ARIZONA HOUSE OF REPRESENTATIVES
Fiftieth Legislature –First Regular Session

COMMITTEE ON HEALTH AND HUMAN SERVICES

Minutes of Meeting
Wednesday, January 12, 2011
House Hearing Room 4 -- 9:00 a.m.

Chairman Ash called the meeting to order at 9:02 a.m. and attendance was noted by the secretary.

Members Present

Mrs. Barton	Ms. Hobbs	Mrs. Carter, Vice-Chairman
Mrs. Brophy McGee	Mrs. Judd	Mr. Ash, Chairman
Mrs. Gonzales	Ms. Yee	

Members Absent

Mr. Heinz (excused)

Introduction of Members and Staff

The Members introduced themselves. Chairman Ash introduced the Staff: Maureen Williams, Committee Chair Assistant; Ingrid Garvey, Majority Research Analyst; Jessica Gordon, Majority Intern; Liz Navaron, Democratic Analyst/Policy Advisor; Geoffrey Vetter, Democratic Intern; Linda Taylor, Committee Secretary; Thomas Owens and Murphy Kelly, Pages.

Adoption of Committee Rules

Ingrid Garvey, Majority Research Analyst, explained that since this is the first meeting of the 50th Legislature, every Standing Committee is required to adopt Committee Rules (Attachment 1) and appoint a Committee of Reference (COR). Chairman Ash will appoint the COR in a few weeks. The Committee Rules are based on the "Model Rules for Standing Committees of the House." There is one exception to the Model Rules, Rule 7, which establishes an amendment deadline of 4:00 p.m. on Tuesday and allows verbal amendments, if short and no objections are made by Committee Members.

Chairman Ash noted that the Committee Rules will be adopted at the next meeting when Mr. Heinz is present.

Presentation by Arizona Department of Economic Security (DES)

Neal Young, Director, Arizona Department of Economic Security (DES), reviewed a handout relating to the mission of DES, individuals served, Department programs and services, funding, employees, unemployment insurance (UI) claims paid and timeliness of payment, as well as statistics on the Child Care Program, Children in In-Home and Out-of-Home Care, Child Support Collections, Medical, Nutrition and Temporary Cash Assistance, Developmental Disabilities (DD) and Arizona Long-Term Care System (ALTCS) Consumers and Consumers Living In a Home-Like Setting (Attachment 2).

In response to questions, he provided the following information:

- Many of the Department's programs and services are obligations the state agreed to take on from the federal government.
- The average number of first-time UI filers in their first 26 weeks is about 50,000, which is paid by Arizona employers; weeks 27 and beyond are 100 percent federal benefit. The UI Trust Fund is at zero; in fact, the federal government is owed about $250 million for benefits distributed. This is not unusual as about 34 states are in the same position. Arizona previously had one of the most fully funded UI trust funds, but the duration and extent of the recession depleted the funds. About $12 million is borrowed each week to pay benefits.
- DD and ALTCS service providers took a 10 percent rate cut, which is partly why expenditures remain about the same even though more people are being served.
- Child Protective Services (CPS) caseworkers are currently working at about 160 percent of the standard caseload, i.e., at 100 percent an investigator would have about 12 investigations at one time; a caseworker would have about 19 cases ongoing at one time. When the budget was reduced in 2009, 159 probationary status CPS caseworkers were laid off; 15 to 25 CPS caseworkers resign each month; however, DES continues to recruit new workers. In good times the Department is able to attract workers with high levels of experience who become CPS Caseworker II or III, but currently it has been difficult to do that; therefore, there are more CPS Caseworker I employees who handle fewer and less complex cases until a certain level of proficiency is achieved. Efforts are underway to get them as proficient as quickly as possible, which creates a strain on the rest of the system.

Chairman Ash announced that Mr. Young is leaving DES next week and expressed appreciation for the job he has done, especially the significant improvement in timeliness of UI payments at a time when resources within the Department were reduced. Chairman Ash wished him well in his future endeavors.

Presentation by Arizona Health Care Cost Containment System (AHCCCS)

Tom Betlach, Director, Arizona Health Care Cost Containment System (AHCCCS), reviewed a handout regarding AHCCCS milestones, the managed care model, administration, data on the population served, health care reform (including maintenance of effort [MOE]), state-run exchange policy questions, the AHCCCS budget, benefit changes, transplant coverage, program integrity, goals for 2011 and staffing levels (Attachment 3). In response to questions, he related the following:

- Private funding for AHCCCS is derived from premiums paid by Kids Care parents. The dollar amount is based on income level, so it is between $20 and $55 per family. There are currently 23,000 children covered under Kids Care.
- Some cost-sharing is allowed under the federal government so, for example, childless adults expanded under Proposition 204 (Page 8, Attachment 3) have mandatory co-pays for an office visit and prescription drugs of between $4 and $10, and there are some smaller co-pays that are mandatory for about 20,000 other individual adults at $3.50 or $4.00 as well as a co-pay for prescription drugs. The federal government stipulates that for the remainder of the population, there cannot be mandatory co-pays.
- The federal poverty level (FPL) is updated annually by the federal government.
- Around $5 million would have been saved if the Centers for Medicare and Medicaid Services (CMS) had granted the request for a waiver to eliminate non-emergency transportation.
- Benefit eligibility is suspended for inmates in jail.
- A waiver from the Health Care Reform MOE requirements has not been formally requested, but Governor Brewer has mentioned the possibility on occasion. More details will be available when the Governor's budget is released on Friday, January 14, 2011. Authorization would be needed from the Legislature to pursue a waiver and then AHCCCS would have to go through the federal government. The Governor also sent a letter to U.S. House Speaker John Boehner asking for relief from the MOE requirements and submitted a letter with 33 other governors to Speaker Boehner and President Obama with the same request.
- Proposition 204 indentified tobacco settlement monies as a funding source and a vote two years later increased tobacco tax as a funding source; however, those are not sufficient to cover costs, so about $1 billion from the General Fund is also needed.
- Federal law requires that an Exchange be established by January 1, 2014, but the Secretary of the U.S. Department of Health and Human Services has to make a determination by January 1, 2013 as to whether or not a state is ready. If it is determined that a state will not be ready, the federal government will step in and run the Exchange in that state.
- Beginning January 1, 2014, states that have not expanded income eligibility for childless adults will receive 100 percent federal participation, but Arizona will only receive about 80 percent because it was already insuring at a higher level, which will be a multi-billion dollar impact.

Presentation by Arizona Department of Health Services (DHS)

Will Humble, Director, Arizona Department of Health Services (DHS), directed the Members' attention to a letter to review regarding DES budget reductions over the last three years (Attachment 4). He reviewed a handout concerning DES' budget for licensing and public health services, public health services preparedness and prevention, the behavioral health services budget and population, Arizona State Hospital's mission and budget, immediate and ongoing challenges and medical marijuana (Attachment 5). In response to questions, he conveyed the following information:

- TXIX refers to Title XIX of the Social Security Act.

- DHS had to dramatically increase fees for child care licensing because the fees were $150 per year, which does not cover the cost of regulation. The initial proposal offered for public comment contained several tiers with fees for larger facilities at a few thousand dollars annually. Those facilities did not like that, so it was reduced to two tiers and a new program was invented with Title V funding for the Women's and Children's Health Program to provide a 50 percent fee reduction to child care centers that agree to implement Empower Pack, which involves physical activity and nutrition standards above and beyond DHS' licensing standards. Out of 3,000 licensed facilities, only one did not elect to participate in Empower Pack.
- The Electronic Benefit Transfer (EBT) system where a card similar to a credit card is swiped to pay for food will be used for Women Infant and Children (WIC) within five years.
- He is working with DES and the Congressional delegation to encourage the U.S. Department of Agriculture to review the Supplemental Assistance Nutrition Program (SNAP) (formerly food stamps) when the farm bill is up for reauthorization in 2013 and include nutritional boundaries for foods that qualify to encourage consumption of healthier foods instead of processed foods.
- Jared Loughner, who shot at people during a political gathering in Tucson, is not in DHS' behavioral health system database; however, his family could have been paying for services some other way that DHS would not know about. Dr. Laura Nelson, Deputy Director, Division of Behavioral Health Services, will be speaking on MSNBC about the importance of early detection of mental illness and encourage families to take early intervention, which can make such a difference in a person's life, and try to break through the stereotypes and stigma faced by people with mental illness. It is so important for people to seek help because mental illness is treatable.
- If there is a problem with someone at a workplace or otherwise and the person is asked to leave and not return until they are evaluated, that person can seek an evaluation and treatment, or not. If someone at the workplace decides to reach out to the local regional behavioral health authority (RBHA) and communicate concerns about the person, a crisis team can be deployed, in which case the person would be more likely to receive services.
- DHS focuses on providing treatment for people with mental illnesses in the community, whereas many other states institutionalize people. Treatment in the community is less costly and more successful.
- He does not have the authority under the medical marijuana initiative to create rules to tax marijuana, nor is he sure if the Legislature has that authority. Members of the Arizona Chamber of Commerce and Industry and the Phoenix Chamber of Chamber are concerned about the impact on employer and employee relations because currently drug screening can be done and impaired employees dismissed. The marijuana initiative changes that dynamic, so there have been discussions about requesting a bill to define and outline parameters regarding impairment of employees in relation to marijuana.
- The marijuana initiative states that DHS will capture costs for implementing the program with fees created for the program. The intent is to charge $150 for each qualified patient card that is sold. DHS is currently using resources to write rules and develop a computer program. DHS staff is keeping track of the time spent and he intends to pay every penny back to the General Fund with fees from patient cards and dispensary licenses, which are capped at $5,000.

- One item included in the next draft of rules is to require a physician who writes a recommendation to have documentation in the medical record. DHS staff is setting up an appointment with executive directors of the different medical associations. He said he will not be able to take disciplinary action, but he will be able to report to the medical boards, which will be able to take disciplinary action and act as watchdogs.

Chairman Ash commented that establishing a criminal penalty for a physician who gives out fraudulent cards to allow someone to take a prohibited substance when there is no basic need may influence physicians to be careful about whom the cards are issued to. Mr. Humble agreed.

Chairman Ash stated that arrangements will be made for the Members to tour ASH and the DHS Laboratory as a group, although some Members may prefer an individual tour.

Without objection, the meeting adjourned at 11:21 a.m.

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Linda Taylor, Committee Secretary
January 13, 2011

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at http://www.azleg.gov)