

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 22, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative Newton - excused
Representative Schwab - excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Budget Committee report on Department of Social and Rehabilitation Services (SRS)

Representative Landwehr moved to introduce legislation concerning restrictions on persons maintaining or residing, working or volunteering, at childcare facilities or family daycare facilities. The motion was seconded by Representative Bethell. Motion carried.

Representative Bethell moved to approve the Committee minutes of February 2, February 3 and February 4, as written. The motion was seconded by Representative Pottorff. Motion carried.

SB 118 was referred to the General Government and Commerce Budget Committee.

Representative Landwehr, Chair of the Social Services Budget Committee, presented the Budget Committee report on the Department of Social and Rehabilitation Services (SRS) for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Bethell. Motion carried.

Responding to a question from the Committee, the Budget Committee indicated that the deferrals in Item No. 5 are a result of federal audits which determine if Medicaid funds and other federal funds are being spent in accordance with federal law. Referring to Item No. 2, the Budget Committee noted that the funds to cover the deferrals for FY 2004 and FY 2005 will be paid from fee funds and State General Fund (SGF) moneys, moneys which possibly were designated to provide the 40 percent match to secure more federal funds.

Representative Ballard, member of the Social Services Budget Committee, presented the Budget Committee report on the Department of Social and Rehabilitation Services (SRS) for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Landwehr. Motion carried.

Responding to questions from the Committee, the Budget Committee noted that they had a concern with the Frail/Elderly (FE) waiver which has a \$3.2 million decrease in its budget with apparently no waiting list at this time. The Budget Committee has requested further information from SRS explaining how the decrease of the FE waiting list was accomplished.

The Committee noted that President Bush has proposed a plan whereby the states will receive 100 percent

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federal funds for the first year to fund the removal of patients from the institutional setting and state hospitals. The federal funding is an incentive for the states to work toward this goal, with the states guaranteeing that the same level of service will be maintained for three years under the Medicaid program.

Responding to a question from the Committee, the Budget Committee noted that there is a legislative post audit which will address the success of the closure of SRS offices throughout the state and the level of service being received since the closures. The Budget Committees stated that the State Children's Health Insurance Program (SCHIP) was established as a federal ten-year program, originally funded by the federal government for a five-year period. The renewal of funding for SCHIP is proposed to be in the President's budget bill; however, the Budget Committee expressed a concern that when the federal government ceases funding, the state will be required to absorb the cost of the program and possibly limit enrollment.

The Budget Committee noted that the "clawback" effect is the result of the new Medicare Part D prescription drug program pertaining to those individuals, primarily in nursing facilities, who are now dual-qualified, receiving benefits under both Medicare and Medicaid. The new Medicare Part D will move these dual-qualified individuals to Medicare only and benefits under Medicaid will be stopped. The federal government has indicated that they may request the states to return part of the Medicaid funds which were received for those dual-qualified individuals who previously had their prescription drug benefits paid with Medicaid funds. The Budget Committee expressed concern that this issue could escalate over the coming years. Federal rules on the "clawback" issue are being developed at this time.

The meeting was adjourned at 10:30 a.m. The next meeting of the Appropriations Committee will be held at 9:00 a.m. on February 23, 2005.

Melvin Neufeld, Chair