

2001 HOUSE APPROPRIATIONS

HB 1012

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1012 - Overview (Cont.)

House Appropriations Committee

Conference Committee

Hearing Date **January 04, 2001**

Tape Number	Side A	Side B	Meter #
Jan 4, 2001 1	x		0- 6215
-		x	0- 6217
2	x		0- 6222
		x	0- 4501
3	x		0- 6220
		x	0- 2089
Committee Clerk Signature <i>L. J. Jankowski</i>			

Minutes:

Chairman M. Timm: Will call the House Appropriations Committee to order and open the overview hearing on HB1012. Clerk will call the roll.

Chairman M. Timm, Vice-Chair F. Wald, Rep. Aarsvold, Rep. Boehm, Rep. Byerly, Rep. Carlisle, Rep. Delzer, Rep. Gulleson, Rep. Heuther, Rep. Kempenich, Rep.

Kerzman, Rep. Kliniske, Rep. Koppleman, Rep. Martinson, Rep. Monson, Rep. Skarphol, Rep. Svedjan, Rep. Thoreson, Rep. Warner, Rep. Wentz.

David Zentner, Director of Medical Services for the Dept. Of Human Services.

David Zentner: Presented written testimony.

Rep Timm: What kind of income qualifies people to be low-income?

David Zentner: It varies, based on the classification of the individual. The bottom line is that most people who are eligible for supplemental income, normally aged, blind, or disabled individuals are generally eligible for the Medicaid program, although we have severed the relationship between the Tanf and Medicaid program, by and large 99.9 % of the individuals who are Tanf eligible are also eligible for the Medicaid program.

Rep. Timm: How do people find out about this program?

David Zentner: Generally, what will happen is that people will hear about this through their providers or county offices if they have problems meeting their medical bills, we have other advocacy groups that understand the program and would refer those to the county offices.

Rep. Monson: Are children who are covered by Medicaid are they also covered or eligible through CHIPS. Is there double coverage?

David Zentner: No, you cannot be eligible for both programs. When we receive an application, a screening is done to see if they are Medicaid eligible. If it looks like they are Medicaid we have to refer them.

Rep. Kempenich: On this payment structure, is there any difference between large institutions or small institutions?

David Zentner: We haven't stratified that information yet, but we want to do that to find out where the problems are as far as satisfaction or dissatisfaction. In general I think I can say that for the most part pharmacies are satisfied with the process, but if you ask dentists they would say they are not satisfied.

David Zentner: Continued with written testimony.

Rep. Delzer: Is Solberg's bill in the senate? Response was yes.

Rep. Monson: Getting back to this Healthy Steps, you indicated that there is \$8.9 million in the request of the governors budget. Why is that such a big increase over what was spent last year?

David Zentner: Primarily because the program will be operating for a full two years in the new biennium, previously we started this program in October 1st of 99, and when you start a program you have to build on the numbers. Now we have about 2200 on the program as of today, but we anticipate that to continue to increase. So we will have a full program for the entire two years, and that was not the case when you have a startup situation. That's the primary reason.

David Zentner: Continued with written testimony.

Rep. Wald: I understand Minnesota has simplified their process, as we have 34 different rates for nursing homes in North Dakota and in a conversation recently with a nursing home administrator in my community, they complained bitterly about these 34 rate classifications and all of the time it takes to compute the various levels of payment and reimbursement, etc.; and theirs the argument between public payment and private payment. I understand that Minnesota has greatly simplified their process, and I don't know anymore about it other than what the administrator told me. I wonder if your department has looked at the Minnesota model to see if that's something that could be adopted here in North Dakota.

David Zentner: At one time we had 16 different rates. When the minimum data set came out, it was mandatory for Medicare to use that process. There was some discussion between us and the industry at the time. The industry did not want to have two different methods of calculating the payment, one from the Medicare side and one from the Medicaid, so jointly we agreed to adopt this minimum data set process which has the 34 rates. Granted, it is complicated and we could look at a different system, but the bottom line is that it isn't going to get them any more money. But when we instituted this we did this with the understanding and cooperation of the industry

that this was the direction we wanted to go with this. This was something we did on a separate course, we involved the industry and they encouraged us to do this. We can certainly look at the issue again, but the 34 rates do provide a pretty good basis for determining the level of services their.

Rep. Wald: As I understand his dilemma, when a person enters the nursing home they may require a higher level of skilled care, and as they progress and get better their care requirements decline, now were into a different category and its all the paper work that drives these people up the wall, and that's their concern that it triggers one of these categories.

Rep. Wald: As a follow up question, are there any federal mandates on these 34 classes or is this our own creation, or how did it come about? Did it just evolve into 34 classes?

David Zentner: This was a process in cooperation with the federal government and several states piloted this process. So it is something that has been looked at and approved by the federal government. We can do whatever we wish. We can come up with our own, as long as its acceptable by the federal government. We have to let them know what were doing and change our state plan.

Rep. Wald: David, speaking for myself, I think sometimes as legislators we seem to simplify things, but it just appears to me that this is a hell of a way to run a railroad when you have 34 different classes that these people have to plug into to that level of service in order to come up with the final bill at the end of the month, and that is basically what were doing here as I understand it.

David Zentner: That is correct, but I want to emphasis that the nursing homes administration was with us on this and agreed to it. If there are problems with this we can take another look at it.

Rep. Aarsvold: Is it not also true that prior to the equal pay provisions of state law that private pay recipients also receive more private pay patients than those that are under Medicare?

Response: That was one of the primary factors in passing that legislation. It was a driving factor in going to equalized rates, so there wasn't this perception that private pay were being gouged as compared to Medicaid.

Rep. Delzer: If you went back down to 6 or 8 or 10 or 16, would that significantly reduce the paperwork required by the nursing homes, and what would it do to the rates?

Response: The paperwork issue would be an interesting one, the nursing homes are required to do this MVS process, they have to do it. They may not have to do it all in the instance of the payment aspect of it. But the bottom line is they still have to do the MVS for each individual who's out there.

Rep. Svedjan: Dave, I think I heard you say that the MVS requirement is imposed by the feds for Medicare patients. Is that not correct? And it was the decision of the nursing home industry rather than operate two separate reimbursement systems that they would apply the VMS to all of your population which includes the private pay and the Medicaid. Is that not correct?

Response: That is essentially correct.

Rep. Svedjan: Dave, are you still seeing fairly significant incidents of individuals divesting themselves of assets to qualify for Medicaid? Is that still a problem?

Response: I can't answer that specifically, I know that it goes on out there, how rampant it is I don't know.

Rep. Delzer: One of the things of the IGT bill I believe is a payment to divest themselves of nursing home beds, and most of those are below the 90% occupancy now that would be thinking of doing that, if they did that, would that affect this budget any?

Response: I think it depends on the configuration of each nursing home.

Rep. Cullerson: On the rebate, do you negotiate that, how do you determine the rebate?

Response: The federal government mandates how this process is setup and they have contracts with each of the drug companies, and is based on the best price of the drug companies.

Rep. Svedjan: My question really had to do with how you project the number of children who would qualify for Healthy Steps for the ensuing biennium?

Response: Basically what we tried to do is use the growth factor were currently seeing in the program and understanding that we what we have come to is probably the limit on the number on an ongoing basis that we are going to cover.

Rep. Klinske: On chart 11 when it shows the income level is that before deductions or after deductions?

Response: That would be after deductions.

Rep. Delzer: Is your budget built on 2937 flat for the next biennium? Yes, Response. The 16.4% increase is that the number that meridian gave you? Response was yes.

Rep. Koppleman: When you estimate the income levels before deductions or using the figures here for deductions, do you have any idea what percentage of North Dakota's population was put into those categories?

Response: I don't know what census data tells us as far as a breakdown of income. There might be something we could do on that.

Rep. Svedjan: Do you anticipate that between now and the end of this biennium that you will add 800 kids to Healthy Steps, you had indicated earlier that its a flat projection of 2937 for the entire biennium. Do you expect to get to that point by the start of the biennium?

Response: When we built the budget based on the trends that were going on at that time we thought we could reach that number. I think we will know a lot more by the time the end of the month comes around on how many additional applications we receive. Our goal is to reach that many which would be 75 to 80% of the number of kids that could be eligible for the program.

Rep. Delzer: Have we looked at all to see what kind of data is out there to see whether or not kids are dropping off of other insurance plans and going on healthy steps?

Response: We do ask the question, do you have other insurance and have you had insurance within the last 6 months. Primarily what we find is that people who have dropped insurance is due to the changing of jobs.

Rep. Wald: When you have that situation when they drop that coverage due to affordability or whatever, and you have this 6 month waiting period, does Blue Cross make them go through a new waiting period for preexisting conditions or is there continuous coverage? Are we compounding a health situation?

Response: Our program has no preexisting conditions to process, so once they are enrolled they are covered.

Rep. Syedjan: Do you have any data that tells you what the utilization is of the insurance contract by those who have qualified for healthy steps?

Response: We do get quarterly updates from Blue Cross that shows the basic utilization of dentists, hospital physicians and others, so that is available.

Rep. Koppleman: When someone gets on the Healthy Steps program, I realize our experience is short, but when and if they get to the point which they don't need it anymore and they go back to the private insurance pool, what about waiting periods there?

Response: I don't know if I know the answer to that, but I think when there is continuous coverage, generally there is no waiting period.

Rep Timm: Wasn't it Healthy Steps that you stated earlier, that you started the program and there was no additional increase in health and salaries and so forth?

Response: That is correct.

Rep Timm: Why all of a sudden now do you need an increase in staff and salary increases for that particular program?

Response: Were to the breaking point. I have one person doing eligibility for this entire program and we have also borrowed from other areas on an overtime basis . Its just to the point to answer all the phone calls and to process applications on a timely basis , we just can't do it any more with just one person. So we really need another person in there to do the eligibility process.

Rep Byerly: Just an observation, multiple times throughout your testimony you had made statements to the effect that the federal government goes back and takes a look a couple of years back and comes back with a ruling that says you weren't allowed to do something and therefore you have to pay the money back, you talked about that in Indian Health Services you talked about in hospital services and my observation is that your department is just as guilty as the federal government, because I know of numerous cases where you have gone back into nursing homes and disallowed things that have occurred two years before where a nursing home based on their judgment made a call thinking that they were in compliance with your regulations and yet you have demanded that they repay money, so its one of those kind of things where you talk about the federal government is unfair. But I think the committee has to understand that its just not the federal government that's doing these things, its the state government doing these things to nursing homes too.

Response: The bottom line is we do go out and audit and we find issues that do not comply with the rules as they are written we are going to take exception. Where possible we try to compromise and on occasion we can work something out that is meaningful to both sides.

Rep Svedjan: Despite the increases your incurring currently in the drug expenditure part of Medicaid, how much are you anticipating to turn back to the general fund just with in the Medicaid program at the end of this biennium?

Response: I do not have that information in front of me. There is some turn back primarily due to nursing home industry, approximately 1 million dollars.

End of prepared testimony by David Zentner.

Linda Wright, Director of the Aging Services Division, Dept. of Human Services. Followed written testimony.

Rep Timm: Somewhere along the line here, somebody made a statement that the outpatient care is going to be reduced. Is your budget for in home care going to be reduced?

Response: First of all I probably should have made the distinction that when I'm talking about in home services that we that we provide, those are not home health services that are provided by home health agencies. We do have a couple of home health agencies that are agency providers.

Rep Timm: But these are people that go in and take care of people, on certain hours of the day. Isn't that correct?

Response: It depends on the care needed by the individual, we do in fact have personal attendance care, which is basically 24 hours a day. That is not our highest use service but it is available if we have a provider to provide that services.

Rep Timm: But that's a lot cheaper than having someone in the nursing home isn't it?

Response: You are absolutely correct. A little later in my testimony I will give you what the average cost is per client for providing those in home services.

Rep. Delzer: When you switch voc rehab funds over is that all general funds now? And was it all general funds when it was in voc rehab?

Response: No, there were federal funds included as well when it was a part of voc rehab, and it is my understanding that those federal funds are no longer available for that purpose.

Rep. Aarsvold: I noticed on the chart you were talking about, that the ombudsman elder abuse program does not carry an appropriated amount, are those services being picked up by another agency? Would you clarify that for me please?

Response: The federal money that we receive for elder abuse prevention and ombudsman activity is being budgeted at the Human Service Centers, rather than in the Aging Services Division budget for the next biennium. We still do have the long term ombudsman in our budget and it's a part of our administration budget. But those federal moneys are being budgeted out of the Human Service Centers because they are carrying out those activities.

End of presentation by Linda Wright

Tamara Gallup-Millner, Deputy Director, Children's Special Health Services.

Presented written testimony.

Rep. Syedjan: What authority you had for increasing the poverty level to 185 and also the eliminating of the asset test?

Response: We were able to do that because we were able to do it within our current resource constraints, we didn't have any additional funding in order to manage that change.

Rep. Delzer: How does this effect the next biennium? And what happens if we don't get enough money to keep it in that, are we just going to drop it back out?

