

JOINT LEGISLATIVE FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, March 13, 2020

MEMBERS PRESENT:

Rep. Mary Jane Wallner, Chair
Rep. Ken Weyler
Rep. Susan Ford
Rep. Lynne Ober
Rep. Peter Leishman
Rep. Erin Hennessey (Alt.)
Sen. Lou D'Allesandro
Sen. Dan Feltes
Sen. Ruth Ward (Alt.)
Sen. Tom Sherman (Alt.)
Sen. Martha Fuller-Clark (Alt.)

(The meeting convened at 10:06 a.m.)

(1) Acceptance of Minutes of the February 14, 2020 meeting

MARY JANE WALLNER State Representative Merrimack County
District #10: Good morning. I'm just waiting on Senator D'Allesandro to arrive. He is in the building so should be here momentarily. I could announce that Senator Feltes is sitting in today for Senator Soucy. Senator Ward is sitting in today for Senator Morse. Senator Sherman is sitting in today for Senator Kahn, and Senator Fuller Clark is sitting in for Senator Rosenwald. So welcome. A whole new team. Thank you.

LYNNE OBER, State Representative, Hillsborough County,
District #37: You could name that the House Members are sitting in for themselves.

CHAIRWOMAN WALLNER: Right, and the House Members are sitting in for themselves. Oh, here we go. Thank you. I'll call the Committee to order and start with the minutes of the February 14th meeting. There a motion?

** LOU D'ALLESANDRO, State Senator, Senate District #20: Move approval.

REP. OBER: Second.

CHAIRWOMAN WALLNER: Senator Rose -- Senator D'Allesandro. We didn't get home last night from here until 4:30 in the morning so if I do a lot of messing up, just let me know. Senator D'Allesandro moved that the minutes be accepted and Representative Ober second. Any discussion of the minutes of February 14th? Seeing none. All in favor? Any opposed? The minutes pass.

*** {MOTION ADOPTED}

CHAIRWOMAN WALLNER: I would like to at this point, if the Committee is in agreement, I would like to move up the Health and Human Service item. I've had a request from the Commissioner who is here with us today and Miss Rounds that they have an appointment that they need to get out of here for, and I can certainly understand they have important business to deal with today. So let's start by looking at the -- if people -- does anyone have any objection to moving these items up?

So let's start by looking at the late item. It's Item 20-050 and thank you and welcome, Commissioner. I think it's the first time we've met with you.

LATE ITEM:

LORI SHIBINETTE, Commissioner, Department of Health and Human Services: Thank you.

CHAIRWOMAN WALLNER: Good to see you here.

REP. OBER: Madam Chairman.

CHAIRWOMAN WALLNER: Yes.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

** REP. OBER: I would move to approve this item.

CHAIRWOMAN WALLNER: Representative Ober moves to approve the item.

SUSAN FORD, State Representative, Grafton County, District #03: Second.

CHAIRWOMAN WALLNER: And Representative Ford seconds. And I think that probably people would like to hear from you a little bit about the item and what -- how the money can be spent.

MS. SHIBINETTE: I'm happy to address that question. We were notified by the CDC that we would be receiving approximately 4.9 million as an initial --

REP. OBER: Madam Chair, I don't think she pressed the button.

CHAIRWOMAN WALLNER: If you just take the red button, hold it, put it down, it will click and then just stay on.

MS. SHIBINETTE: Is it on now?

CHAIRWOMAN WALLNER: Yes.

MS. SHIBINETTE: Okay. So we received notice from CDC that we were going to receive an initial investment of 4.9 million from the Federal Government to help us address some of the costs associated with our Covid response. So right now we have not received specific guidance on what we can budget for that or what our budget looks like at this time. We expect in the coming weeks that we will receive very specific guidance on putting together our budget and what we can use that initial 4.9 million for at that time. So we are expecting that typically by next week that very specific guidance.

So the -- the specific things that we can use that money for is not really known; but we do know generally what they're

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

requesting is that we use the money for things like the increase in staffing for contact investigations. So additional Public Health nurses, additional epidemiologists, the amount of overtime that our staff is putting in at Public Health right now, the testing supplies that the PPE, all of those initial -- initial response items that we need to get up and we actually have already got up and moving.

So the Department right from the very get-go on the day that we began our response started doing all of these things with the expectation that the CDC was going to reimburse us for our initial cost, and they have indicated that they are going to go back to January and reimburse the initial cost of standing up all of these services to make sure that our response was immediate. So we do have those assurances and we have the general areas that they're covering with this initial funding.

CHAIRWOMAN WALLNER: Questions for the Commissioner? Yes, Senator Feltes.

DAN FELTES, State Senator, Senate District #15: Thank you, Madam Chair. Thank you, Commissioner, and thank you, Karen. In terms of testing part of this request would cover, we heard from Dr. Chan earlier in the week that the testing demand exceeds the supply right now here in the state. And so I guess the question is, is how many tests will this fund? Do we know? What is the protection, will one get per test, and how is it being deployed around the state?

MS. SHIBINETTE: So, right now, the only consistent entity doing testing is the Public Health Lab. And we right now have the capacity of between 200 and 230 tests, depending on how many were done this morning. The intent, and what we foresee, is that commercial testing will be widely available. So we were told that two private entities will begin testing, and we were told that they have the ability to test as of last week. Unfortunately, there are different areas of the country that have what we call hot spots, which means there is widespread community transmission. So they've deployed a lot of those

resources, not necessarily -- so individual entities are usually nationwide testing companies or lab companies. So they've deployed a lot of their resources, let's say, to the West Coast. But we do expect the commercial testing to be coming on board in the next -- in the next couple of weeks and that may expand beyond the original two or three vendors that were originally identified.

CHAIRWOMAN WALLNER: Further question.

SEN. FELTES: And related to that. So is there conversations, perhaps, with the State of New Hampshire with commercial testing operations to try to contract to build our testing capacity?

MS. SHIBINETTE: The -- the commercial testing is -- is going to come right from the Federal Government to the -- to those testing. We're not going to be contracting for them to test. It's just going to be widely available. No different than if you had influenza and you went to the doctor and wanted an influenza test and your doctor agreed with you. The doctor would be able to take your specimen, send it to a lab for a test. It would be reimbursable by insurances, Medicaid, all of those things. That's how the Covid-19 commercialized test will work once we have the capacity to do that.

SEN. FELTES: Just a couple follow-ups. Thank you, Commissioner. So given the situation right now, how -- what's the standard in terms of determining who gets tested and who doesn't?

MS. SHIBINETTE: So the CDC put out fairly stringent guidelines when we first started this and we're still following those same guidelines. An example of those guidelines are, you know, is having several risk factors. So, for example, if you have travelled internationally and you have the symptoms of Covid-19, so you have fever, you have cough, and you have lower respiratory symptoms, and you have tested negative for influenza and some of those other conditions, that would qualify you, if

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

your international travel was to some of the Level 2 and 3 countries.

If you are a known contact to someone that has tested positive for Covid-19, so when someone tests positive, we do close contact investigations. So if you tested positive and you were, let's say, at a conference and there are 20 people that you were doing work group work with around the same table, you spent several hours with them, that would be considered close contact.

If those people -- those people would go to self-quarantine. If they developed symptoms, then they would be eligible for testing. So those are the guidelines that the CDC gave the Public Health Lab, and those are the guidelines that we are currently following until the commercial testing is available.

SEN. FELTES: And if I may?

CHAIRWOMAN WALLNER: Further.

SEN. FELTES: So do we have a number of folks who didn't meet those guidelines who, you know, maybe a medical provider would generally recommend that they get tested, but they just don't meet those guidelines? Do we know what the sort of backlog is, if you will, if that's the right term?

MS. SHIBINETTE: I'm sure that Public Health has a number of people, the number of people that are requesting testing that don't meet those guidelines. But I can say with certainty that we have definitely had providers calling in or even most -- most cases the patient themselves calling in and saying that they have some of the symptoms of Covid but maybe they haven't been in contact with a positive Covid patient or they haven't travelled internationally. And although they're requesting the test, they're not meeting those eligibility criterias. Yes, we have several of those. So they are still being monitored by their physician. They're told to self-quarantine or to

self-monitor their symptoms. Public Health is still talking with them, but they're not immediately eligible for that testing.

SEN. FELTES: Thank you.

CHAIRWOMAN WALLNER: Thank you. Senator Fuller Clark.

MARTHA FULLER-CLARK, State Senator, Senate District #21: Thank you very much. My question is for the commercial testers.

MS. SHIBINETTE: Yes.

SEN. FULLER-CLARK: Are they also going to be held to the same requirements that the CDC now has in place that is making it difficult for as many people who may need to be tested to get tested?

MS. SHIBINETTE: Our current communication with the CDC is that when commercial testing opens up that a test will be available on the order of a doctor. So if you're primary care or someone in the emergency room is recommending testing, then you would be able to get a test. No different than influenza right now that if the primary care doctor or any doctor determined that it would be in the best interest to test for influenza, you would be able to get a test. So the communication we're receiving right now that once the test is commercial, those same parameters apply.

CHAIRWOMAN WALLNER: Yes.

SEN. FULLER-CLARK: Follow-up. I think the concern is that having to wait a week or a week and a half for those commercial tests to be available when we look at the sort of curve of prediction, will you be able to address that as well?

MS. SHIBINETTE: Address the concern over being -- over waiting a week or a week and a half?

SEN. FULLER-CLARK: Yes. About what -- does that -- the risks that that entails by not being able to have that testing more available to more eligible individuals in New Hampshire sooner.

MS. SHIBINETTE: Sure. From -- from -- from the public health point of view, all the individuals that are eligible for testing are currently getting tested. Now, is there a case that perhaps we don't know about because they've come in from another state or they didn't report international travel? Perhaps. So is there a concern in waiting? Yes. I think to the general public there is absolutely a concern. There are several -- there are a lot of people that feel their symptoms fit the symptoms that have been put out as, you know, symptoms of Covid that want to be tested. So if not for reducing the risk of community transmission, it certainly is going to be helpful in allaying the fears and anxiety of our citizens right now.

CHAIRWOMAN WALLNER: Senator Sherman.

TOM SHERMAN, State Senator, Senate District #24: Thank you, Madam Chair, and thank you for taking my question. The State of Maryland, the reason they just shut down all their schools is because they had their first case of community acquired Covid which you probably know.

MS. SHIBINETTE: Hm-hum.

SEN. SHERMAN: So the implication there is that somebody with the appropriate symptoms but no travel history, no other risk factors, now has tested positive in Maryland and the response from the Governor was that we need to close all of our schools.

MS. SHIBINETTE: Hm-hum.

SEN. SHERMAN: That's pretty compelling that we may be missing positive cases.

MS. SHIBINETTE: Hm-hum.

SEN. SHERMAN: 'Cause you just said there are a number of cases where people are expressing these symptoms. Do we have any capacity to get more tests now to test those people in the community where their physicians or their providers feel that they meet the criteria, except for outside exposure?

MS. SHIBINETTE: Sure.

SEN. SHERMAN: Because that -- that incident or trying -- that one case prompted Maryland to shut down all of their schools because it was a transition point in terms of risk for the whole state. Is that something that you can address? Is there anything we can do to get those test kits here now?

MS. SHIBINETTE: I think this is a question that the whole nation is struggling right now with to be honest with you. If you -- if you look at the national news there are several states that say that they need increased testing capacity so that they are able to better assess the community transmission.

So what I can tell you is that our -- our Public Health Lab and our Public Health leadership is on the phone with the CDC every single day. And if -- if -- if there is the availability of more tests and they can send them to New Hampshire, we have certainly requested them and we'll accept them to increase the Public Health Lab capacity to test. But right now I think what -- what the Federal Government is -- is looking to is the availability of commercial testing and the quicker they can get that done, the quicker we'll be able to assess our community transmission.

SEN. SHERMAN: Thank you.

CHAIRWOMAN WALLNER: Thank you. Representative Ober has a question.

REP. OBER: Good morning, Commissioner.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

MS. SHIBINETTE: Good morning.

REP. OBER: Thank you for coming. My question is slightly different, and perhaps because I had to wait two months to get a new shingles test. I watched after Katrina how long it took just to truck bottled water down to people. I know everybody wants now what they want. So I have a process question that is going forward.

I'm pleased to hear you say that there's going to be commercial testing and we're going to be coordinating with that. I happen to be a Dartmouth patient. So if I went to Dartmouth and I had symptoms, but to be quite honest, knowing me, I probably wouldn't go right away because I think it's going to go away tomorrow. I have this optimistic streak. But if I went and my doctor tested me and I was found to be positive, I'm sure she would -- the Dartmouth lab would report to you. But I also believe, if I understand this correctly, and if I don't, could you please clarify for all of us so we know. I would be asked to go home and self-quarantine and to have my husband who lives with me self-quarantine and any member of the house self-quarantine. But there's basically no real treatment. It's kind of watch it and wait. People who have compromised immune systems have a worse time and are getting treatment maybe in a hospital. But somebody like me is kind of sent home and told to take Ibuprofen, don't go anywhere, hope your neighbor's going to bring you toilet paper or whatever, you know, and there's none on the shelves. But that's basically what goes on with the reporting. And then you would watch me and I would be tested again appropriately. Is that kind of where we are with this disease?

MS. SHIBINETTE: So, Representative Ober, I think you are correct that for the vast majority of people that -- that contract Covid-19, the symptoms and the disease process is -- is mild to moderate flu for the vast majority of people. And a lot of that -- a lot of the treatment around that centers around symptom management. So how to make you feel better. How to

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

reduce your fever. How to increase your -- your -- your breathing and things like that. So absolutely, it is around symptom management. You know, the big concern around the person, whether it's you or I that are -- is young and have good immune systems and can weather Covid-19 with mild to moderate symptoms is not identifying close contacts and then having an elderly person exposed. And though -- those people and that demographic of people that have multiple co-morbidities, many underlying health conditions, as we've seen in the Seattle area, they do not weather the condition so well. So the containment and the prevention of community transmission is paramount of reducing the number of overall cases and reducing the overall mortality rates, especially in our older population and those with compromised immune systems.

REP. OBER: Thank you, Commissioner.

MS. SHIBINETTE: You're welcome.

CHAIRWOMAN WALLNER: Thank you. Representative Leishman has a question.

PETER LEISHMAN, State Representative, Hillsborough County, District #24: Thanks, Madam Chairman, and welcome to the Fiscal Committee. A little different question. Now the \$5 million you said was going to be a help with your initial costs. Do you have any idea, and I know it's very, very early, what the cost may be and whether the Department has got the financial and staff resources to handle what may be coming? I know it's maybe a very difficult question.

MS. SHIBINETTE: Do we know the overall cost? No. Do we have the funding right now to stand up and to aggressively respond to this -- to Covid-19? Yes. That did require me to make some emergency appointments to get additional Public Health nurses. Right now we are asking health care professionals across the Department to reassign some of their duties over to Public Health so that they can do contact investigations and things like that. So if you think about administrative nurses in

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

different parts of the Department being able to take a day out of their week to go over and do Public Health screenings for Public Health. So we are managing a lot of it that way.

So I do not know the overall cost initially. Our -- our initial response and our priority is to set up a response and -- and respond aggressively while being good financial stewards of the public dollar but making sure that our response is what it needs to be.

REP. LEISHMAN: Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Thank you. Senator Feltes.

SEN. FELTES: Thank you, Madam Chair. Thank you, Commissioner. One of the things that in response to some of the questions about people self-quarantining, if that's the proper terminology, the -- all those folks that haven't been tested that are in self-quarantine, some states are doing mobile testing capacity, try to get out to the community so that those folks don't end up, you know, potentially spreading whatever they may have. So is that something HHS is looking at in terms of this bucket of money to do mobile testing capacity to get around the state to -- if it's a senior self-quarantine, et cetera?

MS. SHIBINETTE: We actually already have that capacity and we've done at least two, if not three, mobile testing sites. So --

SEN. FELTES: Great.

MS. SHIBINETTE: -- we have what's called MMRS, which is a mobile medical response and it is volunteered -- volunteers, trained medical professionals, so paramedics, doctors, nurses, that come in and we have all set up. We have already done it two, if not three times, sent out our mobile team.

CHAIRWOMAN WALLNER: Thank you. Yes, Senator D'Allesandro.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

SEN. D'ALLESANDRO: Thank you, Madam Chair. First of all, thank you. Thanks for coming and for the good work. I've got two questions. One, coordination with local health entities. For example, the Manchester Department of Public Health and Nashua, the only two that really have Public Health entities that are in place. Is that an ongoing situation? Is it, from your standpoint, is it effective in terms of getting the word out so that we don't get false information out and get good solid information out to everybody?

MS. SHIBINETTE: Yes. So public -- our Public Health Division have excellent relationships with both Manchester and Nashua Public Health and, you know, even our regional Public Health networks. It is a -- it is daily, if not multiple times a day communication with our -- with our Public Health partners and all of the health care facilities around the state. So I am -- I am certain that those conversations and that communication is consistent and we are -- we are in constant contact with those entities.

SEN. D'ALLESANDRO: Further question.

CHAIRWOMAN WALLNER: Yes.

SEN. D'ALLESANDRO: Just one more. When you listed the items that you'll be using to spend on, are there enough people available to fill these positions that you want to fill? I mean, it seems to me there's an enormous labor shortage now and you've pinpointed the health area as a significant area where we can't get people. Can you fill those jobs?

MS. SHIBINETTE: I am -- we are diligently working on those. And, you know, Public Health is a unique and wonderful group that are very, very loyal. So in some cases we've taken -- we have asked Public Health nurses that have been retired to come back and work this crisis for us. The train up and the on-boarding is minimal, and they're able to hit the ground running. So they're incredible. So we have re-deployed

different -- different people in our Department to do new jobs. So I think that we're -- we're very much in the right place. There's always going to be, you know, challenges with -- with really recruiting people very quickly. So our recruitment efforts around new positions and temporary emergency positions have been with people that we now know how to do the job.

SEN. D'ALLESANDRO: Thank you. Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Thank you. Further questions? We have a motion.

SEN. D'ALLESANDRO: I'll move the item.

CHAIRWOMAN WALLNER: We have a motion. Representative Ober moved and Representative Ford second we accept the item, we pass the item. All in favor? Any further discussion? All in favor? Any opposed? None opposed. The item passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: At this point, I would -- maybe you could just take another minute, 'cause I know you need to be out of here fairly soon, just speak to us a little bit about the Dashboard. We had some questions about the Dashboard.

REP. OBER: Oh, 39 as well.

CHAIRWOMAN WALLNER: If you could tell us what your plans are for the Dashboard.

MS. SHIBINETTE: Okay. So we've heard from several members here and even -- and also on Health and Human Services Committee and a variety of committees that they find our Dashboard to be very helpful each month. The -- the intent is to recreate that Dashboard to be a more user-friendly document. So think visuals, graphs, things like that, so you can get a visual snapshot without needing to read through table, after table, after table. So my plan is to recreate that Dashboard. And I have a team of

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

people working on it right now. But because I've heard that you would like to continue to receive the Dashboard, we did send it this month, and we will continue to send it each month until our new one's up and going.

KERRIN ROUNDS, Chief Financial Officer, Department of Health and Human Services: It was sent via e-mail to the LBA who I believe provided it to the Committee about two weeks ago. That's the most up-to-date Dashboard currently. We will submit it formally to the agenda for your next meeting.

CHAIRWOMAN WALLNER: Yes, Representative Ober.

REP. OBER: Thank you. Commissioner, I think the problem is you have a huge chunk of money of the budget at any given time. If we look at agencies, your agency is the best funded of everybody. I'm not complaining about that funding. I'm not saying you don't need it but you have it. We're tasked with watching the finances. When we go basically two or three months without any financial picture, whether it's difficult to read through or not, would I like it if it were nicer? Yes. When I'm having trouble with it do I call Mike and say, listen, can you translate this into English for me because I can't understand this one or that one and he helps me out. We need that financial data.

So I think it's critical that somehow we get something current given the health situation right now. We may not like the Dashboard, but maybe the best thing is to keep giving us something that is there and put your efforts into the crisis that you're facing. And I hope you can think about that and get it to us in a timely manner.

MS. SHIBINETTE: Absolutely. And we did hear that -- that feedback last month and as Kerrin said, we did send the LBA this month's Dashboard a couple weeks ago. So I'm not sure where that confusion is. I thought that you were going to get it by e-mail; but in future months we will submit it for as an agenda item.

CHAIRWOMAN WALLNER: Yes, Mr. Kane.

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Sure. What you received is the operating statistics of the Dashboard; but I believe what you're interested is the financial portion of that.

CHAIRWOMAN WALLNER: Yes.

MR. KANE: Which we did not receive.

REP. OBER: That is correct. We did not get the full Dashboard.

MS. SHIBINETTE: Okay.

CHAIRWOMAN WALLNER: We will see that in the future.

MS. SHIBINETTE: Yes.

CHAIRWOMAN WALLNER: Great. Thank you. Further questions about the Dashboard or any other?

SEN. SHERMAN: I have one.

CHAIRWOMAN WALLNER: Yes, Senator Sherman.

SEN. SHERMAN: Thank you, Commissioner. I have one last question. Since we're sitting in a public hearing and I've been asked on many occasions about public gatherings, what is the current DHHS policy or recommendation on public gatherings in the State of New Hampshire in light of the Covid-19 virus?

MS. SHIBINETTE: So as of this morning, we have not made a recommendation to cancel or to postpone any public gatherings. What we're really telling people is to look at your risk factors, number one, right? So every individual needs to identify their risk. So, for example, if I was an older person that had an underlying COPD, CHF, asthma type diagnosis, as an

individual I need to assess my risks and determine whether I want to attend a public gathering. But as of today, because we don't have any evidence of widespread community transmission, we haven't made that recommendation yet.

SEN. SHERMAN: Thank you.

CHAIRWOMAN WALLNER: Thank you, Commissioner. Any other further -- further questions? We do have another item -- another item of yours that we want to take off -- that we want to take off the agenda and deal with now, and that's Item 20-039. It's in Tab 5. Do we have a motion to take that off Consent?

** SEN. D'ALLESANDRO: So move.

REP. OBER: Second.

CHAIRWOMAN WALLNER: Senator Rose -- Senator D'Allesandro moves that we take that off Consent, and Representative Ober seconds. Is there a motion to pass the item?

** SEN. D'ALLESANDRO: So move.

REP. OBER: I have questions.

CHAIRWOMAN WALLNER: Okay. And Representative Ober has some questions about that one. We have new team players at this point.

That item is under Tab 5 and it is item number 20-039.

REP. OBER: I have two questions on this item. I'm on Page 2, the item in the second paragraph. Project ECHO, Extension for Community Healthcare Outcomes, is evidence-based, all-teach, all-learn method, that uses teleconferencing technology to establish a learning community. That sounds wonderful. It goes on to say the technology connects expert specialist teams at an academic hub with a primary care clinician in local communities.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

Are you really doing local communities or are you doing Nashua, Manchester, and someplace up north?

PATRICIA TILLEY, Deputy Director, Division of Public Health, Department of Health and Human Services: Good morning. For the record, my name is Patricia Tilley. I'm Deputy Director at the Division of Public Health within the Department of Health and Human Services. Thank you for the question, Representative.

We are doing local communities. Part of -- many of us have acknowledged over time that there is a significant lack of access for pediatric mental health care in all corners of the state. This project was specifically designed to be able to reach those providers in those hard to reach areas by reaching out to the pediatricians and the family practice docs that are in those communities. So we are working across the state and really trying to focus on those rural areas or those areas that may or may not be Manchester and Nashua to make sure that they get the expertise so that they can manage their own patients in their own setting.

REP. OBER: Follow-up.

CHAIRWOMAN WALLNER: Yes.

REP. OBER: Actually, going to end up with two follow-ups now. So if a community - I live in Hudson - has facilities run by Southern New Hampshire Health, run by St. Joseph's, and run by Dartmouth, which we do.

MS. TILLEY: Hm-hum.

REP. OBER: I don't know if we have a pediatric mental health specialist. But are those primary care physicians who deal with children in those areas part of this hub and are they getting training locally?

MS. TILLEY: Again, thank you for the question. I can't speak to the exact location right now. If those -- those

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

pediatricians in that setting we can get back to you and give you a list of the folks who are participating. But the idea is really to focus on the pediatricians and the family practice docs, and link them up with those academic experts, not only from New Hampshire but from across the United States, using this tele -- this ECHO model which is using teleconferencing so that we can beam that consultation in. So we are -- and we are focusing on the things that those pediatricians and the family docs deal with all the time, depression, anxiety among adolescents, suicidality, how do you engage parent and family support. So we've started these modules and developed these learning communities to reach those docs that can't come to Concord for a training or can't go to Dartmouth for a training. We want to be able to reach them at their desks.

REP. OBER: If you could get that list to Mr. Kane, he would get it to all of us and I think we probably all want it.

MS. TILLEY: Yes.

REP. OBER: My last question, Madam Chairman. I wonder the age of the pediatric. Is this from birth until 18? What age are you concentrating on with this?

MS. TILLEY: Thank you. Thank you again for the question. So, again, we're working directly with the doctors. We are not doing direct clinical care. This is really standing up our pediatricians and family practice docs so they have the capacity to work with the kids that already in their practices. So that really could be from birth to 18 or even a little bit above 18 as many of our pediatricians are seeing young adults in their early twenties as they transition into adult care, especially if they have some developmental delays or other delays. They tend to see older kids. So we might be focusing specifically on infant mental health for the younger children. But, again, depression, anxiety, suicidality that we are seeing in our adolescents.

REP. OBER: Thank you.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

CHAIRWOMAN WALLNER: Further questions. Yes, Senator Sherman.

SEN. SHERMAN: Thank you, Madam Chair. Hi, Trish.

MS. TILLEY: Good morning.

SEN. SHERMAN: So since this is the Fiscal Committee, I'm shifting my gears a little bit; but I have a bill that just made through the Senate yesterday to create the collaborate care model reimbursement of that. What you're describing is collaborative care for using primary care as the front person. Under Medicaid, because doctors tend to be or providers tend to be incentivized by reimbursement to some extent, is that -- is that collaborative care model going to be something that will be extended to Medicaid? Will the State be able to be reimbursed essentially for all this effort to empower the frontline pediatricians and providers with the mental health capacity under a collaborative care model?

MS. TILLEY: Great, thank you. So, specifically, this project is really about providing the training necessary to eventually do that sort of collaborative care in a more intense way sort of managing a particular patient. So I don't think that we are anticipating any Medicaid support at this particular type of project. But, again, I think I would defer to Karen and others in Medicaid to talk about what the plans are, but around making sure that we have collaborative care and that we have the consultation where needed to help kids in their -- those communities settings.

CHAIRWOMAN WALLNER: Thank you. Further question.

REP. OBER: Madam Chairman, I would second the Senator's motion. I believe he made it, but we didn't have a second.

CHAIRWOMAN WALLNER: Thank you. Senator D'Allesandro moved and Representative Ober second to approve the item. Any further

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

discussion of the Committee? All in favor? Any opposed? Item passes. Thank you.

MS. ROUNDS: Thank you very much.

***** {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: I believe that's the end of your items on the agenda.

MS. ROUNDS: Yes, for this month. Thank you so much.

CHAIRWOMAN WALLNER: You have a lot to keep you busy today.

MS. ROUNDS: Yes.

(2) Old Business:

CHAIRWOMAN WALLNER: Thank you. Now we'll move on to Old Business. Is there any -- any request around Old Business?

REP. OBER: Yes, Madam Chair.

CHAIRWOMAN WALLNER: Yes, Representative Ober.

REP. OBER: Item 20-005.

CHAIRWOMAN WALLNER: Yes, 20-005 is on the table. It's the Office of Professional Licensure.

****** REP. OBER: It's my understanding that they want to leave it on the table and we all know it needs to be redone. I would, therefore, move to take it off the table so we can dispose of it and they can send us a new item when they're ready as they have a new director and who knows where this is going to go. So I would move to remove this from the table.

REP. FORD: Second.

CHAIRWOMAN WALLNER: Representative Ober moves and Representative Ford seconds to remove this from the table.

REP. OBER: We can vote. It's non-debatable.

CHAIRWOMAN WALLNER: All in favor of removing it from the table? Opposed? We'll remove it from the table.

***** {MOTION ADOPTED}**

****** REP. OBER: I would move to deny this item.

CHAIRWOMAN WALLNER: Representative Ober moves to deny the item.

REP. FORD: I'll second.

CHAIRWOMAN WALLNER: And Representative Ford seconds.

REP. OBER: The reason is -- if I might speak to it?

CHAIRWOMAN WALLNER: Yes.

REP. OBER: Is that there is going to be a new director. The director who's submitted this has resigned, and there were questions and there were concerns and even the agency agreed to leave it on the table. I know they will have to bring back a new item and who knows what it will look like. We can give them that right and when they're ready, they can come back.

CHAIRWOMAN WALLNER: Any other comments or questions about this item to deny and having the Department notify they're denied and they will come back with a new item? Okay. All in favor? Opposed? None opposed. Item passes.

***** {MOTION ADOPTED}**

REP. OBER: Madam Chairman.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

CHAIRWOMAN WALLNER: Yes.

** REP. OBER: I would move to take Fiscal Item 20-029 off the table.

KENNETH WEYLER, State Representative, Rockingham County, District #13: Second.

CHAIRWOMAN WALLNER: Representative Ober moves to take 20-029, Department of Education item, off the table, and Representative Weyler seconds. Any --

REP. OBER: It's non-debatable. I would ask for a roll call vote.

CHAIRWOMAN WALLNER: A non-debatable motion so all in favor of removing it from the table?

REP. OBER: Roll call vote, please.

CHAIRWOMAN WALLNER: You'd like a roll call vote.

REP. WEYLER: Motion is to remove from the table Item 20-029. Representative Leishman.

REP. LEISHMAN: No.

REP. WEYLER: Representative Ford.

REP. FORD: No.

REP. WEYLER: Representative Weyler votes yes. Representative Ober.

REP. OBER: Yes.

REP. WEYLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: No.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

REP. WEYLER: Senator Feltes.

SEN. FELTES: No.

REP. WEYLER: Senator Sherman.

SEN. SHERMAN: No.

REP. WEYLER: Senator Fuller Clark.

SEN. FULLER-CLARK: No.

REP. WEYLER: Senator Ward.

SEN. WARD: Yes.

REP. WEYLER: Representative Wallner.

CHAIRWOMAN WALLNER: No.

REP. WEYLER: Three to seven.

CHAIRWOMAN WALLNER: Motion fails.

***** {MOTION TO REMOVE THE ITEM FROM THE TABLE FAILED}**

(3) RSA 9:16-a, II, Transfers Authorized:

CHAIRWOMAN WALLNER: And now let's move on to our Tab 3 in our book. And this is Item 20-034. It's an item for Department of Transportation. Would anyone like to have the Department of Transportation speak to this item? Seeing none, do I have a motion?

****** REP. LEISHMAN: Move to approve.

REP. OBER: Second.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

CHAIRWOMAN WALLNER: Representative Leishman moves the item and Representative Ober seconds. Discussion of the item? Seeing none. All in favor? Opposed? None opposed.

***** {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: I'm going to slow down for just a minute so that -- I think Representative Leishman made the motion.

REP. OBER: I seconded.

CHAIRWOMAN WALLNER: And Representative Ober seconded. Thank you. All in favor? It passed.

***** {MOTION ADOPTED}**

(4) RSA 9:16-c, I, Transfer of Federal Grant Funds:

CHAIRWOMAN WALLNER: Now we come to Consent and -- no, I'm sorry. I'm sorry. Tab 4 is Department of Environmental Services, a federal grant. Questions about this? Seeing no questions. Could we have a motion?

****** REP. OBER: Move to approve.

REP. FORD: Second.

CHAIRWOMAN WALLNER: Representative Ober moves to approve.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Representative Ford seconds. Discussion of this item? Seeing no discussion. All in favor? Opposed? Item passes.

***** {MOTION ADOPTED}**

(5) RSA 14:30-a, VI Fiscal Committee Approval Required for

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:

CHAIRWOMAN WALLNER: Now we have Consent and I know that there's a few things on Consent that people would like to take off. Let me know.

REP. OBER: Madam Chair, I'd like to remove 20-036.

REP. WEYLER: Hang on, hang on.

CHAIRWOMAN WALLNER: We're going to slow down for a minute. We're tired.

REP. WEYLER: Last one we did was 035.

CHAIRWOMAN WALLNER: Thank you. We'll move now to Tab 5, and Representative Ober has asked for Item 0 -- 20-036.

REP. OBER: Do you want to approve the rest of Tab 5 or do this one first, Madam Chairman?

CHAIRWOMAN WALLNER: I wanted to be sure there isn't something else that needs to come off. Is there anything else that someone wants to take off Consent? Okay. Could I have a motion to approve the rest of the tab -- Tab 5?

****** SEN. D'ALLESANDRO: Move consent items.

REP. OBER: Second.

CHAIRWOMAN WALLNER: On Tab 5. Senator D'Allesandro moves and --

REP. OBER: I second.

CHAIRWOMAN WALLNER: Representative Leishman seconds. And any discussion on any of this? All in favor? Opposed?

*** {MOTION ADOPTED}

CHAIRWOMAN WALLNER: Now we'll go to Item 20-036.

REP. OBER: I would like the Department --

CHAIRWOMAN WALLNER: Yes. This is Department of Corrections.

BENJAMIN JEAN, Assistant Commissioner, Department of Corrections: Good morning.

CHAIRWOMAN WALLNER: Good morning.

MR. JEAN: I don't know if I have this on, but on behalf of Commissioner Hanks sends her regards. Unfortunately, she had a death in the family last night. So I'm going to do my best to replace her. But, for the record, I'm Assistant Commissioner Benjamin Jean for the Department of Corrections and here for Item 20-036, which has to do with the purchase that we're looking to do for a couple of refrigerated box trucks for the Department of Corrections, utilizing some of the funds that were provided under the Volkswagen settlement.

CHAIRWOMAN WALLNER: Do we have questions? Yes, Representative Ober.

REP. OBER: Thank you for coming. Please send our condolences to Commissioner Hanks.

MR. JEAN: Thank you.

REP. OBER: Can you just tell us what the Department of Corrections does with refrigerated trucks?

MR. JEAN: Yes, Representative Ober. Thank you for the question. So the -- obviously, we have a -- we have a population that we are required to feed and maintain and which for basically provides over 7500 meals a day. To do that we require refrigeration of food items and storage coming from our

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

warehouse where we receive items and, also, within our kitchens in our facilities.

The refrigerated box trucks are necessary in order for us to move those items between the warehouse, our prisons, and between the northern and the southern prisons as well. Because of the fact that those refrigerated items must remain refrigerated until used, it requires us to utilize refrigerated trucks for it. They also provide us some backup, emergency backup for if we have refrigerator failures within the facility itself, it gives us some refrigerated storage capabilities in order to move food and keep it refrigerated so it's not lost or spoiled.

CHAIRWOMAN WALLNER: Further questions?

** REP. OBER: No. Move to approve.

CHAIRWOMAN WALLNER: Thank you, Commissioner. Representative Ober moves to approve.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: And Senator D'Allesandro seconds. Any discussion of the item? Seeing none. All in favor? Opposed? Item passes.

*** **{MOTION ADOPTED}**

MR. JEAN: Thank you.

CHAIRWOMAN WALLNER: Thank you. Thanks for coming up.

(6) **RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source and RSA 124:15 Positions Authorized:**

CHAIRWOMAN WALLNER: And now we will move on to Tab 6. This is Department of Safety. Do we have any questions on this one? Seeing none. Could I have a motion?

** SEN. D'ALLESANDRO: So move.

REP. LEISHMAN: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves and Representative Leishman seconds to approve the item. Any discussion? All in favor? Opposed? The item passes.

*** {MOTION ADOPTED}

(7) RSA 124:15 Positions Authorized:

CHAIRWOMAN WALLNER: Moving now to Tab 7, and this is an item from Fish and Game. And do we have any questions on this one? Representative Weyler has a question of Fish and Game. Thank you.

GLENN NORMANDEAU, Director, Fish and Game Department: Good morning. Glenn Normandeau, Director of Fish and Game.

CHAIRWOMAN WALLNER: Thank you for being here.

MR. NORMANDEAU: Thank you.

REP. WEYLER: Thank you, Madam Chair. Thank you, Director. Looking at the Class 17, the temporary full-time pay and the benefits, one is 54, the other is 36,000. Is this -- are you giving a full year of benefits and a full year of pay and why are the benefits so high?

MR. NORMANDEAU: Benefits, 14. So the -- the benefits cover the requested temp full-time as well as the temporary position. And 14,000, I believe, and I'd have to check, but I believe 14,000 is what is budgeted for a single individual. In other words, for health benefits we have a number that we get.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

REP. WEYLER: Right.

MR. NORMANDEAU: And I think that that's probably what that includes and why it's up there.

REP. WEYLER: Then there's another 22,000 in benefits over the 14.

MR. NORMANDEAU: Twenty-two.

REP. WEYLER: See benefits line has increased by 36,322.

MR. NORMANDEAU: Hum -- on my sheet I don't see that. Benefits change was 14,000.

REP. WEYLER: Mine says 54. 20047.

MR. NORMANDEAU: Two zero.

REP. OBER: Front page.

REP. FORD: The front page.

MR. NORMANDEAU: Okay. I apologize. I have the wrong -- the wrong sheet. One that apparently was put together earlier than the one you folks have. So the -- this actually makes much more sense to me on several fronts, actually.

REP. WEYLER: Now we're on the same item.

MR. NORMANDEAU: Okay. Now we're on the same program. Okay. So the benefits side, I mean, we usually budget benefits based on a couple so that -- the health care part of that would be 24,000.

MR. KANE: Roughly.

MR. NORMANDEAU: Roughly. And then the rest would be workers' comp, FICA, FUCA, and all the other accoutrements that go along with that. So it is -- it is, of course, each individual, depending on when you actually hire, that is somewhat variable. But that will probably also include our share of retirement. So it can be a relatively large number compared to the salary actually.

REP. WEYLER: So even at a lower salary would still be about 36,000?

MR. NORMANDEAU: Yeah. Well, that's the funny thing about these, and you see it a lot in the budget where depending on who the individuals are, is that the -- the benefit number hardly changes with the salary. It's just about the person.

CHAIRWOMAN WALLNER: Further questions?

REP. WEYLER: Thank you, Director.

MR. NORMANDEAU: Yeah.

** REP. WEYLER: I move the item.

SEN. D'ALLESANDRO: Second.

REP. WEYLER: Representative Weyler moves and Senator D'Allesandro seconds approval of Item 20-040. I'm sorry.

SEN. D'ALLESANDRO: 20-047.

CHAIRWOMAN WALLNER: 20-047. Any further discussion of the item? Seeing none. All in favor? Any opposed? Item passes.

*** **{MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Thank you very much, Mr. Normandeau.

MR. NORMANDEAU: Thank you. I'm next, so. I'll stay until you don't need me.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

CHAIRWOMAN WALLNER: Okay. Yes, stay. Was that the item you were looking at?

REP. WEYLER: Go back to 41.

(8) RSA 206:33-b, Transfers from Fish and Game Fund:

CHAIRWOMAN WALLNER: Now we're moving on to eight, Tab 8, and this is Item 048. And do people have questions about this item? Seeing no questions about the item, can I get a motion?

** SEN. D'ALLESANDRO: Move the item.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves.

REP. WEYLER: Second.

CHAIRWOMAN WALLNER: And Representative Weyler seconds. Any discussion of the item? All in favor? Any opposed? Thank you.

MR. NORMANDEAU: Thank you.

*** {MOTION ADOPTED}

(9) Chapter 345, Laws of 2019, Department of Corrections; Budget Footnote:

CHAIRWOMAN WALLNER: You're off the hot seat. Now we move to item -- Tab 9 in our book. And this is Department of Corrections, Item 20-042. And do we have questions concerning this item?

SEN. D'ALLESANDRO: I think so.

CHAIRWOMAN WALLNER: Okay. Yes, could someone from Corrections join us again. Thank you.

MR. JEAN: Good morning. For the record for this item, Benjamin Jean. I'm the Assistant Commissioner for the Department of Corrections.

CHAIRWOMAN WALLNER: Thank you. Thank you for coming up.

ERIN HENNESSEY, State Representative, Grafton County, District #01: I think your mic is not on.

MR. JEAN: How about now? You want me do it again?

CHAIRWOMAN WALLNER: I think you're good. Senator Feltes has a question.

SEN. FELTES: Thank you, Madam Chair. Thank you very much. This is a significant request, and I have two questions actually. Number one, how do we get to this point? And how are we planning to kind of deal with this moving forward? And then related to some extent is what are you doing right now to plan within the prison population in your facilities to prevent the possibility of Coronavirus spreading throughout your facilities? So I think it is -- could be separate, but I think it's also related as we had this discussion.

MR. JEAN: Thank you for the question, Senator. How did we get to this point? Well, as you know, we do budgets. We do projections based on medical standards of treatment and then anticipated costs of those treatments based on the population that we have, and we drew up those budgets. The thing that's been the primary driver of this change and need to come back for more money on the prescription drugs is the acceptable standards and how they've changed for the treatment of those with Hepatitis C and about earlier treatments and then different types of treatments that are now available. So what we've experienced is that in FY19 we had 28 patients that were being treated for Hepatitis C. But because of those changes in medical standards and practices, it now requires us to treat 83. So that's a significant number of new patients that we would not

have expected to be treating and drives a significant amount of this cost.

So going forward, how do we deal with that? We continuously try to monitor those medical standards to see and anticipate if there's going to be changes in other things that requires earlier treatment or different interventions and try to budget for those accordingly. As we go into the budget cycle now knowing when these treatments have to occur for C, we'll be able to project that more wholly into that budget going forward.

As far as the Covid-19, obviously, we're concerned as everybody else about transmission of Covid-19. So we've been aggressively doing the hand washing campaigns within the facilities, distributing cleaners. You know, telling people and employees though if you're experiencing symptomatic conditions of the Covid-19 or even influenza, because that's always a concern, too, is to stay home and get checked. We are still allowing visitation currently, but we're screening people that are coming in for visits. We don't allow direct contact visits anyway, but we're still screening as well. If people are manifesting symptoms that we would be concerned about, we would not allow the visitation to occur.

We are actively engaged in the calls, you know, in the updates as far as what the response is and it's allowing -- we are using more items than we would normally use as far as cleaners because everybody seems engaged and I think we can see that ourselves when you go to the store and the soap aisle is now empty which it never was before. So, you know, those are the efforts that we're doing.

We're looking and monitoring also for if conditions change in New Hampshire and we are not getting direct contact transmission and it starts to be community transmission, and then we are going to reassess, obviously, and see what changes that may require as far as restricting even further access in and out of the prison facilities.

CHAIRWOMAN WALLNER: Thank you. Further questions?

SEN. FELTES: Just on the community transfer thing. Obviously, we are not testing people who may be infected based on community transfer. We don't have the test. Where in other states they've confirmed community transfer. It's the same virus. So I don't -- I guess it's a relevant question for the Commissioner who is not here either, but it's the same virus. If community transfer is dictating taking certain protocols in other states, why wouldn't we take those here? I'm just curious. I don't --

MR. JEAN: Yeah, that's the -- that's where we are at currently. I think even with community transfer, I think we have to look at symptoms of people, right, and see. But it becomes a point is where you -- where do you start closure and then how long does that occur? And then how does that balance with some of the other things that we have to do as far as allowing people to see -- see loved ones and do different things. It's an ongoing challenge and this may change rapidly. I mean, the position we've taken today may be totally different tomorrow. I don't think anybody truly has the exact right answer at this point.

SEN. FELTES: Thank you.

CHAIRWOMAN WALLNER: Yes, Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Madam Chairman. Thank you very much for coming. Appreciate it. This \$1.6 million ask, this is a significant ask. And during the budget process, you know, we spent a lot of time working with this. But this would -- this would be your expenditure through the Fiscal Year would be 5.1 million for medications or drugs at the area. And I notice that Hepatitis C, HIV, and diabetes seem to be the real sticking points. Didn't we -- didn't we know this when you came to us with the budget ask? Because this is all coming from funds not otherwise appropriated. We don't have a lot of money left, and this is a significant ask for that item. And what about next

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

year, as we roll into the next Fiscal Year? We've only got -- we've got March, April, May and June here for this Fiscal Year.

MR. JEAN: Right.

SEN. D'ALLESANDRO: It's a real concern that I want to -- I want the entire Fiscal Committee to understand. We are eating up funds not otherwise appropriated at a very rapid rate, to the point where we are going to have no funds. And if our lapses don't meet their designated number, we are in real trouble here and we've asked for lapses, but that's another issue. But this one, a 1.6 million, almost a \$1.7 million ask when you're a little more than halfway through the Fiscal Year, that's very significant.

MR. JEAN: Yeah, I appreciate the question and the statement, Senator, and I understand your concerns with it. And when we budget, we do the best we can to project in the budgeting. The biggest driver of this is that Hep C and as the change in the treatments of Hep C, it makes -- it makes up just that part alone is about a million dollars of that ask in that change. We're doing our best to project this through the year end. It is a pretty significant number the 1.6, almost 1.7 million. You know, the only other thing I may offer is that whether we want to look at providing a portion of it and we come back to you in two months and get another couple of months of treatments and pharmaceuticals done in there to get it more tuned. Because we are now trying to look out five months of that Fiscal Year, because this is through January. You know, maybe the only other thing to offer. But understanding that we are going to need more money in order to provide the treatment that we have to provide.

SEN. D'ALLESANDRO: Thank you.

REP. OBER: Madam Chair.

CHAIRWOMAN WALLNER: Yes, Representative Ober.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

REP. OBER: That was an interesting answer. I think the Senator proposed one of the things we are struggling with you're not the only one asking for more money. So we are trying to balance the money. Once you spend it all, it's gone. We don't print money.

MR. JEAN: Right.

REP. OBER: If I printed money I'd have a Ferrari, but we don't print money. So if we gave you partial money now, would you anticipate it goes down or we just going to need the 1.7 and we put off the paying hoping for something better?

MR. JEAN: Yeah, that's a good question. I mean, we are projecting we need 1.7. But because the treatments and the number of patients and in and outflows that number can change. We are seeing 1.7 as being the maximum paying point. But it is variable. So some of it is literally if you give us some, we can hope that it's not 1.7 when it's done, but it very well could be. Or we have the 1.7 and what we don't spend goes back. I mean, it's unused. So I was really merely offering it as you're trying to create visibility, but understanding that we're projecting we need 1.7.

CHAIRWOMAN WALLNER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Madam Chair. And if we reduced the ask to \$800,000 --

MR. JEAN: Hm-hum.

SEN. D'ALLESANDRO: -- what's your reaction to that in terms of the need -- I mean, addressing the need?

MR. JEAN: I'll defer to Robin.

ROBIN MADDAUS, Director of Administration, Department of Corrections: I'm taking over. Hi. Robin Maddaus, Director of

Administration for the Department of Corrections. Right now we need 67,000 to make the current payment. So we would be looking more for a million dollars to get us through to come back in May.

SEN. D'ALLESANDRO: So --

MS. MADDAUS: And see where we are then.

SEN. D'ALLESANDRO: Your answer is you need a million dollars --

MS. MADDAUS: Hm-hum.

SEN. D'ALLESANDRO: -- to sustain at this point, and then you'd come back again in May?

MS. MADDAUS: If we still need and I'm assuming we would. With these dollars we can bring them forward to the next year. So I don't know if giving us the 1.7 would also increase our budget for next year. It's not that we're planning it this way. We totally plan to having the -- having to spend the 5.1 million. But if there is any excess or we collapse it.

SEN. D'ALLESANDRO: That kind of creates two concerns. First concern, would you meet the lapse? That's number one and number two --

MS. MADDAUS: Right, we could do that. That's another alternative, to lapse it versus bringing it forward.

SEN. D'ALLESANDRO: The other situation is if this amount is not satisfactory, if the budgeted amount doesn't satisfactorily meet the needs, next Fiscal Year you're going to come back with the same amount.

MS. MADDAUS: It's possible.

SEN. D'ALLESANDRO: We could look forward to another hit of around 1.6, around 1.6 million from funds not otherwise appropriated.

MR. JEAN: That's correct.

SEN. D'ALLESANDRO: Thank you.

REP. WEYLER: Question.

CHAIRWOMAN WALLNER: Yes, Representative Weyler.

REP. WEYLER: Thank you, Madam Chair. Thank you. How contagious is Hep C and how many of these people that are in your increase have caught it in the prison? Can we isolate this population?

MR. JEAN: You know, with all respect, I'm not a medical person; but my understanding -- bless you -- my understanding is Hep C is transmitted primarily through needle usage which we're not, obviously, providing to the residents to use. So I -- I think the relative danger of the spread of Hep C is low but that's based on my zero medical expertise. You know, Hep A is probably more of the danger as far as, you know, with regards to hand washing and poor hygiene. I don't think it's a series of where we are creating more people with Hep C that while they're in prison. It's merely the driver has been is the treatment, the acceptable treatment and when to treat changed which is driving this sudden increase.

REP. WEYLER: Thank you.

CHAIRWOMAN WALLNER: Senator Sherman, I think, can help us with his answer.

SEN. D'ALLESANDRO: Doc Sherman.

SEN. SHERMAN: Thank you, Madam Chair, and this is actually my specialty.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

CHAIRWOMAN WALLNER: So handy to have someone like this on the Committee.

SEN. SHERMAN: Just to answer the question, you're absolutely right. Hep A is the one that's transmissible. It's generally self-limited and goes away and a lot of people don't have any symptoms. Hep C is transmitted by blood and body fluids. It's not by close contact. Even kissing will not transmit, although I don't know for a fact that goes on in your setting.

MR. JEAN: It's not permitted.

SEN. SHERMAN: I guess for the Fiscal side of this the good news is that the treatment two years ago for Hep C was three months at \$90,000 a treatment. So this is a major cost reduction in a very kind of not great way. This is -- these medicines are incredibly expensive. I think two comments.

Number one is I would anticipate the cost for Hep C treatment will just continue to go up because of the opioid crisis, which is where most of these people are coming from, from shared needles, as Representative Weyler mentioned. But, also, it's really important that we treat from a public health standpoint. Because, number one, you are compelled to treat the medical conditions, and this is a serious medical condition. Not terribly symptomatic but it is contagious and it is progressive. So people go on with the risk of cirrhosis or cancer of the liver.

And the second part is that once they're out, you can't be guaranteed that they will get the treatment they need. And so they will go on to infect others once they're out which will increase the State's cost down the road. So not commenting on the timing of this request, but I would anticipate that this budget item will continue to rise as we have more people using.

CHAIRWOMAN WALLNER: Senator D'Allesandro.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

SEN. D'ALLESANDRO: Well, thank you. Just thank you very much, Senator Sherman. I think that the clarity I'm getting from your comments is we could look forward to another ask from the Department of Corrections basically.

SEN. SHERMAN: Right. This is only going to go up. This is why the key to Hepatitis C or bacterial endocarditis which is where your heart valve gets infected because of use of IV drugs, these are hugely expensive treatments, mostly Medicaid or uninsured population. Many of them are being incarcerated because of drug-related crimes, and it's only going to go up. So harm reduction is the key to getting rid of this, as well as treating those who are known infected.

SEN. D'ALLESANDRO: Thank you. Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Yes, Senator Fuller Clark.

SEN. FULLER-CLARK: Thank you very much. I'm just looking at the notes that were provided by Helen Hanks, and the very last paragraph says the Department will continue to seek opportunities to reduce costs through the ongoing review of drug costs and seeking community partnerships, et cetera. 340-B is a federal drug program discount program mandates drug manufacturers to provide certain health care providers drugs at a deeply discounted price. I'm wondering if there could be some comment about that and if that would have any impact going forward?

CHAIRWOMAN WALLNER: Thank you.

MR. JEAN: Thank you. Thank you for the question. The -- I don't have any numbers related to that. There is a program, a federal program that we are applying for that we are hoping to become a participant in, which based on the description, is supposed to help provide drugs at a lower cost. I currently or personally, this is why I wish the Commissioner was here and I could do some research for you if you like, don't have any

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

visibility of what that actually means. So if accepted, does this drug go from 22,000 to 5,000. So I don't have visibility on that. But I know it's part of the efforts, recognizing the fact that this is an increasing area of cost that we are exploring. And I'd be happy to get more information about that program and see if there's any visibility that if accepted what that really translate to in dollars, if that's helpful.

SEN. FULLER-CLARK: Thank you so much for taking my question and for your answer.

CHAIRWOMAN WALLNER: Thank you. I think we would like to see any kind of information about it that you find out.

MR. JEAN: We'll get that all sent to the Committee.

CHAIRWOMAN WALLNER: Thank you. I need a motion.

** SEN. D'ALLESANDRO: I move the item.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves --

REP. OBER: Second.

CHAIRWOMAN WALLNER: -- approval. Representative Ober seconds. Any further discussion on this item? Seeing none. All in favor? Opposed?

CHAIRWOMAN WALLNER: Item is approved.

MR. JEAN: Thank you.

*** {MOTION ADOPTED}

(10) Chapter 345, Laws of 2019, Site Evaluation Committee:
Budget Footnote:

CHAIRWOMAN WALLNER: Thank you. Thank you for coming.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

And I think our next item is under Tab 10, and this is Item 20-049. It's the Site Evaluation Committee, and I'm pretty sure there's some questions about this. So if you'd like to come back up.

DIANNE MARTIN, Chair, Site Evaluation Committee and Public Utilities Commission: Good morning, Madam Chair, Members of the of the Committee. Thanks for having us.

CHAIRWOMAN WALLNER: Would you just introduce yourself.

MS. MARTIN: Yes. Dianne Martin. I am the Chair of the SEC at this point and also the PUC and I have with me Commissioner Bob Scott who is the Vice-Chair of the SEC.

CHAIRWOMAN WALLNER: Thank you. Representative Leishman has questions on this item.

REP. LEISHMAN: Thank you, Madam Chair, and good morning.

MS. MARTIN: Good morning.

REP. LEISHMAN: Representative Ober and I sat on Division I when the Site Evaluation Committee was established, and it would appear to be by just reading your explanation in your request that you seem to be travelling a little beyond the scope that the Legislature reviewed at the time. And if I recall specifically, the discussion with the Chair Ignatius, I believe, at the time was that the fees would cover essentially the cost to keep this Committee moving. So could you help me? It seems like you've maybe gone off track. At least from my recollection of what was discussed and approved at the time.

MS. MARTIN: Hum -- so I will -- I try to stay on track at all times. And I'm not sure if you're asking about the statute or if you're asking about the history of --

REP. LEISHMAN: No, your request. We'll focus on the request because -- go ahead.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

MS. MARTIN: So the request, I'm making the request for a couple of reasons. The first reason is that there have been less filings this year than I think in any other year in the past. And so we have currently got one project pending. The fee related to that was approximately \$60,000. That's significantly lower than every other year that the SEC has been in operation. And so I think that's reflected in the difference between the projected revenue and what we've actually received. So there's that issue. We have to be able to pay all the expenses related to that project and outstanding expenses related to prior projects.

The other issue is for the operation of the SEC itself. There's an administrator, a single employee of the Committee who is employed and has to be paid and her position separate and apart from the lack of funds and fees is part of in the statute the expenses that needs to be paid by General Funds. And so we have sort of two issues. We'd be here in either scenario this year because of the lack of applications.

REP. LEISHMAN: Just a follow-up, Madam Chair.

CHAIRWOMAN WALLNER: Yes.

REP. LEISHMAN: Thank you. The request is fairly significant. I think you heard earlier some concern about the amount of money that continues to be drawn and we have a lot of issues on our plate. Do you see any improvement as far as are there anymore projects in view or --

MS. MARTIN: I am not aware of any projects in the pipeline at this point in time. I don't expect another project before the end of this Fiscal Year.

REP. LEISHMAN: I don't have any further questions, Madam Chair.

CHAIRWOMAN WALLNER: Further questions? I'm looking for a motion.

** SEN. D'ALLESANDRO: Move to approve.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves to approve the item.

REP. FORD: Second.

CHAIRWOMAN WALLNER: And Representative Ford seconds. Any further discussion about this item? All in favor? Opposed? None opposed.

MS. MARTIN: Thank you very much.

CHAIRWOMAN WALLNER: The item passes. Thank you.

*** {MOTION ADOPTED}

11. Miscellaneous:

12. Informational Materials:

CHAIRWOMAN WALLNER: So I think that is the end of our regular agenda. We do have some Informational Materials. And I know that we would like for Commissioner Arlinghaus and Mr. Bouchard to come up and everybody. I know we have questions.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: I'm Charlie Arlinghaus. I'm the Commissioner of Administrative Services. With me is Joe Bouchard, who's the Assistant Commissioner of Administrative Services and, also, last but not most is Dana Call who's the State Comptroller.

CHAIRWOMAN WALLNER: Thank you. Thank you for coming up. And I think we have some questions around your report 20-043 in our packet under the informational item. So do you want to talk to

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

us a little bit, Commissioner, about this and, Miss Comptroller, about this -- about this report? And I guess we have some questions about how helpful it is and how much time it takes you to prepare this, and I think some people are sort of interested in knowing whether there are different ways of going about this that might be explored.

MR. ARLINGHAUS: Yes. There's a --

CHAIRWOMAN WALLNER: Okay.

MR. ARLINGHAUS: Let me just start for people who don't recall sort of the history of where this comes from. At one time this was called the SB 32 report which we stopped calling because there were future SB 32's. Seemed kind of silly, didn't it. So it's the State Expenditure Report. As you know, on the revenue side, we do a monthly revenue focus which for general and education funds, unrestricted revenue, it's a really good snapshot. Revenues lend themselves to this to how we doing? And it's a great how we doing. Are there anomalies in it? Of course, there are. There are things like we didn't take interest out yet. And yeah, but April hasn't happened yet so you can't count that. All those kind of things it's easy to discuss.

Historically, people had thought for a long time, yes, great, we know where we are with revenues, but it takes two sides to balance a budget, and nobody knows where on earth we are with spending. And then something happens and, oh it turned out we spent \$8 billion more than we thought and we didn't see it coming. And so there was a direction legislatively some time ago to try to come up with something.

At one time it looked like people were going to want a monthly update on spending, which turned out to be really silly because, of course, you don't spend money quite that way. Many line items you spend like a giant chunk one month and nothing for 11 months. And unless you know when that month is, the data isn't helpful.

Over time we developed this report to come up with, and, again, it's a -- it's a -- it's a snapshot. It's a tool. It's a rough thing. So I'll give you an example. We are trying to track internally our lapses which is difficult in knowing and everything else. And I would say that I have probably the best financial staff of any Department in the state. And I -- and I don't say that with false pride. I say that knowingly.

Nonetheless, despite that, and we have a wonderful CFO, Sarah Trask, who's relatively new, when we sit down and go how much do you think we are going to lapse at the end of the year? And I can tell you, you know, looks like it's about 1.7 million. How confident am I in that? Not really sure. Depends who retires, depends a lot on payouts, depends a lot -- and we are doing a bunch of things. This report was moderately helpful in producing that estimate, because we were able to track things other than salaries and say, well, how we doing on -- what did we do last year? Anything weird happen last year? Yeah, remember that thing where we had to buy the stuff. Oh, yeah. Okay. We are not doing that this year. And so you go through all your lines and functionally you're still doing line by line, but you got some information on sort of rate of spend in the past. That said, and so it's -- is it you useful? It's relatively useful. Be much more useful next quarter than this quarter. It would be sort of next to meaningless in the first quarter which is why we don't do one in the first quarter. So we do fewer of them.

DANA CALL, State Comptroller, Department of Administrative Services: We actually do.

MR. ARLINGHAUS: But it's not -- yeah.

MS. CALL: Not great.

MR. ARLINGHAUS: Yeah, it's not great. It is a lot of work on our part and lot of work on agencies. I want Dana to talk a little bit about that. I do want to emphasize though that its utility is to you and the public. I mean, it's utility to you

as opposed to us. And so that judgment is a judgment that you're going to want to make. Dana will talk about how much work it is.

MS. CALL: Thank you. The workload has actually streamlined a bit over the last couple years because I, too, have questioned the utility of this report. And I come here every time we present it. I sit in the back and never get a question. So I'm happy to be talking about it actually.

MR. ARLINGHAUS: We are excited to be called up. What?

CHAIRWOMAN WALLNER: We are hearing about it now,

MS. CALL: There's an effort involved, but I would say the effort has been streamlined. We were able to work with the agencies to sort of put an automated feature in the system to get the fund mix right, and that was the biggest hurdle that we had in implementing this the first couple years is how do we get the right fund mix. And that means, you know, General Funds, Federal funds, Highway Funds, all the different sources of funds that are out there. And accounting units are -- have in the system have home funds, where they are assumed to be one fund source, but really Other Funds are filtered in and that's a lot of that is done through the magic of our financial system.

So we were able to get that sort of streamlined to get agencies used to going in and reviewing their fund mix so that when we print these reports it's not a lot of effort for my team in terms of other than sort of reminding, corralling the agencies, getting them to meet our deadlines, that sort of thing.

What we present to you is just a one pager. But if you -- we, also, once we present to you, we post on our website the detailed spreadsheets that are behind this, in case anyone had an interest. So 'cause we all go all the way down to the class level. So what we are presenting to you is just the highest level agency level. And we have sort of streamlined

agencies to give us explanations for variances above a certain dollar amount. We are using \$1 million right now just to kind of not have it be such a daunting task every quarter, and that seems to have worked. What we don't do at this point is predict lapse.

So it's -- this is a six-month report. Typically, in the third quarter we do ask agencies to add, we add a column to the word document that's presented to you, and we ask them to estimate their lapse. That's separate from the process that's going on; but just in terms of this report, by the third quarter we have historically asked agencies to take a look at that. And, again, it matters if we are in the first year of the biennium or the second biennium. We ask them to tell us if it's non-lapsing account. Treasury and the debt information that's in here is not easy to follow because a lot of it is biennium based and not Fiscal Year based.

So I guess I can take any other specific questions. But the sense is we've got it so much streamlined. This is not problematic. I'm not sure how useful it is, but I hope it has some use from a high level.

CHAIRWOMAN WALLNER: Senator D'Allesandro.

SEN. D'ALLESANDRO: First of all, thanks so much. And I appreciate the work you guys do. I really think it's phenomenal and I've been around here a long time so I can tell you that the improvements we have made over the years have been substantial and very, very worthwhile.

The problem is all of a sudden we get a Continuing Resolution. So we got three months that don't figure into our planning process. And then we got an adjustment and we move forward. We got to focus every month and we recognize that at the end of the Fiscal Year there's a true-up on the business taxes, because they don't really know what's all BPT and BET and so that's a little problematic moving forward.

I think what's happened since over the last couple of years, the number of times people are coming to Fiscal Committee looking for an appropriation that wasn't part of the budget, and it seems to me that that's happening more -- more this time. And I don't -- I don't know how to get my -- wrap my arms around that because two things become pre-eminent with me. A, you're spending money that in many instances we might not have. And we are looking to that famous lapse and we're saying, we'll cover it with the -- we'll cover it with the lapse. And I think we did pay or we did use the lapse to pay the pay increase in the last biennium, right? It was the lapse that took care of that -- that situation. So those things begin to have an effect on financial picture. And then you got March and April which are key months on the revenue side but the spend continues. And that -- I mean, those are the things that I think we have to -- we have to grapple with in terms of making all of this work.

MR. ARLINGHAUS: If I could -- three comments about that.

SEN. D'ALLESANDRO: Sure.

MR. ARLINGHAUS: One, last year the pay increase was covered by House Bill 18 -- 2018 pay increase was covered by an Amendment to House Bill 1817. So we actually appropriated the money, I think in large part 'cause there was a lot of surplus. So we didn't use the lapse. I know during the budget discussions and certainly during the CR period there was a lot of discussion about can we use the lapse to pay for, you know, a pay increase that hasn't exactly happened because I think they've not reached agreement yet, as I recall. And I tried to say to people all the time if I can, the lapse isn't money. It's the absence of money, and so please don't use it to pay for stuff, because it's not there. It's air. It's a hole, and you can't use it. It always makes me nervous. I know you know that I just want to say that out loud for the audience's sake.

In terms of people coming to Fiscal for money, in the past there were limited circumstances when people did that. One

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

everyone famously knows about is Judicial Council. We look at -- we do indigent defense and we pay for it and, you know, however many people get tried we pay for that much stuff. Historically, that's been sort of a long-standing thing. I think over time things have -- periodically things happen. And I'm sure part of it is that, you know, the budgeting process you look at speculative spending long-term. Spending where they can't exactly put a finger on it and they say to themselves I don't know how much we are going to need, but use the one that happened today, right, the Hep C costs, the spending costs at Corrections. Well, we can't not treat people who are incarcerated. That's kind of a thing we have to do. And you look at it and you're not sure what it's going to cost so they put that in.

As you put more and more of that in, you're going to see more and more of that happen. If you put more and more of that in, probably in the future we are going to have to look toward budgeting contingencies. There's a, you know, funds not otherwise appropriated is another one of those things where I had a conversation with somebody, doesn't matter who, about a year ago who was talking about how much money is in funds not otherwise appropriated and how does it get there? And I said it's not a thing. It's -- it's just the money we didn't -- this year it starts at \$64,000 over two years, and I think we've hit that. And so people look at that. It's a misunderstanding. And then the lapses, I can't be here and not say something about lapses because it is -- it is, you know, every Commissioner is afraid to say this. And it's their bet and war that, you know, that I had discussions this year with every division. Because, you know, otherwise you have one person running around trying to find something we cannot do and hope that nobody notices. And I said, listen, we got -- let me explain lapses to you. And the look on people's phases when you explain what a lapse is is just priceless and unfortunate.

And I said, so you have a budget and can you spend 92 percent of it, just for the record. And what do you mean? Well, I have the position. I'm like, yeah, I know. We got four

new positions in the budget; but if we fill any of them, you know, we can't -- we can't fill those and ten others or we can't meet our lapse. And so -- so I'm going to start with the one that doesn't have anybody in it, because that's easy to not fill because no one's in it. I don't want to not fill a position where, you know, I don't want to call Dana up tomorrow and go we're not going to fill your position. I know you're in it, but just going to be awkward for you, and it's difficult. But it happens. And then, of course, in the first year of the budget we now got to the point where more than 50% of the General Funds don't lapse in the first year. That's also going to make it really hard on people.

So I'm hopeful next year to picket sign and proselytize and change how we do lapses, but I'm not that helpful. Sorry. Joe has -- now words of wisdom from someone who knows things.

JOSEPH, BOUCHARD, Assistant Commissioner, Department of Administrative Services: This report for those of us that work with these numbers all the time are beneficial if you know the inside game. And the inside game Charlie mentioned only the agencies can give a solid number of what a lapse could be based on their burn rate because they can -- they can speak to the money that they're -- that isn't going to -- that doesn't count this year because it carries into next year. Half of our budget rolls into next year. If we -- well, whatever is left of our retirees' health money rolls into next year and that's \$30 million.

So when we look at \$60 million for Administrative Services, whatever that extra amount is of a very large one single program it will roll. Provider payments at HHS they all roll. They're big numbers. So that's what makes this -- it makes agencies think. It makes them think about what, and as Charlie said, we came up with a million six ninety-two. It took a lot of work to get -- to get to that to that number, but it was a lot of good effort to get to that number. It makes them do it if they do it right.

The other thing that I mention about the way we are building budgets historically is around payroll lines that used to be restricted for only payroll. They couldn't be transferred for any other purposes. And with agency -- certain agency budgets, and as a result of that, Administrative Services could do sweeps every quarter of the excess, put it into a secured fund, the salary adjustment fund, benefit adjustment fund, and if agencies needed that fund they could access it. But they had to come for personnel related matters.

We have statutory authority now for two of our biggest agencies with a lot of General Funds in payroll that they can spend and transfer among their lines without giving it up into the salary adjustment fund. Department of Corrections is a big one. They were here earlier. They have the ability to spend every dime of their budget. And they have already come in and needed to spend overtime money from their payroll lines, and they'll probably be back. And part of it is, as we all know as decision makers, they may need \$9 million of General Funds, but there's a struggle with their vacancies. So they have not wanted to give up the vacancies. So that kind of back and forth parlay's been going on for some years now. HHS the same way. They can move their payroll lines around and their benefit lines. So when you take those two big agencies out of the picture, our ability to collect money for lapse goes down significantly from a central management perspective.

SEN. D'ALLESANDRO: Sure. If I could?

CHAIRWOMAN WALLNER: Yes.

SEN. D'ALLESANDRO: And when we in the course of the legislative process say to a Department, yeah, you can do this, but you have to do it with your existing appropriation, it has the definite effect on the ability to lapse. So we sometimes create situations that are negative to what our basic principle was to begin with. And I find that problematic.

Now we put out a memo, Joe, from the Senate Finance Committee asking the agencies to get back to us with their perception what their lapse number is going to be. I think we've heard from a few agencies up to this point. Are they doing anything? Are they sending this to you to transmit it to us? Or what's --

MR. BOUCHARD: They've not. Our understanding is the Governor's Office instructed agencies that they would be giving a response to you, Senator, to move your request on their behalf. But each agency has already given a number within the last two weeks to the Governor's Office.

SEN. D'ALLESANDRO: Okay. Thank you. Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Thank you. That was helpful. Any other? Yes, Representative Leishman.

REP. LEISHMAN: Thank you very much, Madam Chair. I would just like to echo what was said. I find this very helpful, and especially now with the Coronavirus that's out there. We don't know what kind of impact it's going to have on expenses to the State revenues to the state so getting these updates and showing the excesses that have occurred already this year is very, very helpful. So thank you very much. Thanks, Madam Chair.

CHAIRWOMAN WALLNER: Thank you. Further questions about this report? Thank you. I think that was helpful. And we appreciate all the work that you put into doing this report. I hope we have a continued conversation about it. Great. Thank you.

REP. OBER: You need to tell him we don't want him to tell Dana her job's not funded.

CHAIRWOMAN WALLNER: No, no, don't do that.

MR. ARLINGHAUS: I'm not nearly that stupid.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

CHAIRWOMAN WALLNER: Great. Any other item on information that people would like to discuss? Seeing none. Then I think we have done all of our -- all of our regular business. And we do have -- we do have an audit, and this is the audit of the Lottery Commission.

AUDITS:

STEPHEN C. SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Madam Chair, Members of the Committee. For the record, Steve Smith, Director of Audits for the LBA. With me from our office is Kim Bisson. She was the Manager on the Lottery audit and this is the Management Letter portion of the FY19 CAFR audit that we performed. Joining us from the Commission is Director McIntyre.

CHARLES MCINTYRE, Director, New Hampshire Lottery Commission: Good morning.

MR. SMITH: And Lynda Plante. So I'll turn it over to Kim and she can present the report.

KIMBERLY BISSON, Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good morning, Madam Chair, Members of the Committee. Again, for the record, my name is Kimberly Bisson. We're here today to present the Management Letter, a byproduct of our audit of the Lottery's Fiscal Year 2019 financial statements which were previously presented to the Committee at the January 10th meeting.

If you turn to the Table of Contents, you will see that the report includes three internal control comments and two state compliance comments. The Lottery concurs with four of the comments and concurs, in part, with one comment. As noted by the asterisk, legislative action may be required for comment number five.

Also included in this report are two information technology comments resulting from the work of an IT specialist engaged by

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

our office to perform a general control review of the Lottery's game processing system known as ICS and, also, to assess the design and implementation of controls required to be in place at the Lottery as prescribed in the service organization control report. As indicated in the table of contents, those comments begin on Page 11. Lottery concurred with each of these recommendations as well.

The Observations begin on Page 3. Observation No. 1 recommends the Lottery request its I-Lottery platform vendor to expand the scope of its annual service Auditor's Report and obtain a SOC 1 Type II report in future years. The Observation also recommends Lottery enhance the design of its user controls to ensure stated control objectives are met. These controls are described in detail in the Observation.

Observation No. 2 on Page 4 discusses modifications made to contract terms for gaming services relating to I- Lottery vendor fees which were submitted to the Governor and Council -- I'm sorry -- which were not submitted to the Governor and Council for approval as required by the original contract and standard State policy.

Moving on to Observation No. 3 located on Page 5. We recommend Lottery work with the State Treasury to obtain adequate support to enable Lottery to determine that the amount credited to the Lottery Fund as interest on deposited funds is complete and accurate. State Treasury also concurs with this Observation.

The State Compliance Comments begin on Page 7 and both require legal counsel clarification.

Observation number 4 recommends the Lottery seek clarification from legal counsel regarding its current practice of making I-Lottery incentive payments to physical retailers based on a percentage of I-Lottery deposits or net gaming revenue complies with statute.

Observation number 5 on Page 8 recommends Lottery review with legal counsel to determine whether the statute requiring the Lottery to deposit one-quarter of breakage revenue with the State Treasury for the use of the State conflicts with the State Constitution which mandates that all monies received from the State-run Lottery be used exclusively for the purpose of State Aid to Education. If upon review it is determined that a conflict exists, Lottery should request an appropriate statutory revision. If no such conflict exists, Lottery should comply with statute.

On Page 11, you'll find a Table of Contents where the internal control comments on information technology.

Observation 1 on Page 12 recommends Lottery improve procedures to ensure management reviews complete and accurate listing of data center users and improves monitoring controls over server backups relating to its ICS application.

On Page 13, the final comment, Observation 2 notes two of the 12 user controls required to be in place at the Lottery as prescribed in the service organization control report were not suitably designed and implemented and are described in detail in the Observation. We recommend that Lottery work with the gaming system vendor to obtain a complete and accurate understanding of the prior user controls, including how they relate to the vendor's control objectives in order to ensure that they are effectively implemented and suitably documented.

The Appendix located behind the tab on Page 16 reports the current status of -- as of December 18, 2019, of Observations contained in the Fiscal Years 2018 and 2017 Lottery Commission Management Letters. As noted in the table at the bottom of the page, five comments were fully resolved and one comment remains unresolved.

This concludes my presentation. I would like to thank the Lottery and staff for their assistance and cooperation through

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

the audit process and I would now like to turn the presentation over to Executive Director McIntyre.

CHAIRWOMAN WALLNER: Thank you.

MR. MCINTYRE: Good morning, Madam Chairman, Members of the Committee. I'm Charlie McIntyre. I have the privilege of being the Director of New Hampshire Lottery. With me is our Chief Operating Officer, Lynda Plante, and behind us is our Chief Financial Officer, Jim Duris. I'd like to thank the LBA for their work. It was diligent and thoughtful and deliberate and happy to answer any questions you may have.

CHAIRWOMAN WALLNER: Questions. Yes, Representative Weyler.

REP. WEYLER: Thank you, Madam Chair. Welcome, Director. Have you had any conclusion from your attorney on number five, do you need legislative changes or have you been able to resolve that?

MR. MCINTYRE: Hum -- this is a byproduct of the racing merger where -- I mean, it certainly -- it was one of those things we didn't think about, obviously, because I didn't know this existed, and it's been four years and we haven't done it so I have not. Our chief compliance officer is formerly of the AG's Office. He'll be seeking clarification from them as well. I haven't got answer yet; but certainly if legislative changes is needed, we certainly will present for approval.

REP. WEYLER: Get in touch with me.

MR. MCINTYRE: Certainly, happy to do it. Thank you, Representative.

CHAIRWOMAN WALLNER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Madam Chair. Charlie, breakage, the only way you get breakage now is through simulcasting, correct?

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

MR. MCINTYRE: Correct, it's not a big number.

SEN. D'ALLESANDRO: Should be de minimis.

MR. MCINTYRE: It is. It's thousands of dollars, it's nothing more. It's a holdover from the racing days, obviously, as you know.

REP. WEYLER: I remember that big discussion years ago how we split it.

MR. MCINTYRE: Yes.

SEN. D'ALLESANDRO: It was a big number in those days.

MR. MCINTYRE: Yes, it was, it was.

SEN. D'ALLESANDRO: Can I ask you a question? How do establishments use the word casino on their -- on their heading when we don't have casinos?

MR. MCINTYRE: Hum -- it's a marketing term, and we don't regulate their marketing materials as a regulating --

SEN. D'ALLESANDRO: It's a marketing term?

MR. MCINTYRE: Pardon?

SEN. D'ALLESANDRO: It's a marketing term?

MR. MCINTYRE: Certainly is. They use it as a marketing term. What they call themselves and what they are are two different things certainly, but we don't regulate them in terms of their marketing materials.

SEN. D'ALLESANDRO: I should have known that 20 years ago. Marketing -- marketing, would have been no problem, Passed in a heartbeat.

REP. OBER: Live and learn, Lou, live and learn.

SEN. D'ALLESANDRO: Live and learn, right.

CHAIRWOMAN WALLNER: Other questions around the audit?
Seeing none. Thank you very much.

****** REP. WEYLER: I move we accept the report, place it on file,
and release in the usual manner.

REP. OBER: Second.

CHAIRWOMAN WALLNER: Representative Weyler moves we accept
the report and Representative Ober seconds. Any further
discussion about this particular audit? Seeing none. All in
favor? Opposed?

MR. MCINTYRE: Thank you.

CHAIRWOMAN WALLNER: Item passes. Thank you.

***** {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: We have only one more piece of business
and that's setting the next date.

MR. KANE: April 10th.

CHAIRWOMAN WALLNER: April 10th. Everybody got that? Okay.
April 10th. The Fiscal Committee is adjourned.

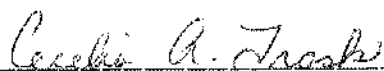
(Adjourned at 11:52 a.m.)

JOINT LEGISLATIVE FISCAL COMMITTEE

March 13, 2020

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, CRK
State of New Hampshire
License No. 47

