Bill as Introduced

HB 1355-FN – AS INTRODUCED

2010 SESSION

10-2355
01/09

HOUSE BILL ***1355-FN***

AN ACT relative to certain Medicaid appropriations.

SPONSORS: Rep. Harding, Graf 11; Rep. Wendelboe, Belk 1; Rep. DeJoie, Merr 11; Rep. Miller, Belk 3; Rep. Millham, Belk 5; Sen. Gilmour, Dist 12; Sen. Gallus, Dist 1; Sen. Odell, Dist 8; Sen. Fuller Clark, Dist 24; Sen. Bradley, Dist 3

COMMITTEE: Finance

ANALYSIS

This bill prohibits transfers of funds out of any class line which is the source of payment for Medicaid providers through the use of a budget neutrality factor, a proportionate discount factor, or any similar rate reduction device.

- -

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

10-2355
01/09

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT relative to certain Medicaid appropriations.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Section; Transfers Prohibited. Amend RSA 9 by inserting after section 16-b the following
2 new section:
3 9:16-c Transfers Prohibited. Notwithstanding any other provision of law to the contrary, there
4 shall be no transfer of funds out of any class line which is the source of payment for Medicaid
5 providers whose reimbursement rates are set by the department of health and human services and
6 whose rates have been reduced by the department of health and human services through the use of a
7 budget neutrality factor, a proportionate discount factor, or any similar reduction device.
8 2 Effective Date. This act shall take effect upon its passage.

LBAO
10-2355
11/10/09

HB 1355-FN - FISCAL NOTE

AN ACT relative to certain Medicaid appropriations.

FISCAL IMPACT:

The Department of Health and Human Services states this bill may have an indeterminable impact on state expenditures in FY 2010 and each year thereafter. There would be no fiscal impact on state, county, and local revenue, or county and local expenditures.

METHODOLOGY:

This Department of Health and Human Services (DHHS) states this bill would prohibit the transfer of funds out of any class line that is the source of payment for Medicaid providers through the use of budget neutrality factor, a proportionate discount factor, or any similar rate reduction device. As a result, the Department states the Bureau of Elderly and Adult Services (BEAS) would be prohibited from transferring any surplus funds from class 504 Nursing Home Payments and class 529 Home Health Services. The inability to transfer surplus funds in a long-term care class line due to underutilization to offset a deficit in another long-term care class line will place an increased burden on the Bureau to address future surpluses and/or deficits. Another complication is the segregation of categories of service and dollars within a class line. Class 529 Home Health Services has some other categories of service (nursing, home health aide) that meet the criteria in the bill while other categories of service (homemaker, respite) do not. The Department cannot determine whether or not the Bureau would be allowed to transfer dollars allocated to those services that do not meet the criteria in the bill. The Department states the exact fiscal impact, if any, cannot be determined at this time.

Committee Minutes

HOUSE FINANCE COMMITTEE
Legislative Office Building, Rooms 210-211
Concord, NH
Wednesday, January 20, 2010

HOUSE BILL 1355-FN, AN ACT relative to certain Medicaid appropriations.

TESTIMONY OF:

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CHAIRMAN SMITH: I'd like to call the Finance Committee to order and open up the hearing on House Bill 1355 and recognize the prime sponsor, Representative Harding.

LAURIE HARDING, State Representative, Grafton County, District #11: Good afternoon, Madam Chair.

CHAIRMAN SMITH: Good afternoon.

REP. HARDING: My name is Laurie Harding and I haven't had too much opportunity to come before Finance so it's a pleasure to be here. I represent Grafton 11 and Lebanon and West Lebanon and I'm here as the prime sponsor of House Bill 1355 relative to certain Medicaid appropriations, but truly this bill is really about the budget neutrality factor, affectionately known as the BNF. And I keep getting that mixed up with Roald Dahl's book *The BFG* so I hope I don't go that direction.

I have short testimony. There are people here behind me that have actually been impacted by the budget neutrality factor. There's even a friend, a colleague from years gone by who can tell you more about the history of the budget neutrality factor. But I'd like to do several things. I'd like to define the budget neutrality factor, just so you know what I know about the budget neutrality factor, and then talk a little bit about from whence it came, talk about the problems that it's created, and why I agreed to be the prime sponsor of this bill, and then how the House Bill 1355 addresses the problem.

So first of all, the budget neutrality factor is a percentage that's based on the difference between the amount of money which we, the legislature, have budgeted for Medicaid nursing home care, the Medicaid nursing home line item. It's already -- that line item is already well below cost. And it's a difference between that which we budgeted and the amount of money which later the Department has calculated based on rates that actually is needed to fund the care. So it's the difference between what we budgeted and what the Department then calculates sometime in August when the rates are adjusted, when the rates are developed based on acuity and utilization.

A similar situation arises in the home care line item, although the home care line item refers to not the budget neutrality factor but the proportionate discount factor but basically they have the same thing. They have a percentage that represents the difference between that which we appropriate and then the cost for that care that actually becomes a reality later on. So the percentage is applied and then once the percentage is applied, then that money, that percentage becomes available. It appears as if there's more

money in that line item than there really might be.

So the budget neutrality factor arose back in 2002 when Don Shumway was here and back in 2002 it was a 2.75 percent reduction in rates. But in 2009 it was actually closer to 30%. A big difference over those years. The problem and why I didn't agree to sponsor this bill is because I feel like if we are really going to be looking for truth in budgeting then we really need to address whether or not the budget neutrality factor is appropriate to use, because it really clouds the truth about the nursing home line item and the home care line item. I vote on one thing based on your recommendations, but truly that amount of money is completely different a couple of months later when the departments really figure and the agencies really figure out how much money they really need to provide that care.

So I agreed to go ahead with this because I really think it's important for all of us as legislators to know what we're voting on, and then in the end because of the percentage that's provided in the budget neutrality factor there has been an appearance that there's more money there than there really is. What happens is that money has gotten lifted right out of those line items and distributed elsewhere in the Department. So the -- these line items are way underfunded to begin with and at the very least it should be if there's any extra money there that that money should stay in those line items.

So I think that this deserves some discussion and debate and there are people here behind me that have actually been impacted significantly by the budget neutrality factor and I think it's really important that we as policy makers start making decisions about whether or not we really want to

use this particular feature to do our business.

So what does House Bill 1355 do to address the problems here that I've mentioned? First of all, House Bill 1355 does little to the budget neutrality factor itself. It can still be used. However, this bill will put a stop to the Department taking money out of those line items, those perceived dollars out of the line items, and distributing it elsewhere. If there is extra money in those line items, House Bill 1355 actually requires that that money stay in those line items. That it doesn't get distributed elsewhere. The services have been way underfunded.

I'm a home care nurse. I've actually seen some of my colleagues and home care agency have to cap the number of HCBC clients that they take because they can't survive on the rates that we use to reimburse them. And I live in Lebanon. Lebanon closed its extended care facility at Alice Peck Day Hospital just two years ago because of Medicaid. I think it's important that people vote on what is really in that line item and what's going to stay in that line item. And so we end up needing to be true to ourselves and true to those people that we serve, especially the people that are so dependent on the care that's provided by long-term care, nursing home care, and home care.

So I would certainly welcome questions. However, I would say that you might get better answers in terms of technological aspects of this line item from those people that are sitting behind me; but I think this is a good opportunity to really explore this and really see if we want to continue this practice in any manner, shape, or form. Thank you, Madam Chair.

CHAIRMAN SMITH: Thank you very much,

Representative Harding. Any questions? Not seeing any, the Chair recognizes the Chair, the Chair recognizes Chairman King.

FRED KING, N.H. Association of Counties: I'm not a chair. I'm just a hired hand actually.

CHAIRMAN SMITH: Not in our eyes.

MR. KING: Thank you, Representative Smith, and Members of the Finance Committee. I am Fred King and I appear before you today as a member of the New Hampshire Association of Counties and as the Treasurer of Coos County. As members of your own county delegations, you understand that county treasurers play a small role in the county administration on a day-to-day basis. However, once a year we get to send out to our communities their annual property tax bill. This year Coos County's total assessment was $11,500,000 in a county of 33,000 persons. A county with unemployment of 15% plus, in some areas the lowest per capita income and the highest percentage of elderly population in New Hampshire.

As I was thinking about my testimony today, I thought I should look at how we are doing as a county at controlling our own budget. I suspect as you consider the State's budget situation the question of efficiency of the various department operations is more than ever in consideration.

To prepare for today, I looked back ten years at Coos County's budgets to see what the average rate of growth had been in those years. In this case, capital appropriations are included because we do not have a separate Capital Budget. I found each year the increase in our budget at average 6.3 percent. I looked at the state budget appropriations and found the increase on an annual

basis for the same time period was 13.13%. Since the cost drivers for the state and the counties are somewhat the same, I felt at first look we'd been doing okay. Then I looked at the increase in our county property tax rate since this I really have an interest in for the same period. I found that increase in taxes had averaged 8.9 percent. Our budget went up 6.3 percent. Our taxes on property owners went up 8.9 percent.

At the county level we produce a balanced budget in a way that is much different from what the legislature has to go through in the state budget process as you know. At the county level after we obtain our expenditure projections and look at our traditional sources of revenue, we balance the budget by putting in the amount we raise by property taxes. It's all done nice and neat. We have a balanced budget.

The last thing I did was conclude the property taxes going up much more than our expenditures, I needed to look to determine what was happening to our other revenues. I looked first at the most obvious place, our nursing home operations. Since nursing homes make up 50 percent of our county costs, that seemed to be the right place to start. I discovered as recently as 1996 that two county nursing homes in Coos County actually had an operating profit. The profit was small but it was real. In that year there was no cost to property taxpayers to run our nursing homes. The profit was $32,665.

By 1999, when I started my look back I found we had an operating loss of 265,000. In 2000 our loss was down to 46,000. Since then we've been in trouble. Each year the deficit has increased until the last year of the look back the property taxpayers in 2008 subsidized our county nursing

homes operations by $3,978,601. $4 million. We went from making a profit to losing $4 million on our nursing homes. That's about one-third of the tax bill that I sent out this year just to subsidize those losses.

I understand here in Concord there's a budget problem. But the fact remains that for years now the State has failed to meet its share of the long-term care budget. When budget neutrality came along the counties were really in trouble. As you look at solving the State's budget problems, I just want to say that the county taxpayers have already contributed millions of dollars to operate state operations. They simply can no longer assist in balancing the State budget from their property taxes. House Bill 1355 simply says to Health and Human Services that they can no longer divert from the nursing home revenues funds to solve a shortfall in another program's budget. I ask for your support in passing this bill.

Also, we are leaving Washington millions of dollars by artificially keeping our nursing home rates low, especially now when the feds are paying over 60% of our rates we should take another look at that issue. We could -- we could be helping the taxpayers if we kept our budgets -- our costs in our nursing homes where they should be based on their actual operating costs and not where they are placed because that's the amount of money the State has to put in the operation. I know we have had a change in the mix of how the nursing home costs are paid, but I think we need to take a serious look at these federal dollars.

I do understand your situation as you listen to all of us who come before you. I read the newspaper this morning. I know you had a busy day yesterday. I assume you're going to have several busy days.

All of us who depend on the state for needed revenue. I wish you well but the state and the counties have been partners a long time in a variety of programs. It is time to sit down and review that partnership. Our citizens expect us to work together to meet their needs. Thank you for allowing me to appear before you today.

CHAIRMAN SMITH: Thank you, Representative King. Does anyone have any questions? No. Thank you very much.

MR. KING: Thank you very much.

CHAIRMAN SMITH: Mr. Poirier.

JOHN POIRIER, President, New Hampshire Health Care Association: Sorry about that, tripping over my own briefcase. I do have a couple of quick handouts.

CHAIRMAN SMITH: If you just leave them at the end of the table someone will come in a moment and take them.

MR. POIRIER: Okay. I just want to spend a couple of minutes talking about the budget neutrality factor. As a couple of folks mentioned, the budget neutrality factor came into place in the early 2000s. It started off in the two and a half percent range, 2.75% range. It's now at about 30%. There is a bed tax in place, a bed fee, Medicaid Quality Incentive Program that does put additional federal dollars into the nursing home program. But what we have to look at is what happens to that line item?

Historically, from 2002 till about 2006 rates were reduced with using a budget neutrality factor and they were reduced, yet there were still

significant dollars that lapsed back to the general fund at the end of the Fiscal Year. The legislature worked to fix that in 2007 and we're still working toward an end of that -- an end to that. Hopefully, that will come soon. But in 2008, the dollars were rolled forward and in 2009-- I'm sorry -- in 2008, the dollars that were left over were rolled forward. But what occurred was because of a budget neutrality factor calculation, spreadsheets were put together that made it appear that there was a surplus in the nursing home line items specifically. And what occurred was with Executive Order and Fiscal Committee approval, or Fiscal Committee approval of the Governor's Executive Order, $4 million was taken from that line item. Yet, there was a budget neutrality factor in the order of 24, 25%. So from a long-term care provider perspective, Medicaid rates are calculated saying we can only pay you this amount because this is all the money we have in the budget. And then in a later -- a few months later, money is being taken out of that line saying that there's excess money in the account.

Our -- our position is both of those can't be true. Only one of them can be true. And what 1355 is looking to do is to say as long as there is a budget neutrality factor, money can't be transferred out of those line items. That's as simple as it is. It doesn't address the level of the budget neutrality factor. It doesn't address the under funding of long-term care in the Medicaid Program. It's as simple as that.

The two handouts that Mike is handing out, there's a four pager with a bunch of numbers on it, and I will not go over many of those numbers at all. The reason that I give this to you is so that you'll have some idea of the complexity of what the -- the elderly and adult services folks and the

nursing home providers go through to determine what an adequate rate is or what the appropriate rate is.

So we go through five different cost categories, we come up with medians in certain cost categories, we come up with an acuity adjustment based on the level of Medicaid, how much care the people that are on Medicaid need as opposed to people who are in Medicare or other payer sources. A lot of detailed information that I'll be happy to talk with you about, or Jonathan McCosh from BEAS knows this as well as anyone, can go over that with you if you like. But what I want to call your attention to on this example is on the last page we go through all of what those rates are calculated to be and then in this example we take 24.33% off the bottom because there's not enough money in the budget line item. So we go through all of this very detailed calculation and then we say, but we don't have enough money so we are going to pay you 25% less or as it stands now effective January 1, it's actually 29.7 or so percent less.

What I've done on the single sheet of paper is just show you what happens when the budget neutrality factor changes. And these are based on averages so it is an average, a statewide average, including all of the counties and the non-counties that are in the Medicaid Program.

First there's a total cost of operation. That isn't on this sheet. The information that we have here is strictly Medicaid. So there's a total cost of operation. The State then goes through field audits and desk audits of each of the cost reports that the facilities put together. They disallow some costs so you come to the first line here which is allowable cost. You then have an average Medicaid rate before the budget neutrality factor

is applied and I've used the rates that were set effective July 1, 2009, and January 1, 2010.

We then have the average Medicaid rate after the neutrality factor has been applied. So you can see that that moves from $151 to $140 as that budget neutrality factor goes from 24.33 to 29.72 percent. The average rate, and this is with the Medicaid quality incentive that is paid to facilities comes out to 183.98 effective January 1, which shows that the difference between the allowable costs on average and what's paid to nursing homes is about $70 million per year. That's allowable cost. That's not total cost. That's just the allowable cost. So there are costs that aren't included in here.

If you look at how that's, you know, that's spread over about 1.6 million Medicaid days per year. That's a very huge shortfall and the adjustments in the budget neutrality factor that took effect because ostensively 250 more people came into the system comes out to about $17 million, if my math is right, from 52 to 69 or $70 million. That's how a budget neutrality factor rate affects the system as a whole.

Our biggest concern and the reason for this bill is you all -- you all see the dashboard that the Department puts together which I think is fabulous. I wish that that had been around years ago. I think it's a great tool. But with this rate adjustment, you're going to see that there is either a no surplus or deficit in the nursing home line item or if caseloads happen to go down, you'll see that there's a surplus in that nursing home line item. And I don't believe that if we're reducing rates by 7% to nursing homes effective January 1 we should be taking any additional money out of the nursing home line item. As compared to

other types of services, when there's a deficit, the Department looks to other places to transfer money into. Because of the budget neutrality factor in these line items, the deficit in those accounts disappear in all of the worksheets that you look at. That's why we think we need this bill.

CHAIRMAN SMITH: Thank you very, very much. That was a very clear explanation. Any questions? Yes. Thank you very, very much.

MR. POIRIER: Thank you.

CHAIRMAN SMITH: Susan Young. We value these very detailed explanations we've had. I ask you not to repeat anything that's been said. There's a fair number of you who want to speak and, you know, we're conscious of the time. Thank you.

SUSAN YOUNG, Director, Granite State Home Health Association: Well, home care is known for its efficiency and I'm going to be very efficient with your time.

My name is Susan Young. I'm the Director of Granite State Home Health Association which is the government relations arm of the home care association. We represent the State's licensed home health providers, including the visiting nurse organizations, and I have come before you from time to time in the past to talk about reimbursement for home health services.

About 1997 we were able to see the passage of legislation that ultimately required that the Department establish a rate setting methodology to determine the rates that would be paid for home health services. And I want to clarify at this point that when I'm talking about home health services, I'm talking about skilled nursing care,

nursing assistant care by a licensed nursing assistant, and homemaker services. There's a broad range of other home care services, in-home services and supports, but that's not what we're talking about in this particular bill.

Several years ago we also worked with the Finance Committee to establish a separate line item that those home health services would be paid out of. I think there was a lot of confusion over the years because most people equated home care with BNA services and that was not really accurate. So we asked for those services to be separated out for a purpose of transparency and so that we could all follow how those dollars are being spent.

The rate setting methodology was just approved in 2008 after a couple of years of work with the Department. Unfortunately, I believe it's not as complex as the nursing home, but it's more complex than actually any of us think it needs to be and we're going to try to simplify that working with the Department going forward. The -- and these are the only numbers I'm going to give you about -- about reimbursement.

The rates which are currently the methodology is not fully implemented. As of July 1 last summer we were supposed to go to a visit basis, as opposed to paying time in the home. A visit rate for nursing visit or home health aide visit is the more standard approach to reimbursement for the skilled level of care. If the methodology were fully implemented the -- and fully funded, a nursing visit would be paid at 84 percent of the average -- actually based on national data -- average cost to deliver a nursing visit. A home health aide visit would be paid at 61 percent of the actual cost and that's if the methodology were fully paid. I just wanted you to be clear that the methodology does

not pay actual cost. It pays a percentage of that. However, we aren't there yet because there were not adequate funds appropriated to pay those full -- full rates.

The -- as Representative Harding mentioned, what is applied in our process is this proportionate discount factor which means the Department figures out how much service they're going to buy, what it would cost to deliver those services using the rate setting methodology. That, of course, looks at how much money they have to spend -- sounds like our own households -- but then reduces the rates in order to fit within what's available in the appropriation. We, of course, have reluctantly accepted that reality. It's not something we prefer but we understand that reality.

What we cannot accept as really reasonable is that in the course of the year that funds may be transferred out of the home health line item if those estimates are wrong. If the utilization, if they're not using as many units, then as with nursing homes it would look like there's a surplus in the line item and those dollars could be transferred to cover other home care supports. I suppose nursing home care for that matter. And we feel that that should not be done until we have applied that rate setting methodology and gotten to where those already discounted rates would be.

I think that's really all that I need to offer to you at this time. I'm certainly available as you work on this bill and would be happy to answer any questions you might have.

CHAIRMAN SMITH: Thank you very, very much. Are there any questions? If not, thank you very much for your testimony.

MS. YOUNG: And do I have testimony today for you.

CHAIRMAN SMITH: Appreciate it. Senator Odell, did you want to say anything or you just here to listen?

SEN. ODELL: I'm waiting for the next bill.

CHAIRMAN SMITH: Okay. You're a sponsor on this one, too. That's why I was asking.

SEN. ODELL: Thank you.

CHAIRMAN SMITH: Doug McNutt, please.

DOUG MCNUTT, Advocacy Director, AARP New Hampshire: For the record, my name is Doug McNutt. I'm the Advocacy Director for AARP New Hampshire, and I'm here today and I want to make it clear that we recognize that all these providers are under paid. There's no question about it. And the reimbursement is something that really the legislature needs to address.

Having said that, we appear today in opposition to this bill because we feel that it is not appropriate to distinguish between some providers and not others. We really need to look at the entire long-term care system as a whole rather than separating out several providers. You've heard a lot about the budget neutrality factor and it is kind of mind numbing, and I will admit to having created the budget neutrality factor at least for nursing homes and had something to do with creating it for home care agencies; but it's critical to point out that these are really the only two services that have any kind of formula that determines their rates and looks at costs. This is not to suggest that they are better paid than some

of the other services; but in fact, those services have simply been paid the same rate for years and years and years. There's been no attempt to even determine what it would be to pay them up to cost. So we feel that this is really not appropriate.

The other thing that is concerning about this is if you look at the lines of the budget, the two lines that according to the Department of Health and Human Services that would be affected by this, would be line 504 which is the nursing home line and that basically covers nursing home costs. So that's pretty straightforward. But the other line is 529 which covers a series of home-related services that Susan Young just described to you. The problem is that only certain services in that line are actually subject to this proportionate care -- proportionate share limitation and others are not. But when you look at the budget line nothing is divided out by services. There's simply about $15 million plus in that line. The question I would have is how would you determine what could be appropriately transferred and what could not under those circumstances? Because there isn't something that defines how much is assigned to skilled nursing services or how much is assigned to home health aide services. So I think that's a problem in terms of the Department being able to resolve this.

Lastly, there -- not lastly, but there are other issues in terms of the Department has got to be able to provide services to people that need them. And it has to have the ability to give people what they need, not be limited by some structure that arbitrarily distinguishes some services as being more important than others. And we recognize that there are issues with regard to the Medicaid numbers that people in nursing homes. We recognize it's an issue. But it's important that we take into

account the needs of individuals and the ability of the Department in these very difficult times to be able to make some hard choices in terms of how to go about finding the resources that are needed to fund these programs. Our approach would be, if you're so inclined to do this, would be instead of creating a limitation for these services, would be to say that all of the long-term care lines in the budget be allowed to transfer from one line to another, but not from outside of those lines. In other words, long-term care services couldn't be transferred to other types of services. That would provide protection for long-term care services, and it would treat the long-term care system as a whole instead of singling out particular services.

There's no question that there -- people are being under paid and we recognize that. But the reality is if we don't do something to protect the whole system, we are going -- we are going to have more people in nursing homes and right now the nursing home line already has more people, there are more people in nursing homes than were Medicaid budgeted. So we have to be careful that we do not do something that exacerbates that problem down the road. And I'd be happy to answer any questions.

CHAIRMAN SMITH: Thank you very much for your testimony. Does anyone have any questions? Not seeing any, the Chair recognizes Bob Clegg and Carol Virtue.

ROBERT CLEGG, Heritage Case Management: Thank you, Madam Chairman, Members of the Committee. For the record, my name is Bob Clegg and I'm here representing Heritage Case Management. We're here to echo pretty much what Doug McNutt said a few minutes ago and that's that the way this is set up, it's not clear exactly how this would actually affect all of the long-term healthcare. There's a

fear that we have that we're actually encouraging people by not allowing the transfer from one category to another, we're actually going to encourage people to use more expensive services because there's no money left in the line that allows for a less expensive service.

Last year when we separated the budget into two categories, one for home services and one home healthcare, we didn't take into consideration that there might be something that didn't allow for the transfer from one category to another, meaning that the nursing services are far more expensive than the elderly day care; but if there's no money left in the line that appropriates for elderly day care, are we then forced to use home healthcare? So those are the things that we look at. We also believe that there should be a section that allows for a transfer of funds in the entire section for long-term healthcare. If we did that, then we would actually probably come up with a better solution to the under payment of everybody in the system, especially the nursing homes and the same dollars would be there. We'll take any questions.

CHAIRMAN SMITH: Thank you very much. Ms. Virtue, did you want to say anything?

CAROL VIRTUE, Heritage Management Care: I'm -- that my points have been covered. Thank you. I know you're pressed for time.

CHAIRMAN SMITH: Thank you very much. Does anyone have any questions? Thank you very much for coming. Betsy Miller.

BETSY MILLER, New Hampshire Association of Counties: Thank you, Madam Chair. I'm sorry, I just have to respond to one issue. Betsy Miller on behalf of New Hampshire Association of Counties in

support of the bill along with the Home Care Association.

I just wanted to respond to a point that Doug McNutt made and to remind you that you passed in your budget last year a footnote in House Bill 1 that allows transfer among the four lines, the four long-term care lines that we're speaking about. This bill only says once you apply budget neutrality to reduce rates in that particular line, and there are only two of them, then you can't transfer. There is transferability. There is flexibility. The Department can transfer already until they reduce rates by the use of the factor. So I didn't -- I just wanted to be clear that flexibility is basically there. Until you get to the point where you're reducing rates, and this latest rate reduction as far as the county nursing homes is a $5 million revenue reduction statewide.

CHAIRMAN SMITH: Thank you very much for that clarification. Anyone have any questions for Miss Miller? If not, thank you very much.

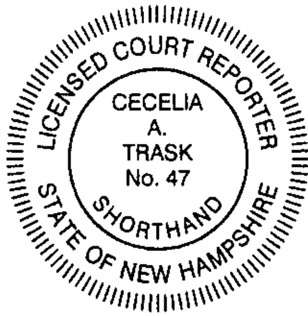
There are a number of other sponsors here in the room. Representative Millham who I don't see. Representative DeJoie and Representative Wendelboe. Representative DeJoie and Wendelboe will, of course, be on the Committee for discussion in the work session. The work session on this bill will -- is scheduled for 1:00 p.m. on January 26th. Is there anyone else here who has -- who wants to testify on House Bill 1355? If not, the hearing is closed.

(Hearing concluded)

CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

Cecelia A. Trask, LSR, RMR, CRR
State of New Hampshire
License No. 47



HOUSE COMMITTEE ON FINANCE

WORK SESSION ON HB 1355-FN

BILL TITLE: relative to certain Medicaid appropriations.

DATE: January 26, 2010

LOB ROOM: 210-211 Time Work Session Called to Order: 1:15

Time Adjourned: 1:31

(please circle if present)

Committee Members: Reps. M. Smith, Nordgren, Foster, Eaton, Baroody, Benn, Leishman, DeJoie, Buco, Foose, Mitchell, Keans, Casey, Harris, Kurk, D. Scamman, E. Anderson, Emerton, Rodeschin, Wendelboe, L. Ober, Dokmo, Bergin, Belvin and R. Elliott

Bill Sponsors: Rep. Harding, Graf 11; Rep. Wendelboe, Belk 1; Rep. DeJoie, Merr 11; Rep. Miller, Belk 3; Rep. Millham, Belk 5; Sen. Gilmour, Dist 12; Sen. Gallus, Dist 1; Sen. Odell, Dist 8; Sen. Fuller Clark, Dist 24; Sen. Bradley, Dist 3

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Chairman M. Smith: Two questions – if nursing home costs increased, more fed money? This bill identifies 2 lines – why not all long-term services be permitted?

Rep. Foster: Confused, hope help from department protects some but not all people. Division III considered and ITL'd similar bill. Why limit flexibility of department?

Mr. Jonathan McCosh, Bureau of Elderly Services, Department of Health and Human Services (DHHS): Department has same question. Budget footnote does allow for transfers within 4 lines with fiscal committee approval. Limits department.

Rep. foster: What are fiscal implications?

Mr. McCosh: Could be cases where lines overspent and underspent transfers prohibited.

Rep. Kurk: AARP opposed, home care supported. We have a fight over money. Are you confirming that people are protecting turf?

Mr. McCosh: Current budget ok, legislation prevents.

Rep. Dokmo: Miller transfer can happen until budget neutrality set.

Rep. Kurk: How would this effect counties helped or hurt?

Mr. McCosh: Not necessarily counties will reach caps, if we cut rates caps might not be reached.

Chairman M. Smith: Impact - fewer individuals would receive service.

Mr. McCosh: Limits department's flexibility.

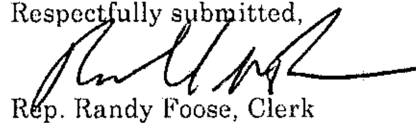
Chairman M. Smith: Are we finished with department?

Rep. Kurk: Can Mr. McCosh help us understand winners and losers?

Chairman M. Smith: We don't know where demand is, that's why we want all four lines connected.

Work session adjourned.

Respectfully submitted,



Rep. Randy Foose, Clerk

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

HOUSE COMMITTEE ON FINANCE

WORK SESSION ON HB 1355-FN

BILL TITLE: relative to certain Medicaid appropriations.

DATE: Type Date 1-26-2010

LOB ROOM: 210-211 Time Work Session Called to Order: {Time} 115

Time Adjourned: {Time} 131

(please circle if present)

Committee Members: Reps. M. Smith, Nordgren, Foster, Eaton, Baroody, Benn, Leishman, DeJoie, Buco, Foose, Mitchell, Keans, Casey, Harris, Kurk, D. Scamman, E. Anderson, Emerton, Rodeschin, Wendelboe, L. Ober, Dokmo, Bergin, Belvin and R. Elliott

Bill Sponsors: Rep. Harding, Graf 11; Rep. Wendelboe, Belk 1; Rep. DeJoie, Merr 11; Rep. Miller, Belk 3; Rep. Millham, Belk 5; Sen. Gilmour, Dist 12; Sen. Gallus, Dist 1; Sen. Odell, Dist 8; Sen. Fuller Clark, Dist 24; Sen. Bradley, Dist 3

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

1-26-2010
(1)

1355 FN

Smith 2 questions

if nursing home costs increased more fed $

this bill identifies 2 lines why not all long term services be permitted

Foster

confused hope help from dept

protects some but not all people

Div 3 considered and ITL'd similar bill

why limit flexibility of dept

Jonathan McCrash - Dept Elderly Svcs

Dept has same question

Budget footnote does allow for xfers within 4 lines w/fiscal committee approval

limits dept

Foster - what are fiscal implications

McCrash - could be cases where lines over spent and underspent xfers prohibited

Kurk - AARP opposed Home care supported

We have a fight over $ Are you confirming that people are protecting turf

McCrash - current budget ok legislation prevents

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counties helped or hurt
McCrash - not necessarily counties
will reach caps if we cut rates
caps might not be reached
Smith - impact fewer individuals would
recieve service
McCrash - limits departments flexibility
Smith - Are we finished w/department
Kurk - Can McCrash help us understand
winners and losers
Smith - We don't know where demand
is thats why we want all four lines
connected

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1355 Date 1-20-2010

Committee FINANCE

**** Please Print All Information ****

Name	Address	Phone	Representing	Pro	Con
Senator Fuller Clark			24	✓	
Senator John Gallus			District 1	✓	
Rep. Jim [illegible]			Merrimack #12	✓	
Rep Raymond Gagnon			Su 4	✓	
Senator Gilmour			Dist. 12	✓	
Roger Goodbury					
Jill Burke			Granite State Ind Living Concord		✓
Sharon Stephens			Gateways Community Services Nashua NH		✓
Betsy Miller	46 Donovan St., Concord		NH Assn. of Counties	✓	
N. Toumpas	DHHS		DHHS		✓
Alida Millham				✓	
Rep. John DeJoie			Merr 11	✓	
Rebecca Hutchinson			Lutheran Social Services		✓
Sara Dustin	Hopkinton	746-4817	low income single parents	✓	
Leslie Melby			NH Hosp Assoc	✓	
Rep Fran Wendelboe			Belknap 1	✓	

Hearing Minutes

HOUSE COMMITTEE ON FINANCE

PUBLIC HEARING ON HB 1355-FN

BILL TITLE: relative to certain Medicaid appropriations.

DATE: January 20, 2010

LOB ROOM: 210-211 Time Public Hearing Called to Order: 1:30

Time Adjourned:

(please circle if present)

Committee Members: M. Smith, Nordgren, Foster, Eaton, Baroody, Benn, Leishman, DeJoie, Buco, Foose, Mitchell, Keans, Casey, Harris, Kurk, D. Scamman, E. Anderson, Emerton, Rodeschin, Wendelboe, L. Ober, Dokmo, Bergin, Belvin and R. Elliott.

Bill Sponsors: Rep. Harding, Graf 11; Rep. Wendelboe, Belk 1; Rep. DeJoie, Merr 11; Rep. Miller, Belk 3; Rep. Millham, Belk 5; Sen. Gilmour, Dist 12; Sen. Gallus, Dist 1; Sen. Odell, Dist 8; Sen. Fuller Clark, Dist 24; Sen. Bradley, Dist 3

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. **Laurie Harding**, prime sponsor, introduced the bill and spoke in support.

Mr. **Fred King**, Box 146, Colebrook, NH, representing Coos County, spoke in support of the bill.

* Mr. **John Poirier**, NH Health Care Association (NHHCA), spoke in support of the bill and submitted written materials.

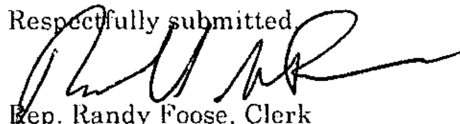
* Ms. **Susan Young**, Executive Director, Granite State Home Health Association, spoke in support and submitted written testimony.

* Mr. **Doug McNutt**, Associate State Director for Advocacy for AARP New Hampshire, spoke in support of the bill and submitted written testimony.

Mr. **Bob Clegg** and Ms. **Carolyn Virtue**, representing Heritage Case Management, spoke in opposition to the bill.

Ms. **Betsy Miller**, representing New Hampshire Association of Counties (NHAC), spoke in support of the bill.

Respectfully submitted,



Rep. Randy Foose, Clerk

HOUSE COMMITTEE ON FINANCE

PUBLIC HEARING ON HB 1355-FN

BILL TITLE: relative to certain Medicaid appropriations.

DATE: {Type HEARING DATE here} 1-20-10

LOB ROOM: 210-211 Time Public Hearing Called to Order: {Time} 1:30

Time Adjourned: {Time}

(please circle if present)

Committee Members: M. Smith, Nordgren, Foster, Eaton, Baroody, Benn, Leishman, DeJoie, Buco, Foose, Mitchell, Keans, Casey, Harris, Kurk, D. Scammon, K. Anderson, Emerton, Rodeschin, Wendelboe, L. Ober, Dokmo, Bergin, Belvin and R. Elliott.

Bill Sponsors: Rep. Harding, Graf 11; Rep. Wendelboe, Belk 1; Rep. DeJoie, Merr 11; Rep. Miller, Belk 3; Rep. Millham, Belk 5; Sen. Gilmour, Dist 12; Sen. Gallus, Dist 1; Sen. Odell, Dist 8; Sen. Fuller Clark, Dist 24; Sen. Bradley, Dist 3

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

1. Rep Harding for
2. Fred King for
3. John Poirier * for
4. Susan Young * for
5. Doug McNutt * Against
6. Bob Clegg, Carolyn Virtue Against
7. Betsy Miller for

Testimony

New Hampshire Health Care Association
Medicaid Cost and Payment Comparisons
January 20, 2010

	July 1, 2009	January 1, 2010
Average Allowable Cost Per Day	$ 228.18	$ 228.18
Average Medicaid Rate Before BNF	$ 199.52	$ 199.52
Average Medicaid Rate After BNF	$ 150.98	$ 140.22
BNF Rate	24.33%	29.72%
Average MQIP Payment	$ 43.76	$ 43.76
Average Rate and Gross MQIP Payment	$ 194.74	$ 183.98
Amount of Allowable Cost Not Paid	$ 33.44	$ 44.20
Allowable Cost not Paid	$ 52,716,019.84	$ 69,678,471.20
Personal Contribution Percentage	20.75%	20.75%
Medicaid Bed Days for SFY 2009	1,576,436	
Underfunding Based on State Worksheets	43,415,047.44	60,755,843.44

New Hampshire Medicaid Payment Calculations
Rate Effective: July 1, 2009

Alice Peck Day Memorial Hospital
Provider Number: 80305033
Report Period Ending: 9/30/2007

1. Calculation of Cost Per Day Amount	Costs			Resident Days			
	ICF and SNF Total	Special Needs Adjustment	Adjusted Costs	ICF and SNF Total	Special Needs Days	Adjusted Days	Adjusted Cost Per Day
	A	B	C=A*(1-B)	D	E	F=D-E	G=C/F
Patient Care Costs	$ 2,011,914						
Therapy (Physical, Occupational, Speech)	$ 161	N/A*	161	8,513	N/A*	8,513	$ 0.02
Patient Care, Net of Therapy	$ 2,011,753	0.00%	2,011,753	16,815	0	16,815	$119.64
Administrative Costs	$ 615,729	0.00%	615,729	16,815	0	16,815	$ 36.62
Other Support Costs	$ 1,493,715						
Plant Maintenance Costs	$ 261,772	0.00%	261,772	16,815	0	16,815	$ 15.57
Other Support Net of Plant Maintenance	$ 1,231,943	0.00%	1,231,943	16,815	0	16,815	$ 73.26
Depreciation and Interest Costs	$ 136,556	0.00%	136,556	16,815**	0	16,815	$ 8.12

*Notes: *See below (4. Therapy Rate Calculation)*
***Days are the higher of adjusted days or the imputed days at 85% occupancy*

2. Inflation: Mid-Point Cost Report to Target Inflation Date

6.818%

3. Case-Mix Indices

All Payer	0.9562
Medicaid	0.9257

Draft and Preliminary
12/4/2009

3

New Hampshire Medicaid Payment Calculations
Rate Effective: July 1, 2009

Alice Peck Day Memorial Hospital
Provider Number: 80305033
Report Period Ending: 9/30/2007

4. Therapy Rate Calculation

Cost Report Data - Inflated			Compare Facility-Specific to Ceiling		Therapy Cost Excluding Special Needs					
Theapy Cost Per Day, Per Cost Report	Inflation To Target Inflation Date	Inflated Therapy Cost Per Day	2008 Allowable Therapy Costs Ceiling	Rate Equals Lower Of Facility-Specific Cost Or Ceiling	Total LTC Patient Days	Total Allowable 2008 Therapy Cost	Special Needs Factor	Allowable 2008 Therapy Cost, Excluding Special Needs	Total LTC Patient Days, Excluding Special Needs	Allowable 2008 Therapy Per Diem, Excluding Special Needs
A	B	C=A*(1+B)	D	E=Lower of C or D	F	G=E*F	H	I=G*(1-H)	J	K=I/J
0.02	6.818%	0.02	4.32	0.02	8,513	170	0.00%	170	8,513	0.02

5. Direct Care Rate Calculation

Cost Report Data - Inflated			All-Payer Case-Mix Adjustment		Determine Ceiling, Based on Median	Compare Facility-Specific	Medicaid Case-Mix Adjustment	
Direct Care Cost Per Day, Per Cost Report	Inflation To Target Inflation Date	Inflated Cost Per Day	Divide By All-Payer Case-Mix Index	Case-Mix Adjusted Cost Per Day	Ceiling (Median Case-Mix Adjusted Cost Per Day, From 2008 Cost Reports, Inflated To Target Inflation Date	Patient Care Base Rate Equals Lower Of Facility-Specific Cost Or Ceiling	Multiply By Medicaid Case-Mix Index	Case-Mix Adjusted Patient Care Rate Per Day
A	B	C=A*(1+B)	D	E=C/D	F	G=Lower of E or F	H	I=G*H
					Median			
119.64	6.818%	127.8						
		Allowable Therapy Per Diem						
		0.02						
Sum of Direct Care and Therapy		127.8	0.9562	133.67	109.76	109.76	0.9257	101.60

Draft and Preliminary
12/4/2009

New Hampshire Medicaid Payment Calculations
Rate Effective: July 1, 2009

Alice Peck Day Memorial Hospital
Provider Number: 80305033
Report Period Ending: 9/30/2007

6. Other Rate Components Calculation

	Cost Report Data - Inflated			Rate Basis
	Cost Per Day	Inflation To Target Inflation Date	Inflated Cost Per Day	Median Cost Per Day, From 2008 Cost Reports, Inflated Target Inflation Date
	A	B	C=A*(1+B)	D
Administration Rate	36.62	6.818%	39.12	38.45
Other Support Rate	73.26	6.818%	78.25	37.27
Plant Maintenance Rate	15.57	6.818%	16.63	14.04

	Cost Per Day (Capital Component Not Inflated)	85th Percentile Ceiling	Lower Of Actual Or Ceiling
Capital Rate	8.12	16.00	8.12

Draft and Preliminary
12/4/2009

New Hampshire Medicaid Payment Calculations
Rate Effective: July 1, 2009

Alice Peck Day Memorial Hospital
Provider Number: 80305033
Report Period Ending: 9/30/2007

7. Summary Of Rate Components

Direct Care	$ 101.60
Administration	38.45
Other Support	37.27
Plant Maintenance	14.04
Capital	8.12
Total	$ 199.48

7. Budget Neutral Factor - 24.33%	-48.53
8. Medicaid Payment Rate	**$ 150.95**

(4)

(603) 225-5597
(800) 639-1949
Fax (603) 225-5817
Eight Green Street, #2
Concord
New Hampshire
03301-4012

HB 1335, relative to certain Medicaid appropriations

Testimony Presented by
Susan Young, Executive Director, Granite State Home Health Association

January 20, 2010

My name is Susan Young, and I am Executive Director of Granite State Home Health Association, the government relations affiliate of the Home Care Association of New Hampshire, which represents licensed providers of home health care services, including the state's visiting nurse associations. I am here today in support of HB 1335.

I have come before you in the past to discuss home health reimbursement rates under the Medicaid program. While we have succeeded in obtaining modest rate increases in the past decade and have supported the adoption of a rate setting methodology for skilled home health services in 2008, we have not yet achieved adequate reimbursement levels.

Under the present rate-setting methodology, home health rates are calculated using average national costs, and then are reduced to a percentage of those costs based on several factors. So, even if the rates established in state law were paid in full, providers would be paid less than the appropriate cost to deliver services. The rate-setting methodology further states that if budget appropriations are insufficient to pay the rates in full, then a "proportionate discount factor" shall be applied, further reducing home health rates. We reluctantly have accepted this reality, and have worked with DHHS to ensure that reductions are applied as fairly as possible.

What we cannot accept as reasonable is even further reduction in home health appropriations by transfer of funds out of our budget line (called "home health care waiver services") during the course of a fiscal year when a proportionate discount is being applied to our rates. Such transfers are made by DHHS in order to cover the cost of other long-term support services that are not governed by any rate-setting methodology or cost control strategies. We don't believe such was the intent of the Legislature when the budget was adopted.

HB 1355 would prevent transfers from the home health care waiver services budget line **only** when rates being paid for services funded through that line are artificially discounted due to insufficient appropriations to support state-mandated rates. Our goal is not to diminish the Department's flexibility or impede the move toward community-based long-term care alternatives, but to support compliance with state law regarding reimbursement for essential home health care services. We agree that the other long-term

support services are helpful in maintaining some nursing home eligible individuals in their homes and communities. But, these services should not be paid for by raiding funds appropriated for **essential** medical services aimed at achieving the same goal.

We believe the Legislature adopted a rate-setting statute for home healthcare services and moved those services to a separate budget line as an expression of support for this important component of community based long-term care supports, even though the rates paid for those services are insufficient as related to appropriate cost. We ask that you again support us by forestalling actions that would ultimately erode the availability of skilled nursing and home health aide services for this very vulnerable population. Thank you for the opportunity to express our support for this legislation.

Testimony

HB 1355

My name is Doug McNutt Associate State Director for Advocacy for AARP New Hampshire. AARP NH shares concerns with many that the long term care providers affected by this bill are not adequately reimbursed and that the reimbursement issue deserves the full attention of the legislature. That said, I appear today in opposition to HB 1355 because this bill will limit the flexibility of the Department of Health and Human Services to manage the limited amount of resources to cover the needs of long term care recipients. Further this bill creates inequities among the providers. It does not take into account the actual adequacy of the rates of all providers and the desires of long term care recipients.

This bill prevents transfers out of budget class lines for services that are subject to either "a budget neutrality factor, a proportionate discount factor, or any similar reduction." In the fiscal note the Department of Health and Human Services identifies two class lines that would potentially be affected by this bill, they are class lines 504 (nursing homes) and 529 (Home Health Care Waiver)

It is important to note that the only reason the home health services and nursing home services have budget neutrality or proportionate discount provisions is that they are the only services that have reimbursement formulas that are based on the cost of providing services. It does not necessarily mean that the other services are any more adequately reimbursed. The other long-term care services are generally paid the same rate for many years and when they do get a raise it is not based on any formula but is based on what can be supported by the budget and not the cost of providing care to recipients. It is not fair to protect payments for some long-term care services, while not protecting others within the long term care system.

The bill is also unclear with regard to what is covered by it within the affected lines. Nursing homes have a budget neutrality factor and they are in class line 504 of the budget. Some Home Health Services in class line 529 meet the criteria of this bill by having a proportionate discount factor, but other services in that line do not. Given that the class line is not split out by services, but simply has an amount for the whole line it is unclear how much of that line would be covered by this bill. HB 1355 would create confusion and potentially limit the flexibility of the Department to manage the budget, even beyond what is intended.

We would offer an alternative solution which would allow transfers within the four main Medicaid long term care class lines 504 (nursing homes), 505 (mid level care), 506 (other waiver services) and 529 (Home Health Care Waiver), but not allow transfers from these lines to other lines within the budget. This would protect funds necessary for long term

care services, while preserving flexibility for the Department to make manage limited resources to maintain services in this difficult budget environment.

To place this statutory limitation on the Department would not provide any more resources to the affected providers in the short term and could have a very negative impact on the Department's ability to manage the long term care budget and be responsive to the needs of the long term care recipients. We cannot predict what the needs of the system will be in the future, but we do know that this legislation does not provide the flexibility needed to address those needs.

I appreciate the opportunity to appear before you today and welcome any questions you may have.

Smith, Marjorie

From:	JMcCosh@dhhs.state.nh.us
Sent:	Wednesday, February 03, 2010 12:10 PM
To:	Kurk, Neal
Cc:	Smith, Marjorie; Kane, Michael; JFredyma@dhhs.state.nh.us; NRollins@dhhs.state.nh.us; jwallace@dhhs.state.nh.us; NToumpas@dhhs.state.nh.us
Subject:	Response to Rep. Neal Kurk
Attachments:	NF Reimbursement 2007-2009.xls; Nursing Facility Clients 2007-2010Q1.xls; BEAS MED Outsourcing.xls

NF Reimbursement 2007-2009.xls...

Nursing Facility Clients 2007-...

BEAS MED utsourcing.xls (26 K

Dear Representative Kurk:

You had requested several pieces of information regarding nursing facilities to help with your deliberations for House Bill 1355.

The first requested item was a multi-year summary of nursing facility Medicaid payments for each payment category and further broken down by county, private and total. You also wanted to see the percentage of rate to cost coverage and the allowable costs by county. The spreadsheet is attached for SFY2007 to SFY2009. It also details the Medicaid resident's contribution to their care as Medicaid is the payer of last resort. The second spreadsheet in this file has the allowable cost detail by county for these three years.

(See attached file: NF Reimbursement 2007-2009.xls)

You next asked about why the nursing home utilization is higher than that which was budgeted by the legislature and whether this could be a direct result of nursing facility providers doing the initial Medical Eligibility Determination (MED) form. BEAS attributes the increase in nursing facility occupancy primarily to the economic downturn. Although the number of new Medicaid-eligible facility residents has decreased since 2007, the percentage of the applicants who had been paying privately prior to applying has steadily increased. In SFY07, there were 2,507 new Medicaid-eligible facility residents, 1279 (51%) of whom had been paying for care privately until applying for Medicaid coverage of care. In SFY09, there were 2437 applicants to Medicaid-covered nursing facility care and 1626 (66.7%), had been paying privately for care. This is summarized in the following spreadsheet.

(See attached file: Nursing Facility Clients 2007-2010Q1.xls)

Nurses at facilities are trained by BEAS and allowed to complete the MED form only for people who are already residents at their facilities. This form is then sent to BEAS, where a state-employed nurse determines if the person is eligible for coverage of care. Facility nurses do not have the opportunity to complete MEDs concerning people living in the community and, therefore, can not do so for the purpose of increasing their census. Once a nursing facility resident is found eligible for Medicaid coverage of their care, it would be highly unlikely for him/her to move to another facility.

Your final question inquired as to what the cost would be to outsource the MED process similar to how this is done in the State of Maine. Attached is that cost estimate.

(See attached file: BEAS MED Outsourcing.xls)

We hope this information will be helpful for your deliberations on this bill.

Sincerely,

Dr. Jonathan [illegible], Rate Setting and Audit Administrator Bureau of Elderly and Adult Services, Division of Community Based Care Services New Hampshire Department of Health and Human Services

cc. House Finance Chair Marjorie Smith,
Michael Kane, LBAO

	County Nursing Facilities	Private Nursing Facilities	Total Nursing Facilities
SFY 2007 Final			
Initial Medicaid Rates	$59,924,439	$124,414,670	$184,339,109
Supplemental MQIP Rates	$20,247,621	$45,366,687	$65,614,308
Provider Payments to Nursing Facilities	$520,164	$7,645,764	$8,165,928
Proshare (Counties Only)	$6,839,491	$0	$6,839,491
Total Medicaid Reimbursement	$87,531,715	$177,427,121	$264,958,836
Allowable Medicaid Costs	$119,493,245	$212,259,635	$331,752,880
Medicaid % Rate to Cost Coverage	73.3%	83.6%	79.9%
Resident Contribution	$12,920,031	$34,276,315	$47,196,346
Total Medicaid Resident Reimbursement	$100,451,746	$211,703,436	$312,155,182
Total % Rate to Cost Coverage	84.1%	99.7%	94.1%
SFY 2008 Final			
Initial Medicaid Rates	$57,600,098	$130,261,021	$187,861,119
Supplemental MQIP Rates	$19,987,649	$49,384,543	$69,372,192
Provider Payments to Nursing Facilities	$482,235	$7,088,255	$7,570,490
Proshare (Counties Only)	$7,742,582	$0	$7,742,582
Total Medicaid Reimbursement	$85,812,564	$186,733,819	$272,546,383
Allowable Medicaid Costs	$118,042,435	$217,221,463	$335,263,898
Medicaid % Rate to Cost Coverage	72.7%	86.0%	81.3%
Resident Contribution	$13,039,171	$34,576,798	$47,615,969
Total Medicaid Resident Reimbursement	$98,851,735	$221,310,617	$320,162,352
Total % Rate to Cost Coverage	83.7%	101.9%	95.5%
SFY 2009 Final			
Initial Medicaid Rates	$60,120,765	$121,650,769	$181,771,534
Supplemental MQIP Rates	$20,819,668	$54,756,250	$75,575,918
Supplemental MQIP ARRA Rates	$2,663,076	$4,234,160	$6,897,236
Provider Payments to Nursing Facilities	$531,014	$7,521,719	$8,052,733
Proshare (Counties Only)	$8,600,116	$0	$8,600,116
Total Medicaid Reimbursement	$92,734,639	$188,162,898	$280,897,537
Allowable Medicaid Costs	$119,100,666	$216,489,655	$335,590,321
Medicaid % Rate to Cost Coverage	77.9%	86.9%	83.7%
Resident Contribution	$14,138,204	$35,431,555	$49,569,759
Total Medicaid Resident Reimbursement	$106,872,843	$223,594,453	$330,467,296
Total % Rate to Cost Coverage	89.7%	103.3%	98.5%

Data on Nursing Facility Clients for SFY2007 to SFY2010 Q1

SFY10 1st Quarter NF Clients	# Clients	%
From Private Pay -	351	56.8%
From CFI (HCBC) Waiver Program	130	21.0%
From Medicaid (non-institution)	137	22.2%
Total New NF Clients during SFY10YTD	618	100.0%

SFY09 NF Clients	# Clients	%
From Private Pay -	1626	66.7%
From CFI (HCBC) Waiver Program	376	15.4%
From Medicaid (non-institution)	435	17.8%
Total New NF Clients during SFY09	2437	100.0%

SFY08 NF Clients	# Clients	%
From Private Pay -	1578	65.5%
From CFI (HCBC)	349	14.5%
From Medicaid (non-institution)	484	20.1%
Total New NF Clients during SFY08	2411	100.0%

SFY07 NF Clients	# Clients	%
From Private Pay -	1279	51.0%
From CFI (HCBC)	315	12.6%
From Medicaid (non-institution)	913	36.4%
Total New NF Clients during SFY07	2507	100.0%

Note: Private Pay indicates no Medicaid or CFI (HCBC) claims were paid during the current or previous fiscal year.

Bureau of Elderly and Adult Services

OUTSOURCING
BEAS Long Term Care (MED) Intake Processing[1]

January 1, 2009 through December 31, 2009		**MED Assessments**	
Nursing Facilities MED Applications Received		1,863	
HCBC-ECI MED Applications Received		1,575	
HCBC-ECI MED Redeterminations		2,656	
Total Annual MED's in calendar 2009		6,094	
Rate per Assessment[2]	Range	$170.00	$180.00
Cost of Outsourcing		$1,035,980.00	$1,096,920.00
Source of Funds: 50% Federal, 50% State	Federal	$517,990.00	$548,460.00
	State	$517,990.00	$548,460.00
		$1,035,980.00	$1,096,920.00

[1] Source: BEAS LTC MED Intake Processing - Summary- Run on 1-14-10 file.
[2] Source: Goold Health Systems (GHS) provider of assessment services to the State of Maine.

BEAS Staffing (9 FTE's)

Wages		$420,225.00
Benefits		$195,695.00
Current Expenses		$8,500.00
Indirect Cost		$35.00
Audit Fund Set Aside		$495.00
Contractural Nurses		$60,215.00
Employee Training		$600.00
In State Travel		$6,700.00
		$692,465.00
Source of Funds: 74% Federal, 26% State	Federal	$512,424.10
	State	$180,040.90
		$692,465.00

Voting Sheets

HOUSE COMMITTEE ON FINANCE

EXECUTIVE SESSION on HB 1355-FN

BILL TITLE: relative to certain Medicaid appropriations.

DATE: February 04, 2010

LOB ROOM: 210-211

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. DeJoie

Seconded by Rep. Wendelboe

Vote: 13-11 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

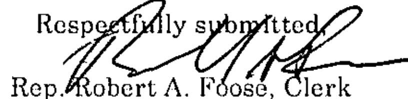
Vote: (Please attach record of roll call vote.)

REGULAR or CONSENT CALENDAR VOTE: (Please circle one.)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,



Rep. Robert A. Foose, Clerk

HOUSE COMMITTEE ON FINANCE

EXECUTIVE SESSION on HB 1355-FN

BILL TITLE: relative to certain Medicaid appropriations.

DATE: {Type DATE} 02-04-2010

LOB ROOM: 210-211

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. DeJoie

Seconded by Rep. Wendelboe

Vote: 13-11 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

REGULAR or CONSENT CALENDAR VOTE: (Please circle one.)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Robert A. Foose, Clerk

FINANCE

Bill #: 1355-FN Title:

PH Date: 01 / 21 / 10 Exec Session Date: 02 / 04 / 2010

Motion: OTP Amendment #:

MEMBER	YEAS	NAYS
Smith, Marjorie K, Chairman		11
~~Nordgren, Sharon, V Chairman~~ Lerandeau		10
Foster, Linda T		1
Eaton, Daniel A		2
Baroody, Benjamin C		3
Benn, Bernard L		4
Leishman, Peter R		5
DeJoie, John	1	
Buco, Thomas L	2	
Foose, Robert A, Clerk		6
Mitchell, Bonnie		7
Keans, Sandra B		8
Casey, Kimberley S	3	
Harris, Sandra C		9
Kurk, Neal M	4	
Scamman, W. Douglas	5	
Anderson, Eric	6	
Emerton, Larry A		
Rodeschin, Beverly T	7	
Wendelboe, Fran	8	
Ober, Lynne M	9	
Dokmo, Cynthia J	10	
Bergin, Peter F	11	
Belvin, William S	12	
Elliott, Robert J	13	
	13	11
TOTAL VOTE:		

Printed: 1/9/2009

Committee Report

COPY

REGULAR CALENDAR

February 4, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on FINANCE to which was referred HB1355-FN,

AN ACT relative to certain Medicaid appropriations. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. John DeJoie

FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

Committee:	FINANCE
Bill Number:	HB1355-FN
Title:	relative to certain Medicaid appropriations.
Date:	February 4, 2010
Consent Calendar:	NO
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

HB 1355 is an attempt to retain fairness and predictability in the budgeting process for long term care. (Opponents argue this bill will remove the department of health and human services' (DHHS) flexibility.) The budget lines involved in this bill already treat these in different and a potentially unfair manner. Passing this bill simply acknowledges the disparity and applies fairness to the long term care budget, and in fact preserves the legislature's intent in the biennial budget. HB 1355 addresses the use of "budget neutrality" which is a tool for DHHS to ensure they do not overspend two of their budget lines. Budget neutrality is only applied when there is a shortage in the nursing home or home nursing services. HB 1355 acknowledges this and states in part if budget neutrality is applied, meaning there is a shortage in the line, money cannot be transferred from the budget line. The majority believes that when rates are cut because the line is underfunded, that there is no fair reason to then transfer additional money from the line, which would potentially result in addition rate cuts.

Vote 13-11.

Rep. John DeJoie
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

FINANCE

HB1355-FN, relative to certain Medicaid appropriations. OUGHT TO PASS.

Rep. John DeJoie for FINANCE. HB 1355 is an attempt to retain fairness and predictability in the budgeting process for long term care. (Opponents argue this bill will remove the department of health and human services' (DHHS) flexibility.) The budget lines involved in this bill already treat these in different and a potentially unfair manner. Passing this bill simply acknowledges the disparity and applies fairness to the long term care budget, and in fact preserves the legislature's intent in the biennial budget. HB 1355 addresses the use of "budget neutrality" which is a tool for DHHS to ensure they do not overspend two of their budget lines. Budget neutrality is only applied when there is a shortage in the nursing home or home nursing services. HB 1355 acknowledges this and states in part if budget neutrality is applied, meaning there is a shortage in the line, money cannot be transferred from the budget line. The majority believes that when rates are cut because the line is underfunded, that there is no fair reason to then transfer additional money from the line, which would potentially result in addition rate cuts. Vote 13-11.

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

COMMITTEE: Finance

BILL NUMBER: 1355 FN

TITLE: Relative to certain Medicaid appropriations

DATE: 2/4/10 **CONSENT CALENDAR:** YES ☐ NO ☒

☒ **OUGHT TO PASS**

☐ **OUGHT TO PASS W/ AMENDMENT**

☐ **INEXPEDIENT TO LEGISLATE**

☐ **INTERIM STUDY** (Available only 2nd year of biennium)

Amendment No. __________

STATEMENT OF INTENT:

HB 1355 is an attempt to retain fairness and predictability in the budgeting process for long term care. The budget lines involved in this bill already treat these in different and a potentially unfair manner. (Opponents argue this bill will remove the Dept. of Health & Human Services (DHHS) flexibility). Passing this bill simply acknowledges the disparity & applies fairness to ~~these~~ ~~to~~ the long term care budget - and in fact preserves the legislature's intent in the biennial budget.

HB 1355 addresses the use of "budget neutrality" which is a tool for DHHS to ensure they do not overspend → (over)

COMMITTEE VOTE: 13-11

RESPECTFULLY SUBMITTED,

Rep. John DeJoie
For the Committee

- Copy to Committee Bill File
- Use Another Report for Minority Report

OK MKS

Rev. 02/01/07 - Yellow

two of their budget lines. Budget neutrality is only applied when there is a shortage in the nursing home or home nursing services. HB 1355 acknowledges this & states in part if budget neutrality is applied, meaning there is a shortage in the line, money cannot be transferred from the budget line. The majority believes that when rates are cut because the line is underfunded, that there is no fair reason to then transfer additional money from the line, which would potentially result in additional rate cuts.

New Hampshire General Court - Bill Status System

Docket of HB1355

Docket Abbreviations

Bill Title: relative to certain Medicaid appropriations.

Official Docket of **HB1355**:

Date	Body	Description
12/10/2009	H	Introduced 1/6/2010 and Referred to Finance; **HJ 6**, PG.237
1/5/2010	H	Public Hearing: 1/20/2010 1:30 PM LOB 210-211
1/5/2010	H	Full Committee Work Session: 1/26/2010 1:00 PM LOB 210-211
1/14/2010	H	Executive Session: 2/4/2010 10:00 AM LOB 210-211
2/4/2010	H	Committee Report: Ought to Pass for Mar 10 (vote 13-11; RC); **HC 19**, PG.1029
3/10/2010	H	Special Ordered to Regular Place on Mar 11 Calendar, Without Objection; **HJ 23**, PG.1294
3/11/2010	H	Ought to Pass: MA DIV 270-35; **HJ 24**, PG.1327
3/11/2010	H	Reconsideration (Rep Osborne): MF VV; **HJ 24**, PG.1327
3/17/2010	S	Introduced and Referred to Finance, **SJ 10**, Pg.172
3/25/2010	S	Hearing: April 1, 2010, Room 100, State House, 10:50 a.m.; **SC13**
4/6/2010	S	Committee Report: Referred to Interim Study 4/7/10; **SC14A**
4/7/2010	S	Without Objection, Chair moved to Special Order to the end of the Calendar; **SJ 13**, Pg.275
4/7/2010	S	Without Objection, Chair moved to Special Order to the end of Finance; **SJ 13**, Pg.279
4/7/2010	S	Refer to Interim Study Not Voted On
4/7/2010	S	Sen. Sgambati Moved Laid on Table, **RC** 14Y-10N, MA; **SJ 13**, Pg.282
4/14/2010	S	Sen. Bragdon Moved Remove From Table, **RC** 12Y-12N, MF; **SJ 14**, Pg.295

NH House NH Senate