



Children, Families, Health and Human Services Interim Committee

57th Montana Legislature

SENATE MEMBERS

EVE FRANKLIN
DUANE GRIMES
JERRY O'NEIL
GERALD PEASE

HOUSE MEMBERS

BOB LAWSON
MICHELLE LEE
TRUDI SCHMIDT
BILL THOMAS

COMMITTEE STAFF

SUSAN BYORTH FOX
RESEARCH ANALYST
DAVID NISS
STAFF ATTORNEY
LOIS O'CONNOR
SECRETARY

MINUTES

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of documents.**

Third Meeting of Interim
Room 102, State Capitol
February 12, 2002

COMMITTEE MEMBERS PRESENT

Rep. Trudi Schmidt, Presiding Officer
Sen. Duane Grimes, Vice Presiding Officer
Sen. Jerry O'Neil
Sen. Eve Franklin
Sen. Gerald Pease
Rep. Bob Lawson
Rep. Bill Thomas

COMMITTEE MEMBERS EXCUSED

Rep. Michelle Lee

STAFF PRESENT

Susan Byorth Fox, Research Analyst
Eddy McClure, Staff Attorney
Lois O'Connor, Secretary

VISITORS

Visitors' list, (ATTACHMENT #1)
Agenda, (ATTACHMENT #2)

COMMITTEE ACTION

- Approved the minutes of the November 16, 2001 meeting as amended

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Rep. Schmidt, Chair, at 1:00 p.m. Attendance was noted; Rep. Lee was excused. (ATTACHMENT #3)

Rep. Lawson **moved** that the minutes from the Nov. 16, 2001, meeting be amended as follows:

Page 5, paragraph 5: Rep. Lawson asked if the adjudicated issues. . . and public health activities ~~was~~ were set in statute ~~of~~ or Department rules. . . .

PLEASE NOTE: These changes have been made to the original minutes which are on file in the Offices of the Legislative Services Division.

The minutes were approved unanimously as amended.

OLD BUSINESS/NEW BUSINESS

Tribal Impact and Outcome of Welfare Reform

Susan Fox, Research Analyst, Legislative Services Division, said that statute provides that the Committee shall, among other duties, monitor the operation of assigned Executive Branch agencies with specific attention to: (1) identification of issues likely to require future legislative attention; (2) opportunities to improve existing law through the analysis of problems experienced with the application of the law by an agency; and (3) experiences of the state citizens with the operation of an agency that may be amenable to improvement through legislative action. She provided an overview and Committee worksheet for tribal impacts and outcomes of welfare reform. (EXHIBIT #1) She said that if concerns are raised in the presentations that the Committee would like the Department of Public Health and Human Services (DPHHS) to address specifically at the May meeting, formal requests could be made at the February 13, 2002, meeting.

Toni Plummer, Director, Cherish Your Indian Children, stated the following:

- In 1995 when welfare reform plan was presented by former Governor Racicot, Montana started earlier than other states; and when that took place, it was done with little or no consultation from the Tribes.
- With the lack of involvement of the Tribes, there was no check and balance on how the massive system change (FAIM) would impact Tribes.
- Because there was no section in the FAIM package that addressed the poverty needs, the unemployment needs, or the lack of economic development, the Tribes were not prepared for the level of system changes that were going to take place.
- In 1996, Tribes were not given any support service dollars to provide programs within the tribal boundary.
 - Because Montana is a county-driven state, counties operate the state's welfare programs, or FAIM, and they have community operating plans that provide all of the functional services of welfare to its recipients. They also provide cash-benefit assistance and eligibility.
 - The Tribes were not involved in the community operating plans, and there was no communication or formal agreement between the county offices and Tribes on how those services were going to be provided to tribally enrolled members.

- At that time, there was no level of caseload available to conduct a baseline study on the number of people who were currently on welfare versus the number of Indian people on welfare.
- Because there was no agreement with the Tribes and because services were being delivered at the design of the county director, sanction rates of Native American women skyrocketed.
- During the 1997 Legislature, legislation was passed that allocated tribal transitional dollars to the seven Tribes.
- They received \$290,000 of approximately a \$45 million federal block grant which was split among the seven Tribes based on caseload formula which meant that the Tribes who had the largest welfare caseload received the largest portion of the money.
 - The Blackfeet Tribe, for example, received approximately \$68,000 to operate with a case level of approximately 600 participants.
 - Since there was no design or formalization of how those funds were to be implemented into the Tribes, they began to do crisis management.
- The 1999 Legislature decided to spend down the surplus TANF funds.
- The Tribes were notified on February 7 that there was an opportunity for them to receive additional funds.
- By the end of the session, the Tribes received \$5.4 million.
- Tribal/NEW (a training and employment opportunity program) was a separate allocation that Tribes would have received anyway, without any TANF surplus, and they would receive those funds for two years.
- During the Session, the Tribes asked that those funds be separated so that it would not look like Tribes were receiving surplus funding and Tribal/NEW as if they were one.
- However, when the budget came out, they were put together.
- When the first budget cuts came, there was no consultation with tribal leaders.
- Keep in mind that since 1995 to present, the welfare caseloads among the five non-TANF Tribes have remained constant. There has never been a decline, plus or minus 5%, of each Tribe in the state and there has been no change in economic growth or training components for FAIM participants who are tribal members.
- Tribal leaders put together a consortia of Tribes who would deal on governance level to set policy between the tribes and state.
- In that, there was memorandum of understanding (MOU) that will be signed on February 20, 2002, between the Governor and three of the tribal chairman of Montana.
 - In the MOU, Tribes will share welfare data. Prior to that, no separate welfare data was kept for the Tribes. As a result, the expectation was that Tribes were to make decisions to TANF or not to TANF with no baseline information.
- The last TANF cut has been devastating to Tribes.
- Tribes hold 53% of the entire caseload in the state, they have been underfunded from the onset of welfare, and continue to be underfunded and not maintain their currently levels.
- When tribal members get sanctioned, they go back to the tribal government.
 - Tribal governments have an obligation to provide services and support to their tribally enrolled members.
 - As they do that, their general coffers deplete and there is no surplus on income coming in to increase those coffers once the funds are expended.
- There needs to be voice and continued effort from tribal leaders with the decisionmaker. Without having input from the tribal leaders, very little, in minimum, policy change can take plus.

Sen. Pease asked if there was any verification that tribal governments hold 53% of the entire state welfare caseload. Ms. Plummer said that Hank Hudson, Administrator, Human and Community Services Division, DPHHS, released the figures at a welfare reform reauthorization meeting in Missoula on September 28, 2001. Sen. Pease requested a copy of the information.

Sen. Grimes asked what other welfare funds are available to the Tribes other than TANF funds. Ms. Plummer said that if a Tribe is a non-TANF Tribe, there is no other funds available. Tribal/NEW is available but it is a training and employment opportunities program that is limited in scope. There are no federal funds currently going into the Tribes.

George Kipp, Director, Blackfeet Manpower Program, Blackfeet Tribe, provided and read a letter from Earl Old Person, Chairman, Blackfeet Tribal Business Council, regarding the budget cuts made to the Blackfeet Tribe's Tribal/New program. (EXHIBIT #2)

Rep. Lawson asked if members of the Tribal/NEW program were all Blackfeet tribal members, and if so, how are non-tribal members handled. Mr. Kipp said that the Blackfeet selection criteria are Blackfeet tribal members, member descendants, and then non-tribal members. Rep. Lawson asked if statistics were available to show how many people in the Tribal/New program were non-tribal members. Mr. Kipp said that a rough guess would be under 5% and they are all included in the 5%.

Sen. O'Neil asked of all of the welfare programs provided on the Reservation that is government funded, what percentage is state funding (i.e. Housing, Family Services, Head Start, Blackfeet Community College, the Even Start Program, and the Treatment Center). Ms. Plummer said that she did not consider Head Start, the Treatment Center, or Housing programs as welfare programs; and she did not understand the implication of answering questions that were not related to the relationship of FAIM or welfare services being delivered into a tribal community. She added that since 1995 until 2001, the state has only invested \$290,000 into the seven tribes through the FAIM budget. That amount was divided by the seven tribes. Anything outside of that scope, such as Head Start or the Even Start, are not considered within the scope of welfare funding because those funds are not taken out of the federal block grant that comes to the state. When caseload levels are reviewed, the funding does not match up as parity at all.

Jonathan Windy Boy, Chairman, MT/WY Tribal Leaders Council, said that as a tribal leader for the Chippewa Cree Tribe, the majority of funding that comes to the his Tribe is federal funds. As far as being specific, they do not have the breakdown at present; at this time, tribal budgets are irrelevant. He added that according to his statistics, .03% of the total block grant were received by the tribes and the tribal welfare caseloads fluctuate at any given time.

Sen. Pease asked of the 53% TANF referrals out of the Blackfeet WIA program clients, how many were affected by the state sanctions. **Patty LaPlant, Co-Director, Blackfeet Tribal Family Services Department**, clarified that the FAIM/NEW funding being referred to in the presentations is funds that are targeted specifically for case management to meet the requirements of federal law. In that arena, it is where the federal law mandates that states move people off of welfare and into the work world. The FAIM/NEW funds do not include the welfare cash assistance benefits.

Ms. LaPlant provided written comments on the welfare reform implementation in Glacier County. (EXHIBIT #3)

Sen. O'Neil asked if Ms. LaPlant would support legislation that would give TANF funding directly to the Tribes, and if so, would she help draft legislation. Ms. LaPlant said that she would support it with several caveats including contribution for the development of infrastructure, technological assistance that the state has in place but the Tribes do not and is required to have in order to handle this level of programming and reporting to the federal government, and only after she received direction from the Blackfeet Tribal leadership.

Mr. Windy Boy said that, as a tribal leader, he would support the idea of legislation. As far as the distribution of dollars, \$290,000 out of \$45 million is not much money. He recommended that the money should follow the percentage of caseload. Because of TANF reauthorization, it would be a good time to come together jointly to solve the problems.

Gloria Collins, FAIM Director, Fort Peck Tribes, stated the following:

- I decided to work with my own Tribe in the area of addressing issues, such as inter-generational poverty and all of the effects that tend to come with many years of oppression, isolation, poverty, and other issues that need to be resolved when talking in terms of self-sufficiency.
- When she first accepted the FAIM Director's job five months ago, the Fort Peck Tribes had approximately 400 tribal members out of a caseload of the 550 total welfare enrollments.
- This was the Fort Peck Tribe's first attempt at doing anything in partnership with the counties that have mainly served the welfare recipients on the Reservation, mainly Roosevelt County.
- The Tribes were lacking in terms of infrastructure, but the County had already forwarded cases and they were forwarded without any policies in place.
- Roughly 95% of the FAIM participants are Fort Peck tribal members.
- In October, they were notified of its first cut of 35% and were told that they needed to begin sending people back to Roosevelt County.
- The County had been providing all of the welfare service until last year.
- Many of the tribal members on the Fort Peck Reservation have been on welfare for generations, not because of a choice that they make, but because of poverty, a 65% unemployment rate, isolation, because the average wage is approximately \$6.00 per hour, and because one-third of the people working at Fort Peck make less than \$10,000 per year.
- The Fort Peck Tribes wishes to achieve self-sufficiency but the problems are economic.
- We need more economic development to be self-sufficient.
- Tribal members want to get college degrees, but if the jobs are not there, the Tribes face having the best of their people leave.
- Unless the Tribes and the state talk about ways to strengthen tribal communities economically, they can talk, testify, and draft legislation until they are "blue in the face" and it will not change the rate of unemployment.
- Alcohol, drugs, domestic violence, and other trauma-related problems tend to be the major obstacles that FAIM or TANF participants across the country are facing.
- Even if the Tribe were to access these issues, it does not have the services or infrastructure needed to refer and adequately address the issues.

- The way to address the issues is to create jobs and treat Tribes in a manner as equitable partners.
- There are certain things that can be done toward re-authorizing PRWORA, and the Tribes have testified before Congress and are included in a site visit and study.
- The attempts that the Fort Peck Tribes have made in the last five months have been disastrous, mainly because they have been given a contract to provide case management services but the money has been taken back; and we have been treated as though we have been given this money, but another promise was broken.
- As a result, we have many people who are very negative and not looking forward to doing anything further in this regard.
- People on welfare have the littlest voice in the process.
- The state received \$45 million in the block grant and the Fort Peck and Blackfeet Reservations have the highest rates of unemployment, poverty, and the most welfare participants.

Rep. Thomas said that \$44 million of a federal block grant comes into Montana. There is a 15% administrative cap, leaving \$37.4 million for distribution to Montana's needy. The Tribes are saying that 53% of the welfare caseload is from the Tribes or \$19.8 million, leaving 47% of \$37 million or approximately \$17 million going into Montana's welfare coffers. He asked if these were more or less the ballpark figures that the Tribes are talking about. Ms. Plummer said that the Committee had to be careful around the \$19 million figure because it has to keep it separate from the cash benefit package received by the participants versus the participant who is receiving a cash benefit in support service dollars. She said that she was talking about program dollars that come into the Tribes. Traditionally, Tribes who administer those programs do not receive directly any cash benefit dollars. The state controls the cash benefit dollars and delivers the funds to the tribal participant who resides on the reservations. The tribal programs themselves provide program support services and case management services within the tribal boundary. TRIBAL/NEW funds are separate funds from FAIM dollars. They are two separate pots of money. Rep. Thomas requested information on the funding process for the FAIM program.

Mr. Windy Boy said that every time the Tribes turned around during the session, they would get blind sided by DPHHS. Just when they felt that they would get an issue resolved, they would be back in Helena testifying on amendments to House Bill 2. Welfare and the current situation that the Tribes are faced with go much deeper than just expecting handouts. Many of the Tribes and the connectiveness that they have with families and cultural ties goes very deep and back generations and centuries. To explain the way of life in Indian Country cannot be written, it has to be experienced. Tribes want to be proactive rather than reactive, and they want to be at the table when decisions are made on their behalf. For the last several years, it has not been that way. For example, the government-to-government proclamation signed by Governor Martz has been violated because the Tribes were notified of the either budget cut until after the fact. Tribes are human, they are state citizens, they pay state taxes, and they must be part of the process. He said that as citizen of Montana, he would be willing to work with legislators and county governments to improve the situation of the Tribes and the whole state of Montana.

Rep. Lawson asked if other Tribes, such as the Confederated Salish and Kootenai for example, were dealing more successfully with the FAIM programs than the other Tribes were or were they working better with the state to meet the needs of the Tribe. Mr. Windy Boy said that the

Confederated Salish and Kootenai and the Chippewa Cree Tribes are similar because they are self-governing Tribes and they receive direct federal funding. In addition, the Confederated Salish and Kootenai Tribes and the Fort Belknap Reservations are unique because they are the only two TANF Tribes in the state.

Ms. Plummer said that she has recently spoken with a Crow Tribe employee who, because of the recent budget cuts, was unable to travel to the meeting because their program has completely expended all of its funds as a result of the budget cuts. They have had to lay workers off, and they are unable to provide any additional case management or support services. All additional services will revert back to the Big Horn County. The Crow Tribe has had a good strong working relationship with Big Horn County but that relationship was built because there was somebody there to advocate on behalf of the Crow Tribe and the people who were receiving services from the County. How that will be impacted now as a result of not having somebody present on a day-to-day level and who is willing to work with the County director is anybody's guess.

Ms. Plummer made the following recommendations:

- An evaluation of state's performance with other entities, such as the Tribes and its relationship with the Tribes, and other programs that have contract relationships, to see how service and programs and being implemented.
- To review access. When the definition of "access" and the FAIM II budget are reviewed, one of the concerns is that the Tribes are treated as if they were any other program in the whole budget. In one respect, it seems appropriate, but when it is reviewed in more detail, Tribes do not have access to high, urban-area programs. Not only do the Tribes face the budget cuts, they are also more rural and their tribal councils have to pick up any unmet need.
- To review a per capita cost analysis of each county, including administrative, purchasing, any operational costs, and cash benefit services.
- To review the impact of the budget cuts from both a program and recipient perspective.
- Begin looking at the EPP process, particularly DPHHS, and where Tribes fit into the process.

Mr. Windy Boy said that much of \$5.7 million of the reserve funding was geared mostly toward data collection and infrastructure dollars. Once achieved, it gave the Tribes some hope for infrastructure to overcome of the unmet needs. Yet, today, the Chippewa Cree Tribe, for example, has had to take funds from its own tribal budget to conduct a manual count of the caseload in the county that the county has not been accurate on. He will present the manual count side by side with the Department's numbers for comparison purposes. He also opposed the ABT because it states that the Chippewa Cree Tribe had an 11% unemployment rate. He will contest it with labor force reports that show a 77% unemployment rate. It also states that the average income is \$10.00 to \$11.00 an hour and that is untrue.

Bruce Meyers, Coordinator of Indian Affairs, agreed with the recommendation of Mr. Windy Boy on the need for government-to-government consultation. He said that during his visits to the Tribes, he has found that they would all like to see a more involved government-to-government process across the board, but particularly in the areas of education, DPHHS, corrections, and economic development. In order for the state to live up to the good will of the Governor's proclamation, there needs to be more tribal consultation.

Report From State-Tribal Relations Interim Committee: Rocky Boy's Reservation Followup on DPHHS Questions

Connie Erickson, Research Analyst, Legislative Services Division, provided an overview of the questions asked by the Chippewa Cree Tribal Council at the State-Tribal Relations Interim Committee meeting on the Rocky Boy Reservation on September 20, and 21, 2002, and responses to those question regarding DPHHS. (EXHIBIT#4)

Ms. Fox said that staff will provide the following:

- Information that will better describe TANF funds, what the administration of those funds is and how they are distributed, and will separate public assistance and administration.
- Information that will separate revenue that might be available to start directing toward the Tribes directly.
- A clarification of the differences between the two Tribes that have tribal TANF programs and the five that do not TANF.
- A clarification of where liability rests and where the Committee could affect some change if the Committee wanted to pursue the possibility of directing more money directly to the tribes.

Ms. Fox added that the staff attorney also cautioned that the Committee must be careful what impediments are brought forth by federal law versus impediments brought on by state law in order to identify the areas where the Committee can affect change. Tribes who run their own welfare programs are a relatively new phenomenon. Historically, everybody in Montana was under the same public assistance program. It is not unusual for other five Tribes to not have TANF programs. The state is still responsible for the administration of the funds.

Rep. Lawson asked if the Committee should review what the Flathead (Confederated Salish and Kootenai Tribes) and Fort Belknap Reservations were doing with their TANF funds as a model program or should it evaluate if the two TANF Tribes' programs were working better than the programs of the non-TANF Tribes. Ms. Fox said that as long as the Committee understands that the TANF and non-TANF Tribes are different programs, it can review what is different about the two tribal TANF programs due to reservation locations and the differences in their economies, the difference between the Flathead and Fort Belknap Reservation programs, and review their infrastructure costs for them to be able to assume their own TANF programs.

Ms. Plummer added that it is imperative that the Committee keep separate the issues of tribal TANF versus what the non-TANF Tribes are experiencing. TANF Tribes have a direct relationship with the federal government. They have no state relationship at all which is very separate than that of the non-TANF Tribes. She requested that the Committee review Washington State's program. Washington has chosen to develop a very strong consultation policy that not only goes between the Governor and the tribal leadership but it also continues on to every aspect and level of programs. It also evaluates how those people are treating their tribal members and program staff. She added that the Committee must also look at the economic conditions of non-TANF Tribes. It may sound easy that a Tribe can TANF, but when it is reviewed, there is a match that goes along with it. The train wreck comes in three years when there are no jobs to place TANF participants in when training dollars and initial revenue is spent. Ms. Plummer urged the Committee to be very careful in looking at the TANF Tribes. The real issues are the state's relationship with the tribal governments and the state's delivery of

services. She will also provide the Committee with a case that set a precedent for a direct funding relationship.

Mr. Windy Boy said that the Navaho Nation is currently in the Appellate Court process with its welfare program related to "638 contracting"¹. Montana runs under TANF and community operating plans, once a Tribe weans itself from the state and becomes a TANF Tribe, there is no opportunity for them to return to the state program unless they retrocede. What is being done with "638 contracting" is coming up with a plan that is between TANF and the state operating plans.

Mr. Windy Boy also asked that Ms. Erickson follow up on the embezzlement of the Area VII on Aging funds, which serves all of Montana's reservations, and requested that she also come to the Rocky Boy Reservation to present her previous findings to the Chippewa Cree Tribal Council.

OTHER REPORTS

Montana Youth Risk Behavior Survey

Rick Chiotti, Office of Public Instruction (OPI), provided a summary report of the Montana Youth Risk Behavior Survey (YRBS) - 2001: A Report on the Survey Methods, Reports, and Selected Findings conducted every other year on a random sampling of 17,000 K through 12 Montana students (EXHIBIT #5)

Sen. Grimes asked if the question were federal questions that are used nationwide. Mr. Chiotti said yes that the YRBS must have the full approval of the Office of Budget Management. Once the questions are approved federally, they can be used in all states that want to participate. There are approximately 44 participating states plus 16 of the larger cities throughout the country. Sen. Grimes asked if the YRBS was a statistical sampling of Montana students. Mr. Chiotti said yes, the high school data is statistically valid, plus or minus 3%. From that data, inferences about the health behaviors of all high school students can be made. OPI randomly sampled 17, 000 students but only needed the participation of 2,700 students to get an accurate sampling. Sen. Grimes asked if trend data could be broken out for methamphetamine use, for example, regarding certain communities. Mr. Chiotti said no because in order to get schools to participate in the survey, OPI had to ensure confidentiality for the school district and the anonymity of the students.

Rep. Thomas asked if a study has been conducted on the relationship between obesity and the cessation of tobacco use. Mr. Chiotti said that one of the questions in the survey asks if students were using tobacco to control their weight. It was found that there was no difference between smokers and non-smokers. They do not do it because of weight-related issues. However, smokers are 4- to 8-times more likely to engage in other types of risk behaviors. The survey attempts to look at a youth's whole lifestyle as it relates to obesity.

¹The Indian Self-Determination and Education Assistance Act of 1975 is often referred to in Indian Country as "638" contracting legislation. Through grants and contracts, the Act encourages tribes to assume responsibility for federally funded Indian programs formerly administered by employees in the federal Departments of Education, Interior, and Health and Human Services. If Tribes decide to participate in a particular program, then funds and management decisions are subject to tribal control.

Sen. O'Neil asked if it were accurate that Montana is doing a good job of teaching children not to smoke even though the state is not using a high percentage of the tobacco funds to do it as the survey indicates. Mr. Chiotti said that the percentage actually shows is that Montana is modeling the natural percentage. Montana is not any better or worse than where it was before the tobacco funds were received. OPI will have to watch what schools have been doing for years in the area of tobacco prevention along with will the existing tobacco fund usage for prevention programs be enough.

Legislative Auditor Report on HJ32 and Other DPHHS Audits

Jim Pellegrini, Deputy Legislative Auditor for Performance Audits, Legislative Audit Division, stated the following:

- This biennium, the Division's performance audit function has been directed by the Legislative Audit Committee to conduct eight audits at DPHHS.
- The major audit is of the Child Protective Services.
 - The Division is reviewing the uniformity of child protective service practices and the application of the Indian Child Welfare Act across the state (HJR 32).
 - It is currently conducting field work and have talked with Division staff, County Attorneys, Judges, Foster Care Review Committee members, Citizen Review Board members, guardians ad litem, special advocates, foster parent associations, tribal representatives, and federal government officials.
 - It is also reviewing case files to document exactly what the statutory compliance level is, and the Division is going to take a separate sample of the Indian Child Welfare Act files to examine DPHHS's compliance with the various requirement of the Act.
 - The audit work should be completed toward the end of February 2002.
 - A draft audit report will be present to the Legislative Audit Committee in June, 2002.
- There are seven other audits underway
 - The security of prescription drugs in institutions that are administered by the DPHHS is complete and will be presented to the Audit Committee in March.
 - An audit has just been completed on Medicaid contracts, waivers, and administrative processes. The field work is completed and the Audit Division will receive the Department's comments at the end of February 2002.
 - An audit is being planned of nursing home inspections. Beginning field work will start in mid-spring.
 - An audit on the Child Health Insurance Program (CHIP) is just beginning.
 - CHIP statistics and enrollment numbers have been monitored for over a year and the Performance Audit Division has gathered preliminary data on how the CHIP may have affected Medicaid eligibility.
 - One statistic is that in January 1997, there were 34,000 eligibles for Medicaid of ages 18 and over. In January 2001, there were 34,000 eligibles on Medicaid ages 18 and over. What happened is that the eligibles for Medicaid ages 0 to 17 had increased from 38,000 to 47,000.
 - The audit will review how the outreach programs in CHIP may have affected the Medicaid roles.
 - Other audits of DPHHS will be conducted on Human Resource Development Council monitoring activities, the LIEAP (low-income energy assistance programs), and the refugee assistance program.

Rep. Lawson asked if it will be within the scope of the audits that his constituents can use in their frustrations with the DPHHS over these issues. Mr. Pellegrini said that since they are performance audits, he is unsure of the outcome. However, the areas being addressed are areas that people can do something about. Public comment could be brought before the Legislative Audit Committee at the time that the audit is presented.

Rep. Schmidt asked about the nursing home inspection audit. Mr. Pellegrini said that the audit will determine the effectiveness in scheduling of nursing home inspections. The Audit Division established a plan where it would accompany inspectors to see what areas they are looking at, and it is checking previous inspection reports and compare them with what has been accomplished by the nursing homes themselves.

Ms. Fox said that the audit reports will be provided to the Committee. The Legislative Audit Committee can choose to act on the recommendations in proposed legislation. If they do not, it is good information for the Committee to review to make possible recommendations or legislation.

Mr. Pellegrini also offered the assistance of the Legislative Audit Division staff to answer questions that the Committee may have.

Study Resolution Update: SJR 22 - Study of Health Care and Insurance Costs

Gordon Higgins, Research Analyst, Legislative Services Division, stated the following:

- The SJR 22 Subcommittee will meet on February 14, 2002.
- It will receive an update on the budget from the Office of Budget and Program Planning (OBPP) on the availability of funding for new or expanded strategies to deal with the uninsured or health care costs generally.
 - It was designed to get a sense of what the Administration is thinking about so that as the Administration, Subcommittee, and the Legislature moves forward, there will be some coordination and cooperation among them.
- There will be an update on the objectives of the Governor's proposed Health Care Summit.
 - There was concern on the part of the Subcommittee and other that as the SJR 22 Subcommittee gets to a point where it is ready to make some initial decisions on recommendations, it may not tie in very well with what the Administration is proposing for its Summit. Discussions have been held to establish a general sense of how the burden could be shared.
- Commissioner John Morrison, State Auditor's Office will provide a summary of his statewide roundtable discussion on health care and health insurance, his proposals, and recommendations.
- A discussion and working session will be held by the Subcommittee on the various proposed strategies. Some of the proposed discussion topics and strategies are refundable-advanced tax credits, medical savings accounts, a subsidized buy-in to the state employee plan, full-cost buy-ins to public health insurance programs, premium sharing and public program expansion, a single-payer system, purchasing pools for health insurance and prescription drugs, mandated benefits, and the Montana Comprehensive Health Association (MCHA) low-income insurance program component.
- The Subcommittee will discuss strategies to address or reduce health care costs.

- Some of those strategies are hospital rate reviews or regulation, whether certificate of need could be altered to contain health care costs, and determining whether Montana could join a multi-state prescription drug purchasing pool beyond joining the existing pools.
- The Subcommittee will also discuss the recreation of the Health Care Advisory Council, the creation of a health care ombudsman. There was also some interest in defined contributions for health benefits which operates similarly to a defined contribution for pensions. Employers and employees have a difference of opinion as to whether a defined contribution plan for health benefits is advantageous.
- Finally, the Subcommittee will discuss the issue of a funding source. The Subcommittee also wants a sense of priority to come out of meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 4:30 p.m.

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