



# Children, Families, Health and Human Services Interim Committee

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## 56th Montana Legislature

### SENATE MEMBERS

MIGNON WATERMAN, PRESIDING OFFICER  
DALE E. BERRY  
EVE FRANKLIN  
BOB KEENAN

### HOUSE MEMBERS

LOREN L. SOFT, VICE PRESIDING OFFICER  
BOB LAWSON  
TRUDI SCHMIDT  
CAROLYN SQUIRES

### COMMITTEE STAFF

SUSAN BYORTH FOX  
RESEARCH ANALYST  
DAVID NISS  
STAFF ATTORNEY  
LOIS O'CONNOR  
SECRETARY

## MINUTES

Federal Building  
Helena, Montana  
November 19, 1999

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of documents.**

### COMMITTEE MEMBERS PRESENT

Sen. Mignon Waterman, Presiding Officer  
Rep. Loren L. Soft, Vice Presiding Officer

Sen. Dale E. Berry  
Sen. Bob Keenan

Rep. Bob Lawson  
Rep. Trudi Schmidt  
Rep. Carolyn Squires

### COMMITTEE MEMBERS EXCUSED

Sen. Eve Franklin

### STAFF PRESENT

Susan Byorth Fox, Research Analyst  
David Niss, Attorney  
Jo Ann Jones, Secretary

### COMMITTEE ACTION

- C Adopted the minutes of the previous meeting.
- C Voted to let Rule X developed by DPHHS in regard to implementing statutory language for managed care network adequacy stand and to make no further objection.
- C Voted to request the Legislative Council review the issue of when administrative rules actually take effect, and determine if clarification is needed.
- C Voted to write a letter to the federal government in support of increasing the limit of state contributions so that Montana state employees can participate in the CHIP.

### **CALL TO ORDER AND ROLL CALL**

Sen. Waterman called the meeting to order at 8:40 a.m. Roll call was noted. See Attachment #1. Sen. Waterman said that Sen. Franklin was excused from attendance.

Rep. Soft moved to adopt the minutes from the previous meeting; the motion carried unanimously.

### **DENTAL SUMMIT**

**Exhibit #1: Dental Benefits Included in State Children's Health Insurance Program (CHIP) Proposals Submitted to HCFA**

**Exhibit #2: Recent Medicaid Dental Program Activity**

**Exhibit #3: Report by the Montana Dental Association to the Montana Dental Summit**

**Exhibit #4: Montana Dental Summit: Access to the Underserved (Preliminary Agenda)**

Dee Raisl, Health Care Financing Administration (HCFA), said dental health care has traditionally been one of the biggest problems in delivering Medicaid health care. She said the Dental Summit was one of the first held in the nation and the purpose was to reach a common understanding of the situation in Montana.

Ms. Raisl said the most infectious disease among children involves the lack of dental care. She said there are 465 active, licensed dentists in Montana, a ratio of 19 to 1. The state would require 35 more dentists to provide adequate service to residents, but only if they were re-distributed geographically. Montana received 51 new dentists this year, but they are all located in the urban areas. Ms. Raisl said that 327 of the 465 Montana dentists are enrolled as Medicaid caregivers, and 70 have enrolled in the Children's Health Insurance Program (CHIP) to date. She said that two Montana counties are designated as dental health care shortage areas, but fully one-third would qualify.

Dr. Don Schneider, HCFA, and John Rosetti, Health Resources and Services Administration (HRSA), discussed Exhibits #1 and #2.

Dr. Jim Sutherland, dental consultant, HRSA, said the decision was made at the Dental Summit to develop a state coalition at a follow-up meeting. He said issues were identified and strategy was discussed, and work groups to examine financing policy, workforce analysis, and education were identified.

Sen. Waterman said that Susan Fox, staff, had been asked to spearhead the effort and gather information.

Sen. Waterman asked if the rates being charged by Montana dental health care providers are commensurate with the national average. Dr. Schneider said that it's difficult to determine what is actually being paid, and added that the economic situation determines whether people get dental care. Ms. Raisl said that dentists claim they need 80-85 per cent of the amount billed just to meet their overhead costs.

Sen. Waterman asked if HCFA will allow a reduction of services in accordance with resource levels. Ms. Raisl said that the federal government requires the existence of a

benefit package so, if the state wished to change benefits, an amendment notice would have to be filed with HCFA.

Rep. Lawson asked why medical doctors and dentists have different billing procedures. Mr. Rosetti said a dentist has to be looked at as a surgeon who has to maintain an operating room, but medical doctors have infrastructure available to them, e.g., hospital equipment, outside of the practice or clinic.

Sen. Waterman commented that many surgeons are establishing surgical clinics in order to keep down costs, but dental practices have chosen not to do so.

Rep. Lawson said that he is concerned about increasing dental benefits already when the original intention was to establish a safety net and dental benefits were not included, and he cautioned the Committee to keep that in mind.

Rep. Soft asked for an update on the establishment of a dental hygiene school in Montana. Dr. David Hemion, executive director, Montana Dental Association, said that one of three dentists do not employ hygienists, so there is a shortage. In 1992, the Board of Regents authorized the establishment of a dental hygiene program at Great Falls but the funding for that program has not yet been organized.

Rep. Soft asked about the problem with dentists having to manually insert the Medicaid provider number in lieu of their state dental license number (See Exhibit #3, bottom of page 5). Dr. Hemion said that was an issue to discuss with Medicaid.

Sen. Barry asked Rep. William Thomas to speak from his perspective as a retired dentist to the issues that had been raised. Rep. Thomas said that in 1968, he researched forming a group practice and, in 1972, the Plaza West Dental Group opened a clinic in Billings. He said that 10 years later, the practice had grown to 10

dentists and 50 employees. He said that he and his family lived what he described as a hand-to-mouth existence during those years. He then opened a private practice in a small town and, although he charged lower fees, the financial rewards were much greater. He said that large group practices do not work to reduce overhead costs.

Rep. Squires asked Ms. Raisl how quickly the HCFA could process amendments to a state's benefit package. She said that HCFA is bound by law to process amendments in 90 days unless there are issues with the amendment that need to be resolved. She said the state can implement a benefit change before the amendment is submitted if the state knows that there are no issues to be resolved.

Mary Dalton, Chief, Medicaid Services Bureau, Department of Public Health & Human Services (DPHHS), said that before a benefit can be reduced, public notice must be given and public hearings are also required.

Rep. Squires asked Dr. Schneider if pooling the benefits limit in one family is possible, in case money above the \$200 cap is needed to provide necessary dental care for one child. Dr. Schneider said Montana is one of four states that have implemented a limit. He said he estimates the basic care for a first-time dental visit to be approximately \$180.

Sen. Barry said that people believe that \$200 per CHIP enrollee has been set aside, but the limit is an actuarially determined assumption of the potential cost per enrollee.

Rep. Lawson asked Dr. Hemion if increasing the allowance paid to dentists would allow more Medicaid patients to be seen. Dr. Hemion said he did not know because how busy individual dental offices are now is not yet quantifiable.

#### **DPHHS MANAGEMENT INTERNS**

Laurie Ekanger, executive director, DPHHS, introduced management interns from DPHHS offices across Montana. Sen. Waterman said she believes that program to be an excellent innovation to build on resources that are available within the Department.

## **HJ 35 SUBCOMMITTEE REPORT**

### **Exhibit #5: CHIP Enrollees**

### **Exhibit #6: Letter to Legislative Finance Committee Members from Laurie Ekanger, Director, DPHHS**

Sen. Keenan said the Subcommittee met on August 19, 1999, where panels of interested providers discussed children's issues. On October 6, 1999, the Subcommittee participated in a panel discussion of adult issues. He said that the lack of training for law enforcement in handling mental patients was discussed by Sheriff Slaughter of Bozeman. He said the transportation of mental patients to court hearings was a major issue for law enforcement. Sen. Keenan said there is an innovative program in Missoula where transportation for hearings are handled for surrounding counties, with the county of origin being billed for the services provided.

Sen. Waterman complimented Sen. Keenan on his performance as chairman of the oversight committee.

Bonnie Adee, Mental Health Ombudsman, said the transition has been completed. One issue is the lowering of eligibility, which leaves out some people and families who used to be eligible, creating a gap in service.

Ms. Fox referred to a letter required by HB 2 on integration of the Montana State Hospital into mental health managed care contracts that was included in each Committee member's packet (See Exhibit #6). The Legislative Finance Committee's Subcommittee on HJ 35 is researching the issue and Ms. Fox will report any further developments.

## **FOSTER CARE ISSUES**

Chuck Hunter, administrator, Child and Family Services Division, DPHHS, said the biggest issue is the time that social workers and support service staff can devote to individual cases, resulting in the dysfunctional appearance of the system. He said that 50-60 more FTEs would allow for adequate performance because the Department is trying to match the staff size with the workload.

Mr. Hunter said expenditures are higher than last year and higher than what was predicted. He said the Division is running approximately one million dollars over what was projected. The causes of the cost over-run are slightly higher caseloads, subsidized adoption money, and the fact that the numbers of adoptions are on the increase.

Mr. Hunter said the expected cost shift to foster care from mental health care has not yet been seen.

Mr. Hunter said the supervisor for the attorney specialist positions in the Department of Justice, Sen. Mike Halligan, has been hired, and it is expected that the others should be hired within a few weeks.

## **YOUTH CHALLENGE PROGRAM**

**Exhibit #7 : Letter from Rep. Matt Brainard, Chair, State Administration, Public Retirement and Veterans' Affairs Interim Committee, dated November 15, 1999**

Ms. Fox said that the State Administration, Public Retirement, and Veterans' Affairs Interim Committee (SAIC) had replied to the Committee's request to perform oversight function for the National Guard Youth Challenge Program. She said that the chairman for the SAIC, Rep. Brainard stated that the SAIC will retain oversight functions but said the CFHHS will be notified if any issues arise concerning the DPHHS.

Rep. Lawson requested the SAIC send the Committee a report following their February meeting.

#### **TOBACCO SETTLEMENT SUBCOMMITTEE**

##### **Exhibit #8: Excerpt from Legislative Fiscal Report, Other Budget Highlights, Tobacco Settlement Funds**

Rep. Schmidt said the Subcommittee consists of Rep. Soft, Sen. Berry, and herself. The Subcommittee members are all serving on the Governor's Advisory Council on Tobacco Use Prevention and expect a draft recommendation in February. She said that there will be more to report at the February CFHHS meeting, and at that time the Subcommittee will begin to work on its own and on gathering more information for future recommendations.

## **DEVELOPMENTAL DISABILITIES FUTURES STUDY**

### **Exhibit #9: Suggested Work Plan and Ground Rules for the Developmental Disabilities Futures Study**

Kathy van Hook, Montana Consensus Council, discussed Exhibit #9, which contains the work plan and ground rules of the working group that is investigating the benefits and appropriateness of moving individuals from Eastmont Human Services Center and Montana Developmental Center to community settings, as well as the consequences of any resulting movement. Rep. Bob Lawson is a member of the working group, and said that he has met with and will continue to meet with vendors to gather information.

## **GOVERNOR'S COUNCIL ON FAMILIES:**

### **Exhibit #10: Council Report from the Governor's Council on Families**

The Honorable Katherine Curtis, presiding officer, The Governor's Council on Families, introduced the Council members and discussed Exhibit #10, which contains the following areas of study:

...the Council is pursuing a way to promote the expansion of high school curricula in Montana to include classes that promote healthy families by teaching conflict resolution and other interpersonal relationship skills. Council members are also pursuing the possibility of holding a statewide conference on marriage and families in order to bring together clergy, educators, policymakers, community leaders, and other interested parties to learn about the most effective strategies and policies for strengthening marriages.

...the Council is planning to facilitate the production and distribution of a manual to Montana businesses on 'family friendly' policies, including areas such as childcare and benefits....The Council is also expanding our *Family Friendly Award* Program to included businesses.

...the Council is in the process of reviewing the information received at the community forums, to determine how key areas of concern have been and/or are being addressed.

Sen. Waterman said she would appreciate periodic updates from the Council and invited the Council to request agenda placement if there are issues that it might wish to present to the Committee.

Judge Curtis offered to send copies of the Council's minutes to the Committee members. Sen. Waterman asked that they be sent to Ms. Fox for the Committee.

### **ADMINISTRATIVE RULE REVIEW**

**Exhibit #11: Notice of Public Hearing on Proposed Adoption (Rules I through X)**

**Exhibit #12: Committee options concerning ARM 37.108.220**

**Exhibit #13: Departmental response to request to extend written comments on Independent Rule Review**

**Exhibit #14: Letter to Laurie Ekanger, Director, DPHHS, from CFHHS notifying the Department of Committee objections to Rule X**

**Exhibit #15: Letter to CFHHS from Rep. Bruce Simon**

**Exhibit #16: Letter to G. Brian Zins, Executive Vice President, MT Medical Association, from Steven Akre, MD, Great Falls Clinic**

**Exhibit #17: Letter to Laurie Ekanger, Director, DPHHS, from Russ Cater, Chief Legal Counsel, DPHHS**

**Exhibit #18: Letter to the CFHHS Committee from Charles Butler, Jr., Vice President, Government and Public Relations, BlueCross BlueShield**

Denzel Davis, Administrator, Quality Assurance Division, DPHHS, said that when Rule X was developed, it was believed that a major issue would be geographic access to health care. He said he believed legislative intent was consumer protection and believes the rule to be neutral. It's difficult to discuss the rule in isolation and it needs to be in place to provide balance.

Mr. Davis said the managed care company has to develop the network with the supplier of services. If the supplier does not negotiate, that leaves both the provider

and the consumer out of the overall picture. He said the basic objection to the rule is the use of the term "good faith". He said interpretive guidelines will be developed to communicate to all parties what good faith is, and what kind of process is necessary to develop good faith. He said the Department has to demonstrate how the rule is interpreted and what its intent had been.

Susan Witte, Blue Cross/Blue Shield, spoke in support of Rule X. She said that if the rule doesn't work, it can be addressed in the 2001 session but urged the Committee to give the rule a chance to do what it was designed to do. She said Rule X creates an exemption for health carriers who cannot provide services through no fault of their own.

Chuck Butler, Blue Cross/Blue Shield, said Rule X was developed over a 2-year process and there was ample opportunity for expression of opposition. He said that he was surprised when the rule became an issue.

Claudia Clifford, representing Mark O'Keefe, Commissioner of Insurance, said the issue is about assuring consumers that they will receive health care. She said the statute guarantees a streamlined process for consumers, not the involvement of a state agency in that process. She said that Rule X goes against the intent of the statute and places the Department in a difficult situation.

Theron Park, Montana/Wyoming Link Provider Network, said that most of the Committee members are aware of the Balanced Budget Act and how it affects rural hospitals, and added that he is not aware of a single rural hospital that is not barely breaking even or that is not losing revenue. He said that the implementation of Rule X could take business away from local hospitals and the threat of lost revenue may force some suppliers to enroll, adding that local suppliers have the residents' best interests at heart. He said that because the managed care provider must offer only

the terms and conditions that are offered to anyone else, there is no flexibility for local needs.

John Jones, executive director of managed care, Deaconess Billings Clinic, said Rule X goes contrary to their health care mission. He said it allows insurers to nullify legislative intent, and questioned whether a governmental entity should adopt rules that force parties to enter into contracts. He said the fact that the issue involves health care only compounds the problems.

Dave Henry, CEO, Northern Montana Health Care, Havre, said good faith cannot be defined and it's a legal issue that shouldn't be entered into. He said the fabric of Montana is the principle of shopping locally and said that if suppliers come into an area to provide health care, that fabric is lost. He said one of his concerns is the issue of a mandatory discount because his organization may not be able to comply. He said that some hospitals may face closure if they are forced to discount services.

John Flink, Montana Hospital Association, said Rule X is vague and non-specific, and that interpretive guidelines do not have the force of law.

Susan Good, Allied Citizens for Adequate Health Care, said that the development of Rule X was not brought forth until the very end of the rule-writing process. She said that when "honest effort" is used to define "good faith", it compounds the difficulties in definition of terms. She said that health care is a local issue, specific to each community.

#### **COMMITTEE DISCUSSION**

Rep. Soft asked Mr. Davis to comment about the statement that Rule X arose late in the process. Mr. Davis said that he knew Rule X was in place during the latter part of the discussion process. Ms. Dalton said she didn't remember exactly when it became

part of the discussion but she knew that there were hearings afterward, and said that she could find out a more exact date.

Rep. Soft asked for an explanation on how Rule X came into being. Mr. Davis said that it was an offshoot of the consideration of geographical area. He said the Department does not have to grant the exemption allowed in the rule, but it gives the Department an opportunity to examine the facts to determine whether granting the exemption is in the best interest of the consumer.

Rep. Soft asked Mr. Davis to comment on the statement by Mr. Jones that the Department shouldn't force independent parties to enter into contracts when by doing so, one party may face financial ruin. Mr. Davis said there is no coercion. He said the insurer is the one who is forced to assemble the network.

Rep. Squires asked David Niss, Committee counsel, what language in the original statute caused the creation of Rule X. Mr. Niss said that the original bill states only that the Department is authorized to develop the rules to implement the statute. He said the statute must be examined to determine whether there is a conflict between the rules and the law. In this case, Legislative Services Division staff raised no objection to proposed Rules IX or X because there is no clear or direct conflict between the rules and the law. He said that, technically speaking, legislative intent is found with the language of the bill itself. The only exemption is if the language is unclear as to its meaning.

Sen. Keenan asked if the statute calls for Rule X to be drafted. Mr. Niss said rule-making is an option for the Department.

Sen. Keenan asked Mr. Davis if he would now change the rule, or would be prefer to let it stand as is. Mr. Davis said that, given the opportunity, he would rewrite the rule

to refine it. He said that he also believes that Rule X should be given the opportunity to work.

Sen. Berry asked if opposition to Rule X was expressed during the hearings. Mr. Davis said there were no complaints because the big issue was the mileage allowed for geographical access.

Rep. Squires asked if Mr. Niss thought there was a need for Rule X. Mr. Niss replied that the whole issue springs from whether the assembly of a managed care network involves consideration of how far a consumer should travel to receive health care in that network. He said if the Department determines that there should be geographical restrictions, the question becomes whether there should be exemptions to the restrictions.

Ms. Fox said that in the original bill, the section on network adequacy lists some items that may be considered, including geographical accessibility. She said that particular passage is related to the development of Rule IX.

Rep. Squires asked whose position is supported by that language in the bill. Ms. Fox said that because the Legislature authorized the Department to develop and implement rules and, because staff found no clearcut conflict between the rules and the law, it allows the Department's position.

Sen. Keenan asked Ms. Clifford if the consumer has a choice whether or not to travel to receive health care. She said that because employers often purchase health care coverage, the consumer does not have the ultimate choice. She said the law attempts to ensure an adequate network, Rule IX provides an exemption to the travel radius, and Rule X stretches the intent of geographical access.

Rep. Soft asked if the rules have been adopted. Mr. Niss said there is no definition of adoption in the Montana Administrative Procedures Act (MAPA). He said if there's no effective date, then it could be when the notice of adoption is filed with the Secretary of State, but that it most likely is when the Department's executive director signs the administrative order. Sen. Waterman said that the DPHHS executive director had signed the order before the issue had been raised before the Committee, so there is an issue of whether the Committee has standing to object to the implementation of Rule X.

Rep. Soft asked what other options are available to opponents if the rule is allowed to go into effect. Mr. Niss said that if an exemption is granted, and the opponents believe that the waiver was incorrect, legal action can be taken.

Sen. Waterman asked for motions in regard to Rule X.

Rep. Soft moved to let the rule stand as is, the Committee making no further objections to its implementation. Sen. Keenan seconded.

Rep. Lawson objected to the necessity of making a decision immediately and saw no reason why the issue couldn't wait until the next meeting to give Committee members an opportunity for more consideration.

Sen. Waterman noted that she was going to vote on the motion although she is a member of the local hospital board, and said that she has abstained from hospital board discussion on this issue.

The motion passed, 6-1, Rep. Lawson dissenting.

Rep. Schmidt moved to ask the Legislative Council to examine the issue of when rules actually take effect, and to determine whether clarification is needed. Sen. Keenan seconded.

Sen. Keenan asked Mr. Davis to keep the Committee apprised of any further developments during the rest of the interim.

The motion passed, 7-0.

### **ADMINISTRATIVE RULES FOR CHIP**

Ms. Dalton said the Department wanted to postpone writing the rules until the HCFA federal rules are published, and said that the HCFA has an open comment period until January.

Sen. Waterman asked if state employees are eligible for participation in CHIP. Ms. Dalton said state employees are exempt because the cutoff to determine eligibility is a \$10 state contribution for children, Montana contributes \$14.

Rep. Squires moved that the Committee write a letter of support of increasing the federal limit so that state employees can be eligible for CHIP. Rep. Schmidt seconded. The motion passed, 6-1, Sen. Keenan dissenting.

Mr. Davis said the quality assurance rules for managed care will be written in the near future.

### **FAMILIES ACHIEVING INDEPENDENCE IN MONTANA (FAIM)**

#### **Exhibit # 19: An Update -- Families Achieving Independence in Montana**

Hank Hudson, Administrator, Public Assistance Division, DPHHS, said success is measured by the flexibility to meet challenges and changes. He said FAIM focuses on

work, incentives, and rewards. Many people have now left the cash public assistance program and gone to work. In 1994, 14,000 people received cash benefits but now, only about 4,500 are still receiving them. He said there has been a 60 per cent decline in caseload, which is above the national average of 50 per cent. One thousand past and present FAIM clients will be interviewed in April 2000, for a research survey. He said the focus will be on rural areas and Indian reservations.

Mr. Hudson said there are three challenges for the future: Find a way to effectively make the available benefits used by low-income people, develop a strategy to help people keep their jobs and eventually get better jobs, and assist the 4,500 people who are still on cash assistance who have serious barriers to leaving cash assistance.

Mr. Hudson said a rules hearing for implementation of SB 353 (FAIM sanctions) will be held on January 5, 2000, at the DPHHS auditorium at the request of the Montana People's Action. The Department had not planned to hold a public hearing because the DPHHS had not considered the rules major enough or controversial enough to hold a hearing. The proposed rules, besides implementing changes in federal or state law, also create a means to continue child care even if the parent(s) has been sanctioned. He said that, ideally, it would be desirable to have sanctions disappear, but said he is not sure whether they ever will, although they have declined. Montana is one of the few states that has no total cut-off for benefits after several sanctions have been applied.

Mr. Hudson said the DPHHS has a large effort underway to get people signed up for both Medicaid and CHIP. He said medical coverage is essential to keep people working after they leave FAIM. The Department has developed a single application form for CHIP, Medicaid, and other services.

Sen. Waterman recommended putting the information in regard to the availability of assistance in filling out the application form on the front page, instead of at the bottom of page 6. She had raised that issue before and had seen the changes made and would like it incorporated back in.

Sen. Waterman requested information be provided about how many states use resource tests to determine financial eligibility for government assistance.

Mr. Hudson said the DPHHS is considering eliminating the requirement for a face-to-face interview to determine Medicaid eligibility. He said that he is reluctant to do so because Medicaid is a complicated program and explanations over the telephone and relying on the mail can extend the application process instead of making things more convenient.

Rep. Squires asked how to overcome the obstacle of confidentiality when information needs to be shared between local and state governments. Mr. Hudson said the only thing that can be done is to ask the client to sign a waiver.

Mr. Hudson said that Sen. Berry and Rep. Soft were the Committee liaisons with the Department on the issue of state-county relations. He said that there are 13 assumed counties, and 43 non-assumed counties in Montana. Non-assumed counties put local property tax money into their poor funds to pay for the non-federal share of administrative costs of the FAIM programs, and for the administrative costs associated with Medicaid and food stamps. The assumed counties turn over 9 mills of property tax value to the state and the state ensures that those services are paid for. Mr. Hudson said the system has begun to break down for a variety of reasons but mostly because a block grant system has been implemented.

Sen. Waterman asked where the waiver for release of information appears on the application form. Mr. Hudson said the release-of-information form is separate from the application form.

Sen. Waterman said Montana Legal Services was concerned about someone who is in the lengthy appeal process for Social Security (SSI) benefits and yet are still at least temporarily employed through FAIM, if that person should lose both the SSI hearing and the job at the same time, because FAIM and SSI were working at cross purposes. Mr. Hudson replied that he would keep the Committee updated on this issue and said that through Phase II, there should be clarification about the issues facing those individuals who cannot reasonably be expected to maintain long-term employment and who should be on SSI.

Sen. Waterman asked if more TANF funds are available for medical and psychological examinations. Mr. Hudson said that TANF funds cannot be used for medical services, because of the medical necessity criteria, but perhaps state maintenance of effort funds could be used. Sen. Waterman said that medical or psychological examinations may be helpful in obtaining Medicaid coverage for clients, and the state should examine ways to fund them to assist Legal Services in its work to assist clients. Mr. Hudson said that dental issues are a consideration along with medical issues for employment. He said that employment opportunities are limited for those people who are in need of extensive dental work because their appearance may be aesthetically displeasing to serve the public.

Sen. Waterman asked if the Salish-Kootenai self-determination project is working, and if the tribe is successful at getting people off the state welfare system. Mr. Hudson said the tribe has consolidated the programs under one person that makes the system more efficient and added that the Salish-Kootenai reservation, unlike other Montana reservations, have jobs that are available.

Patty Guiberson, Deer Lodge County of Public Assistance, DPHHS, Anaconda, and Kim Brown, Human Services Manager, Public Assistance Bureau, DPHHS, discussed FAIM Phase II.

Sen. Waterman commented that right after a person has been sanctioned for FAIM violations may possibly be the best time for effective intervention.

Sen. Waterman said the local FAIM advisory group is examining the issue of the hard-to-serve client. She said that an individual profile is almost necessary because the issues are so unique from one client to another.

Ms. Fox said that she has been in contact with the National Council of State Legislatures (NCSL) in regard to technical assistance to leverage funds in other ways. She said NCSL may be able to help with brainstorming.

### **PUBLIC COMMENT**

Wendy Young, WEEL, presented **Exhibit #20**, a copy of her testimony.

Judy Smith, Women's Opportunity Research Development, said she has started a welfare reform archive at the University of Montana and encouraged the donation of items for inclusion in the collection.

Ms. Smith said she started a program in the 1960s whose mission was to help women get out of poverty through education. She said there is a dramatic decrease in the numbers of women who are seeking postsecondary education, primarily because of FAIM. She said that before FAIM, over 50 per cent of all welfare families had employment money. Families off FAIM average \$300 per month per job, and averaged three jobs. She said that most families have also not had long-term job employment. She recommended a negotiating strategy opposed to a listening strategy for FAIM Phase II. She said Workforce Investment Strategy keys on education to do the most

good in the shortest amount of time, and urged the Committee to oversee Phase II. She said the advocacy groups and the Department aren't getting along very well, so the involvement of other people is needed.

Shelly Icenhower, said people don't like to use food stamps because they are difficult to remove from the books, are time-consuming to process which causes delays in the checkout line, and everyone who is there examines what food items are being purchased with food stamps. She said a Medicaid card is nearly the size of a full sheet of paper and is brightly colored, so everyone in the waiting room knows you are a Medicaid recipient.

Sen. Waterman asked if food stamps or Medicaid benefits can be sanctioned. Mr. Hudson only under certain circumstances, such as if there are child support violations.

Sen. Waterman asked Mr. Hudson if it was within his authority to suspend the job participation rule without jeopardizing federal regulations. Mr. Hudson said the only way it could be done is to not pay benefits until work is actually started, and that the work participation quotas for the federal government might not be met if the system is changed.

Rep. Schmidt asked about the failure to contact advocacy groups. Mr. Hudson said there is no excuse for not communicating and it is an issue that must be addressed.

Sen. Waterman said she would recommend consumer input to design the "roadshow," a program to travel around the state for FAIM educational purposes.

Ms. Young said she would like the Department to meet with people and discuss the work requirements.

Sen. Waterman recommended the Department convene a small discussion group to discuss work participation, and work on building credibility by building the roadshow, reporting back to the Committee in February.

**INSTRUCTIONS TO STAFF:**

Ms. Fox was instructed to draft a letter to the SAIC in response to their retaining oversight functions for the Youth ChalleNGe Program, asking SAIC to keep the Committee apprised of any developments and to report after its February meeting.

**ADJOURNMENT**

The meeting was adjourned at 4:20 p.m.  
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