activities**, discussed audits, licensing, and transportation as three areas in need of increased efficiency; and how they have affected her ability to run her business and provide quality services.
- 06:32:00 **Kristina Davis, Children's Defense Fund**, asked the committee to consider, not just the initial cost of treatment, but the long-term costs of providing treatment, saying that "it is easier to grow a healthy child than it is to fix a broken adult".
- 06:35:36 **Laura Goldhahn, President, Benefis Hospital**, discussed tracking and reporting of quality and outcome data, the growing national trend of physician employment by hospitals, and Benefis' aggressive efforts to hold costs down while delivering quality care. She said it is time to turn to a new model that is more efficient and provides better care. She discussed a graph of United States spending per capita on health care costs and noted that health care spending sky rockets after the age of 58 (EXHIBIT 10).
- 06:45:37 **Bob Olson, Montana Hospital Association (MHA)**, discussed data collection ongoing in the state since the mid-1990s. He also discussed data collection programs in Idaho, Wyoming, and North Dakota. He said the MHA is prepared to share any and all data it collects with the SCEG and that a great deal of information is available on MHA's consumer website: mtinformedpatient.org.
- 06:50:58 **SEN. CAFERRO moved to request that an audit be done on the Magellan contract.** REP. HOLLENBAUGH asked if the motion was to direct SCEG staff or Legislative Audit staff to perform the audit. SEN. CAFERRO said her motion was for Legislative Audit Division staff to conduct the audit.
- 06:52:19 REP. WILLIAMS commented on the timing of the audit, considering that it is expiring soon. She asked if the audit was to be done before the next RFP process. REP. HOLLENBAUGH wondered how the motion dovetails with the work plan. He suggested that this audit request be added to DPHHS' audit request already in progress. SEN. CAFERRO reviewed her reasons for requesting the audit and help the SCEG better understand how the \$1.76 million per year for UR is being spent. Mr. Bohyer said that the SCEG would send a letter to the legislative auditor and the Legislative Audit Committee (LAC), to respond to questions developed by SCEG members and staff. He said the letter would be just a request from this committee and that the request would have to be approved by the LAC.
- 06:59:34 SEN. WALKER said he has an issue with making an audit a part of a competitive RFP process and that it would create an unfair playing field. The SCEG members discussed the motion further.
- 07:05:28 **SEN. CAFERRO's motion to request an audit of the Magellan UR contract carried 9-2 in a roll call vote. SEN. BUTTREY and SEN. WALKER voted no, Sen. Wanzenried was excused.** Mr. Bohyer said he would work with SEN. CAFERRO on

draft questions, which will be provided to SCEG members for input before making the request to the LAC.

07:07:25 REP. WILLIAMS suggested that the SCEG may wish to hear more about how the RFP process is shaping up for the new contract. Ms. Dalton said she was not clear on what information the SCEG is searching for. REP. WILLIAMS said she would have liked Sheila Smith to stay on the phone for one additional question, which would have been to identify an outcome indicator for assessing the quality of services provided under the UR contract. REP. WILLIAMS volunteered to contact Ms. Smith to ask her that and said she would share Ms. Smith's response.

07:10:41 The committee members further discussed the outcome of an audit and what information may or may not be gained through the process.

INSTRUCTIONS TO STAFF

07:18:16 SEN. SONJU asked that the transportation concerns discussed by Ms. Merrill of Big Sandy Activities be investigated. Mr. Bohyer said he look in to her concerns.

07:18:53 SEN. SONJU said that SEN. KEANE, SEN. WALKER, and REP. WILLIAMS will work together on natural resource presentations, and to notify Mr. Bohyer and himself of their decisions. He instructed the IT Subcommittee and Medicaid Subcommittee chairs to also communicate to him their agenda plans. Regarding the motion to audit the Magellan contract, he asked SEN. CAFERRO to work with staff.

07:20:05 Mr. Bohyer thanked Karen Odgen, Benefis Health System, for her assistance setting up the meeting at Benefis.

ADJOURNMENT

07:22:06 With no further business before the SCEG, SEN. SONJU adjourned the meeting at 3:25 p.m. The next meeting is scheduled for January 9 and 10, 2012, in Helena, Montana.

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