NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HEALTH CARE

Tuesday, September 12, 2006
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Aaron Krauter, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Aaron Krauter, Richard L. Brown, Ralph L. Kilzer, Judy Lee, Tim Mathern, Carolyn Nelson; Representatives William R. Devlin, Lee Kaldor, Shirley Meyer, Vonnie Pietsch, Todd Porter, Louise Potter, Clara Sue Price, Robin Weisz, Alon C. Wieland

Members absent: Senators John M. Andrist, Russell T. Thane; Representative Gary Kreidt

Others present: See attached appendix for additional persons present.

Senators Ray Holmberg and David O'Connell, members of the Legislative Council, were also in attendance.

It was moved by Senator Nelson, seconded by Senator Mathern, and carried on a voice vote that the minutes of the July 26, 2006, meeting be approved as distributed.

LICENSURE AND REGULATION OF ACUPUNCTURISTS STUDY

The Legislative Council staff presented a bill draft [70128.0100] relating to requiring individuals practicing acupuncture in North Dakota to register with the State Department of Health. The bill draft:

- Defines "acupuncture" as the insertion and manipulation of needles to an individual's body for the prevention, cure, or correction of any disease, illness, injury, pain, or other condition. The term does not include the insertion and manipulation of needles to an animal's body.
- Defines "registrar" as the State Department of Health.
- Defines "registrant" as a person that holds a valid certificate of registration.
- Provides that a person may not practice acupuncture or hold oneself out as practicing acupuncture in North Dakota unless that person holds a valid certification of registration issued by the registrar. The registration requirements apply to **all** individuals who practice acupuncture, including those who practice within a scope of a profession in which they are licensed, such as physicians and chiropractors.
- Any person who fails to obtain a certificate of registration as required is guilty of a Class B misdemeanor.
- The registrar is to designate on the certificate of registration whether the registrant is a diplomat in good standing of the national certification commission for acupuncture and oriental medicine, its successor organization, or a comparable organization as may be determined by the registrar.
- Provides for an annual registration fee of $100.

The Legislative Council staff presented a bill draft [70129.0100] relating to requiring individuals practicing acupuncture in North Dakota to register with the State Department of Health. This bill draft has the same registration requirements as the previous bill draft; however, it **exempts** from registration those individuals who practice acupuncture under the scope of a profession for which they are licensed, such as physicians and chiropractors.

In response to a question from Representative Meyer, the Legislative Council staff said Mr. David Magnuson, an acupuncturist who practices in Grand Forks, testified at the March 2, 2006, meeting of the Budget Committee on Health Care that he believes there are approximately three individuals practicing traditional acupuncture in North Dakota. Representative Meyer said it is not necessary to provide registration requirements for only three acupuncturists. She said she is not aware of any complaints from the general public regarding the services provided. She said the Legislative Assembly does not require tattoo artists, of which there are many in North Dakota, to register.

In response to a question from Representative Weisz, Ms. Jennifer S. N. Clark, Counsel, Legislative Council, said the bill drafts provide that registration requirements do not exempt a registrant that practices acupuncture within the scope of practice of a profession for which that person is licensed from the regulatory provisions of that licensed profession. She said this is to prevent a person who practices acupuncture under another licensed profession, such as a chiropractor or physician, to claim that the acupuncture services were provided as a registered acupuncturist rather than under the profession in which the individual is licensed.

In response to a question from Representative Potter, the Legislative Council staff said the committee has been told that because acupuncturists are not licensed in North Dakota, insurers cannot provide coverage for their services.

Chairman Krauter called on Dr. Francis R. Corner, President, State Board of Chiropractic Examiners, Williston, who presented information regarding the number of licensees who provide acupuncture services and the related procedure requirements and regulations. Dr. Corner said the State Board of Chiropractic Examiners began to allow licensed chiropractors to provide acupuncture services approximately 15 years ago. He said the State Board of Chiropractic Examiners has not received any complaints from the public regarding acupuncture services provided by chiropractors.

Dr. Corner said chiropractors are required to have graduated from an accredited chiropractic college and have a valid chiropractic license to practice in North Dakota. He said in order to provide acupuncture services, a chiropractor must complete a minimum of 100 hours of training and education. He said 72 of the 261 chiropractors practicing in North Dakota provide acupuncture services.

In response to a question from Representative Porter, Dr. Corner said all licensed North Dakota chiropractors are required to complete 20 hours of continuing education per year. He said there are many continuing education courses relating to acupuncture services available to chiropractors; however, there are no additional requirements for chiropractors to receive continuing education specifically related to acupuncture.

In response to a question from Senator Krauter, Dr. Corner said he is not aware of any insurance plans that include acupuncture services provided by chiropractors as a covered benefit.

Chairman Krauter called on Mr. Ken Tupa, registered lobbyist, North Dakota Chiropractic Association, who presented information regarding the bill drafts providing for registration requirements for acupuncturists. Mr. Tupa said the North Dakota Chiropractic Association "prefers" the bill draft that exempts from registration those individuals who practice acupuncture under the scope of a profession for which they are licensed.

Senator Mathern said the registration requirements for acupuncturists would enable consumers to contact the State Department of Health to obtain information on whether an acupuncturist is in good standing with a national certification commission.

Chairman Krauter called on Mr. Rolf Sletten, Executive Secretary, State Board of Medical Examiners, who presented information regarding the number of licensees who provide acupuncture services and the related procedure requirements and regulations. Mr. Sletten said the State Board of Medical Examiners does not regulate individual procedures. He said all physicians are required to meet certain "standards of care." He said if the board determines that these "standards of care" are not being met, the physician would be subject to disciplinary action. He said the State Board of Medical Examiners does not license physicians based on their specialty or type of service provided. However, he said, based on a State Board of Medical Examiners survey of 11 large hospitals in North Dakota, there are approximately four physicians in North Dakota who provide acupuncture services.

Chairman Krauter called on Mr. Rod St. Aubyn, Blue Cross Blue Shield of North Dakota, Fargo, who commented on the licensure and regulation of the acupuncture study. Mr. St. Aubyn said Blue Cross Blue Shield offers self-funded plans, primarily to larger employers, in which employers design their own benefit plan. He said a company wanted to offer coverage for acupuncture services, including those services provided by traditional acupuncturists, under a self-funded plan. He said because traditional acupuncturists are not licensed, the company was not permitted to offer acupuncture services as a covered benefit. He said because of this request, a bill was introduced during the 2005 Legislative Assembly providing for licensure of acupuncturists. He said the Legislative Assembly did not approve the bill but provided for a study.

Chairman Krauter called on Senator Holmberg who said the primary objective of registering acupuncturists is to provide consumer protection, regardless of the number of individuals who provide acupuncture services. He said that Mr. Magnuson testified at the March 2, 2006, meeting of the Budget Committee on Health Care that it is important to identify those acupuncturists who have obtained the proper training and prevent unqualified people from practicing in the state. He said obtaining insurance coverage for their services is not a major concern and it was never the intent of the acupuncturists that the regulations apply to physicians and chiropractors.

Chairman Krauter called on Mr. David Peske, North Dakota Medical Association, Bismarck, who commented on the bill drafts providing for registration of acupuncturists. Mr. Peske said the North Dakota Medical Association would not support a bill that does not exempt physicians from registration requirements.

Representative Meyer said requiring acupuncturists to pay a registration fee does not protect the health of the public.

Representative Porter said registration requirements for acupuncturists are not necessary if an allied health professions board is created.

Representative Devlin said the sentence in the bill draft providing that "This chapter does not exempt a registrant that practices acupuncture within the scope of practice of a profession for which that person is licensed from the regulatory provisions of that licensed profession." should be changed. Senator Krauter said the sentence in the bill draft could be amended to state that "This chapter does not exempt a person that practices acupuncture from the regulatory provisions of any other profession for which that person is licensed."

It was moved by Representative Devlin, seconded by Senator Brown, and carried on a roll call vote that the bill draft relating to providing for registration requirements for acupuncturists,

exempting those individuals who practice acupuncture under the scope of a profession for which they are licensed, be amended to state that "This chapter does not exempt a person that practices acupuncture from the regulatory provisions of any other profession for which that person is licensed.", and the bill draft, as amended, be approved and recommended to the Legislative Council. Senators Krauter, Brown, Kilzer, Lee, and Mathern and Representatives Kaldor, Pietsch, Potter, Price, and Wieland voted "aye." Representatives Devlin, Meyer, Porter, and Weisz voted "nay."

ALLIED HEALTH PROFESSIONS BOARD STUDY

The Legislative Council staff reviewed a bill draft [70037.0100] relating to creation of North Dakota Century Code (NDCC) Chapter 43-66 establishing an allied health professions board. The bill draft:

- Defines "allied health professions" as clinical health care professions distinct from the medical and nursing professions.
- Provides the board membership includes three to five individuals from the general public and three individuals who are licensed members from each allied health profession regulated by the board. The members are appointed by the Governor for three-year terms.
- Provides the duties of the board include regulating each of the allied health professions the board has been directed to regulate, including the issuances of licenses and the regulation of licensees. The board is to meet at least once a year and annually select a president, vice president, and any other officers from its members.
- Provides an option for existing allied health professions that choose not to be a "stand-alone" board to petition for membership in the allied health professions board. The allied health professions board and the entity submitting the petition are to prepare and request introduction of a bill draft during the next legislative session to accomplish the request for inclusion.
- Provides for a "new" allied health profession that is not regulated by an existing occupational or professional board of the state or by a state agency to submit a petition to the allied health professions board requesting inclusion as a profession regulated by the board. The allied health professions board is to determine whether to prepare and request introduction of a bill draft to accomplish the requested inclusion.
- Provides a general fund appropriation of $4,000 for related costs of the board, including per diem costs and legal fees. The board will not have any other revenue source until an allied health profession is approved by the Legislative Assembly for inclusion in the allied health professions board. The board's primary revenue source will be from member dues.

The Legislative Council staff reviewed a bill draft [70038.0100] relating to requiring an interim Legislative Council study to be conducted of any new allied health profession wanting to be established. The bill draft:

- Creates a new section to NDCC Chapter 54-03 providing that a committee of the Legislative Assembly may not act on any legislative measure creating a new occupational or professional board regulating an allied health profession unless the measure provides for a two-year delay in the effective date and for an interim Legislative Council study to be conducted prior to the measure's effective date. The study is to consider the feasibility and desirability of having an agency or existing occupational or professional board regulate this allied health profession.
- Provides the delay in the effective date and requirement for a Legislative Council study would not apply to a legislative measure introduced by the Legislative Council.

In response to a question from Senator Kilzer, Ms. Clark said the definition of allied health professions is very "broad." Senator Kilzer said it is important that the definition of allied health professions be specific as to identify what professions are included and what professions are excluded.

Representative Meyer said if each allied health profession has three representatives on the allied health professions board, the board membership could be too large to be effective.

Senator Kilzer said allied health profession boards have been successful in other states. He said the Legislative Assembly should establish a minimum number of licensees a board should have in order to be a "stand-alone" board.

Senator Mathern said the creation of an allied health professions board should be initiated by the allied health professions.

It was moved by Senator Kilzer, seconded by Senator Brown, and carried on a roll call vote that the bill draft relating to establishing an allied health professions board be approved and recommended to the Legislative Council. Senators Krauter, Brown, Kilzer, and Lee and Representatives Devlin, Kaldor, Pietsch, Porter, Price, Weisz, and Wieland voted "aye." Senator Mathern and Representatives Meyer and Potter voted "nay."

BOARD OF NURSING REPORT

Chairman Krauter called on Dr. Patricia Moulton, Center for Rural Health, University of North Dakota School of Medicine and Health Sciences, Grand Forks, who presented information regarding the North Dakota nursing needs study. A copy of the information presented is on file in the Legislative

Council office. Dr. Moulton said the North Dakota nursing needs study is currently in its fifth year of data collection. She said the Board of Nursing approved a 10-year timeline for the study.

Dr. Moulton said based on a survey of 568 North Dakota high school students, 38 percent of the students indicated an interest in pursuing a career in the health care profession; however, 46 percent of the students indicated an interest in more than one profession. She said of the students interested in the health care profession, 38 percent indicated an interest in nursing, 30 percent indicated an interest in medicine, and 25 percent indicated an interest in physical therapy.

Dr. Moulton said the 2006 statewide vacancy rate for licensed practical nurses (LPNs) was 7 percent, which is an increase from the 2005 vacancy rate of 5 percent. She said the 2006 statewide vacancy rate for registered nurses (RNs) is 7 percent, which is a decrease from the 2005 vacancy rate of 11 percent.

Dr. Moulton said the 2006 statewide turnover rate for LPNs is 12 percent as compared to the 2005 turnover rate of 21 percent. She said the 2006 statewide turnover rate for RNs is 17 percent as compared to the 2005 turnover rate of 20 percent. She said based on the 2005 turnover and vacancy rates it appears that the shortage of RNs may be lessening; however, there is some indication of an increasing shortage of LPNs.

Dr. Moulton said nurses who have completed nursing degrees that require additional years of education do not always receive a higher salary. She said the average starting salary for a new nurse is higher for associate degree RNs ($16.69 per hour) than bachelor's degree RNs ($16.46 per hour). She said the average starting salary is higher for diploma LPNs ($12.13 per hour) than associate degree LPNs ($11.14 per hour). She said average nursing salaries are higher in urban areas than rural and semirural areas of North Dakota.

Dr. Moulton said additional clinical education opportunities in health care facilities would assist in increasing student exposure to North Dakota employment opportunities. She said health care facilities and nursing education programs should work together to maximize student placements.

In response to a question from Senator Lee, Dr. Moulton said a Moorhead, Minnesota, high school was asked but chose not to participate in the survey of career interests of high school students. Senator Lee said many North Dakota residents attend nursing programs in surrounding states, in particular those close to the North Dakota border. In addition, she said, many out-of-state students in close proximity to North Dakota attend North Dakota nursing programs. Dr. Moulton said the Center for Rural Health plans to include information relating to these programs and students in future reports.

FUTURE COMPREHENSIVE STUDY OF NORTH DAKOTA HEALTH CARE NEEDS

The Legislative Council staff said the Budget Committee on Health Care was assigned the study, pursuant to Section 11 of 2005 House Bill No. 1010, of the desirability of proposing a comprehensive health care and health insurance study to be performed during the 2007-08 interim. The 2005-06 interim study is to include consideration of whether there is a need for a comprehensive long-range study of the state's current and future health care needs in order to address the following issues:

- The aging population in the state;
- The phenomenon of health care cost-shifting to the private sector;
- The trend of uncompensated health care services;
- Shortages in the number of health care professionals;
- Duplication of technology and facilities; and
- Any other factors that might affect the health care system in North Dakota in the year 2020.

The Legislative Council staff said if the study results in a recommendation for a comprehensive health care and health insurance study, the proposal is to address the parameters of the proposed study and how the proposed study will be designed in order to allow for significant consumer input.

In response to a question from Senator Krauter, the legislative budget analyst and auditor said if the committee recommends that a comprehensive health care and health insurance study be conducted during the 2007-08 interim, it could either approve a study resolution to be presented to the Legislative Council or approve a motion recommending a future study, which would be included in the final report. For the study to be conducted, he said, the 2007 Legislative Assembly will need to approve a bill or resolution providing for the study.

Senator Mathern said the study of health care and health insurance is a very "broad" topic. He said the study would require funding and technical assistance. He said it might be necessary to narrow the scope of the study to certain specific study areas.

Senator Brown said it is important for a study of health care and health insurance to be conducted. He said the committee assigned the study by the Legislative Council could draft the parameters of the study. Senator Mathern said the committee should recommend that a consultant be hired to assist with the study.

It was moved by Senator Brown, seconded by Senator Mathern, and carried on a roll call vote that the Budget Committee on Health Care recommend the 60th Legislative Assembly consider providing for a comprehensive Legislative Council study of health care and health insurance during the 2007-08 interim and that a consultant be hired, as necessary, to assist with the study. Senators Krauter, Brown, Kilzer, Lee, and

Mathern and Representatives Devlin, Kaldor, Pietsch, Porter, Potter, Price, Weisz, and Wieland vote "aye." No negative votes were cast.

The committee recessed for lunch from 11:30 a.m. to 1:05 p.m.

JOINT MEETING WITH THE BUDGET COMMITTEE ON HUMAN SERVICES

Pharmacy Payment Policy and Medicaid

Senator Dick Dever, Chairman, called the joint meeting to order at 1:05 p.m. Chairman Dever called on Dr. Patricia A. Hill, Executive Vice President, North Dakota Pharmacists Association, Bismarck, who provided information regarding North Dakota pharmacies. A copy of the information presented is on file in the Legislative Council office. She said two research projects relating to the economic impact of pharmacies on the state's economy and the cost of dispensing prescription drugs have been recently completed.

Dr. Hill said according to the economic impact study completed by the North Dakota State University Department of Agribusiness and Applied Economics, the economic activity generated by community pharmacies supports approximately 10,158 full-time equivalent jobs and generates approximately $907 million annually throughout various sectors of North Dakota's economy. She said more than 107,000 prescriptions are dispensed weekly in North Dakota, divided almost evenly between rural and urban communities. She said North Dakota community pharmacies clearly have a critical role in the health care delivery system, especially for rural communities.

Dr. Hill said according to a report on the cost of dispensing pharmaceuticals prepared by PharmAccounts, the average cost of dispensing medications for 80 percent of the community pharmacies is $11.73, which does not include the cost of the product. She said the dispensing cost is specific to the cost of operating a community pharmacy, including expenses for salaries, rent, technology and software, accounts receivable, etc. She said the dispensing fee rate paid pharmacies under the Medicaid program is $4.60 for brand name drugs and $5.60 for generic drugs.

Chairman Dever called on Dr. Stephen Schondelmeyer, Professor of Pharmaceutical Economics, University of Minnesota. A copy of the information presented is on file in the Legislative Council office. Dr. Schondelmeyer said the cost of prescription drugs as a percentage of total United States Medicaid expenditures increased from 5.5 percent in 1990 to 14.1 percent in 2005. He said the average United States Medicaid drug product cost has increased from $17.72 in 1990 to $67.68 in 2004, while the average dispensing fee payment has increased from $3.81 to $4.15 for the same period.

Dr. Schondelmeyer said total United States Medicaid drug expenditures have increased by 303 percent, or 215 percent as adjusted for inflation, during the 10-year period from 1992 to 2002. He said the primary factors contributing to the change in drug expenditures are increases in utilization and the drug manufacturer's product price.

Dr. Schondelmeyer said the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established a drug payment program for Medicare recipients. He said the Act requires the Medicare program to pay for dual-eligible recipients, or individuals who receive Medicare, and also some form of Medicaid assistance. As a result, he said, approximately one-half of the prescriptions previously paid for under the Medicaid program are now covered under Medicare.

Dr. Schondelmeyer said North Dakota's Medicaid pharmaceutical reimbursement rates are based on the lowest cost as determined by several formulas, including the average wholesale price less 10 percent, the federal upper limit, the maximum allowable cost, or the usual and customary price to the public. He said the Deficit Reduction Act of 2005, which is scheduled to go into effect January 1, 2007, will change the formula that determines the payment to pharmacies for prescription drugs under the Medicaid program. He said the new formula, which will be based on the average manufacturers price (AMP), has not yet been finalized. However, he said, it is anticipated that payments to pharmacies for prescription drugs will be less under the new formula. He said inadequate payments for prescription drugs will force many pharmacies to close. He said rural and inner city pharmacies will be the hardest hit by the changes.

Dr. Schondelmeyer said the dispensing fee paid to pharmacies is not addressed in the Deficit Reduction Act of 2005. He said dispensing fees should be based on actual costs incurred by the pharmacy and should increase each year for inflation. He said in 2005 the actual cost of dispensing medications for North Dakota pharmacies was between $6.44 and $11.73.

In response to a question from Senator Mathern, Dr. Schondelmeyer said the actual cost of dispensing medications for North Dakota pharmacies is similar to the cost for pharmacies in other states.

In response to a question from Representative Kaldor, Dr. Schondelmeyer said the percentage of a pharmacy's total revenues from Medicaid prescriptions averages between 12 to 15 percent throughout the United States. He said the percentage of revenues from Medicaid prescriptions averages between 20 to 25 percent for independent pharmacies. Depending on the location of the pharmacy, he said, the percentage of revenues from Medicaid can vary significantly.

Senator Lee said it is important to determine the actual cost paid by pharmacies for prescription drugs in order to establish a fair reimbursement rate.

In response to a question from Senator Mathern, Dr. Schondelmeyer said Medicaid does not prohibit

states from implementing a payment scale to pharmacies based on the number of Medicaid recipients served or for providing payments to pharmacies for counseling services.

In response to a question from Senator Krauter, Dr. Schondelmeyer said other states have implemented various incentives and programs, such as preferred drug lists and utilization management programs, to control Medicaid prescription drug costs.

In response to a question from Representative Kaldor, Dr. Schondelmeyer said private insurers have adopted various prescription drug price reimbursement limitations, many of which are similar to Medicaid. However, he said, many private insurers also provide financial incentives relating to utilization of lower cost drugs.

In response to a question from Representative Kerzman, Dr. Schondelmeyer said the Canadian government evaluates drug prices to determine if they are "excessive." He said the cost of pharmaceuticals can vary significantly from one country to the next. He said drug manufacturers often base the drug prices on the average personal purchasing power of the citizens within each country.

In response to a question from Senator Lee, Dr. Schondelmeyer said the province of British Columbia uses "referenced based pricing," which provides that the price of new drugs cannot be more than the cost of a similar drug already on the market.

In response to a question from Senator Dever, Dr. Schondelmeyer said payments to pharmacies for prescription drugs are inadequate under both the Medicare and Medicaid programs; however, pharmacies are "less worse off" under the Medicaid program.

In response to a question from Representative Price, Dr. Schondelmeyer said the majority of Medicare prescription drug programs allow 90 days' worth of medication to be issued by a mail order pharmacy, while community pharmacies may only issue 30 days' worth of medication.

CHILDREN WITH SPECIAL HEALTH CARE NEEDS

Ms. Maggie Anderson, Medical Services Director, Department of Human Services, provided information on options for providing Medicaid services for children with special health care needs, on waivers surrounding states have submitted for programs for children with special health care needs, and on the status of the department's waiver request.

Ms. Anderson said the department is completing its waiver application for providing in-home services to children with extraordinary medical needs and anticipates the draft of the application to be available for public comment later this fall. She said the waiver application will be submitted with a July 1, 2007, effective date and will be contingent upon legislative appropriations to operate the waiver.

Ms. Anderson said Montana does not have a waiver for providing in-home services to children with special health care needs, South Dakota has a family support waiver that provides in-home services for children with mental retardation, and Minnesota has a community alternatives waiver for disabled individuals that provides in-home services for disabled individuals under the age of 65.

Ms. Anderson provided information on the various options under federal law for states to provide Medicaid services to children with special health care needs as follows:

	Waiver	Medicaid Buy-In	Katie Beckett Eligibility Option
Description	A home and community-based waiver is designed to reduce extended hospitalizations and prevent skilled nursing facility placements for children who are medically fragile by providing assistance for families who require long-term support and services to maintain their child at home while meeting the child's medical needs.	The Family Opportunity Act, authorized by Congress in 2006 as part of the Deficit Reduction Act, allows states to create Medicaid buy-in programs for children who meet the Social Security standard for disability, but whose family income is above standard Medicaid eligibility limits. States need legislative approval and Centers for Medicare and Medicaid Services approval.	The Katie Beckett eligibility option is an optional eligibility category that allows children with long-term disabilities or complex medical needs, living at home, to access Medicaid services.
Covered population	Medically fragile children aged 2 to 18. Medically fragile children are at times medically stable but still may require skilled nursing care, specialized therapy, and specialized medical equipment and supplies to enhance or sustain their lives.	Disabled children aged 18 and under whose family income does not exceed 300 percent of poverty (could be lower at state option). In 2006 for a family of four, this amount would be $6,668 per month (**net income**). Assets are not considered. Eligibility for these buy-in programs will be phased in starting in October 2007 for children aged 6 and under, in October 2008 for children aged 7 to 13, and October 2009 for children aged 12 to 18.	Children aged 18 and under who do not have income or assets in their name in excess of the current standards for a child living in an institution. Without the Katie Beckett eligibility option, the income of legally liable relatives is counted when the individual is cared for at home.

	Waiver	Medicaid Buy-In	Katie Beckett Eligibility Option
Medical conditions of group	Children must meet institutional (hospital or nursing facility) level-of-care criteria in order to qualify for waiver services. If not for the waiver, a child would require services in a hospital or nursing facility. Initial enrollment will be based on the greatest need.	Children must be determined to be disabled under Social Security Act guidelines.	Children must be determined to be disabled under Social Security Act guidelines and require a level of care at home that is typically provided in an institution.
Number of children covered	Limited to 15	Estimated 778 (includes about 31 that would switch from medically needy)	Not available
Estimated cost per year	The estimated cost per year would be $44,769 per child ($671,535 total for 15 children). This includes both the Medicaid state plan and waiver services.	$2,066,245 per biennium. This includes an offset of premiums estimated to be $800,000.	Not available
Services offered	All Medicaid services Proposed waiver services include: • In-home support • Respite care • Excess medical-related expenses not covered by the state plan • Case management (Medicaid waivers are required to be cost-neutral. The overall cost of the waiver services may not exceed the cost of institutionalization.)	All Medicaid services	The cost to Medicaid cannot exceed the cost Medicaid would pay if the child were in an institution.
Cost to family	The family will not incur a Medicaid recipient liability because family income and assets will not be an eligibility consideration.	Premium equal to 5 percent of the family's gross income. The law requires participating families to first take advantage of available employer-sponsored health insurance options. These premiums would be offset by the family's private insurance premiums. Recipient liability would not apply.	Premiums and/or recipient liability would not apply.
Program caps/limits	Waivers allow a cap on enrollment. States may also determine the individual cost limit at less than institutional costs or have no individual cost limit. The Department of Human Services is proposing a waiver that caps the number of individuals enrolled and the amount of waiver services each individual may obtain per year.	All who meet program requirements would be allowed to buy in. Limits within the Medicaid program would apply.	All who meet eligibility requirements would access Medicaid. Limits within the Medicaid program would apply.

In response to a question from Representative Meyer, Ms. Anderson said although the department will limit the number of children accepted for waiver services to 15, the department anticipates as many as 100 may meet the waiver guidelines. She said the department will develop criteria to evaluate which children are accepted for waiver program services.

Mr. Bruce Murry, Protection and Advocacy Project, staff attorney, commented on services to children with special health care needs. Mr. Murry said he believes the draft application for the waiver being prepared by the Department of Human Services is in accordance with the provisions of Senate Bill No. 2395. He expressed support for the department's efforts in preparing the waiver application.

Mr. Murry said although a number of medically fragile children are served in intermediate care facilities for people with mental retardation, the waiver being developed will focus on children who are currently not receiving services in these types of facilities but would qualify for either nursing facility or hospital levels of care. A copy of the testimony is on file in the Legislative Council office.

The joint meeting with the Budget Committee on Human Services concluded at 3:40 p.m.

COMMITTEE DISCUSSION

The Budget Committee on Health Care reconvened at 3:45 p.m.

It was moved by Representative Porter, seconded by Senator Brown, and carried on a voice vote that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Council.

It was moved by Representative Devlin, seconded by Senator Brown, and carried on a voice vote that the meeting be adjourned sine die.

The meeting adjourned at 3:55 p.m.

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Donald J. Wolf
Senior Fiscal Analyst

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Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1