

## MEDICAL ASSISTANCE PROGRAM ADVISORY COUNCIL STUDY

The 2003 Legislative Assembly approved Senate Bill No. 2012, attached as Appendix A. Section 16 of the bill provides for a Legislative Council study of the feasibility and desirability of establishing an advisory council for the medical assistance (Medicaid) program of the Department of Human Services. The Budget Committee on Health Care has been assigned this responsibility for the 2003-04 interim.

### MEDICAL ASSISTANCE PROGRAM - BACKGROUND

The North Dakota medical assistance program was authorized in 1966, pursuant to North Dakota Century Code (NDCC) Section 50-24.1-01, for the purpose of strengthening and extending the provisions of medical care and services to people whose resources are insufficient to meet such costs. The program is to provide preventive, rehabilitative, and other services to help families and individuals to retain or attain capability for independence or self-care.

The total 2003-05 biennium appropriation for medical assistance programs, including prescription drugs, developmental disability services, nursing facilities, Healthy Steps, and other medical assistance programs is \$878,264,106, \$261,999,401 of which is from the

general fund. In comparison, the 2001-03 biennium original appropriation for medical assistance programs was \$796,125,334, \$218,983,343 of which is from the general fund. The 2003-05 Medicaid budget reflects the federal medical assistance percentage (FMAP) for North Dakota of 68.36 percent in federal fiscal year 2003, a 68.31 percent in federal fiscal year 2004, and a projected 67.47 percent in federal fiscal year 2005.

The federal Jobs and Growth Tax Relief Reconciliation Act passed by Congress in May 2003 provides a total of \$10 billion to states for increased federal medical assistance percentages under the Medicaid program for the period April 1, 2003, through June 30, 2004. The Department of Human Services estimates North Dakota's share to be \$19.6 million. The Act provides a "hold harmless" provision for the state's federal medical assistance percentage and an enhanced federal medical assistance percentage. The hold harmless provisions and the enhanced federal medical assistance percentage rates are effective for the third and fourth quarters of federal fiscal year 2003 (April through September 2003) and for the first three quarters of federal fiscal year 2004 (October 2003 through June 2004). The chart below presents the changes that will be made to North Dakota's federal medical assistance percentage as a result of provisions of the Act.

North Dakota's Federal Medical Assistance Percentage				
Federal Fiscal Year	Percentage Prior to New Federal Act	Adjustments		Percentage Under New Federal Act
		Hold Harmless Provision	Enhancement	
2001	69.99%			69.99%
2002	69.87%			69.87%
2003				
Quarter ending 12/31/02	68.36%			68.36%
Quarter ending 3/31/03	68.36%			68.36%
Quarter ending 6/30/03	68.36%	1.51	2.95	<b>72.82%</b>
Quarter ending 9/30/03	68.36%	1.51	2.95	<b>72.82%</b>
2004				
Quarter ending 12/31/03	68.31%	0.05	2.95	<b>71.31%</b>
Quarter ending 3/31/04	68.31%	0.05	2.95	<b>71.31%</b>
Quarter ending 6/30/04	68.31%	0.05	2.95	<b>71.31%</b>
Quarter ending 9/30/04	68.31%			68.31%
2005				
Preliminary projection	67.22%			67.22%

The Department of Human Services anticipates beginning to receive the enhanced federal medical assistance percentage reimbursement in July 2003 and will continue to receive the enhanced reimbursement through June 2004, as Medicaid claims are processed. Therefore, the entire \$19.6 million will be received in the 2003-05 biennium. The Department of Human Services reported to the Budget Section on June 24, 2003, that it plans to use \$8 million of these savings to support Medicaid benefits that would otherwise have been eliminated. If services are held at the current level and clients and costs do not increase, \$9 million could be available for the 2005-07 biennium.

### **MEDICAL CARE ADVISORY COMMITTEE**

Pursuant to Title 42, Section 431.12 of the Code of Federal Regulations, the Department of Human Services is required to have a Medical Care Advisory Committee for the purpose of advising the department about health and medical services, including participating in policy development and program administration. The committee is to consist of physicians and other representatives of the health profession who are familiar with the medical needs of the low-income population and the resources available and required for their care; members of consumers' groups, including Medicaid recipients, and consumer organizations such as labor unions and cooperatives; and the director of the State Department of Health (State Health Officer). North Dakota currently does have a Medical Care Advisory Committee, and attached as Appendix B is a list of the members of that committee.

### **OTHER DEPARTMENT OF HUMAN SERVICES ADVISORY COUNCILS AND BOARDS**

- **Drug Utilization Review Board** - The state is required under Section 1927(g)(3) of the Social Security Act to maintain a Drug Utilization Review Board. The board meets quarterly to provide recommendations to the Department of Human Services regarding Medicaid pharmacy services. The Drug Utilization Review Board consists of four physicians, four pharmacists, and three Department of Human Services employees.
- **Drug Use Review Board** - House Bill No. 1430 (2003) requires the Department of Human Services to establish a Drug Use Review Board. The board is responsible for establishing a Medicaid drug use review program, including determining whether use of a particular drug is medically appropriate, medically necessary, and will not result in adverse medical outcomes. The Drug Use Review Board consists of the pharmacy administrator of the Department of Human Services, the medical consultant to the Department of Human Services, six physicians, six pharmacists, and one pharmacist or physician representing the pharmaceutical industry.
- **Regional Human Service Council** - Each regional human service center is directed, pursuant to NDCC Sections 50-06-05.3 and 50-06-05.4, to establish a Human Service Council. The council may consist of up to 13 members, appointed by the boards of county commissioners of the respective counties within the region in cooperation with the director of the regional human service center. Members of the council are to be selected on the basis of the population of residents in each county served by the center, with terms of two years for each member. Each county must have at least one representative on the council.
  - The duties of the regional Human Service Council include:
    - Assisting in needs assessment and the planning and development of health and social resources to assure effective and efficient delivery of services.
    - Reviewing and evaluating services and programs provided by the centers and make periodic reports to the Department of Human Services together with any recommendations the council may have for improvement in services, programs, or facilities.
    - Promoting cooperation and working agreements with private human service agencies.
    - Reviewing the budgets for submission to the Department of Human Services.
    - Promoting local and regional financing from public and private sources.
- **Previous Human Services Advisory Board** - From 1989 through 1995 North Dakota had a Human Services Advisory Board. The 1989 Legislative Assembly approved Senate Bill No. 2291, creating NDCC Section 50-06-01.6 which provided for a Human Services Advisory Board. The board consisted of the Governor, or the Governor's designee, who acted as the president of the board, and nine members appointed by the Governor. The board's responsibilities included recommending and reviewing policies for the Department of Human Services and advising the department's executive director with respect to other issues and concerns. The board was to meet quarterly and at other times determined necessary by the executive director, the president, or a majority of the board members. Section 6 of 1995 House Bill No. 1074 repealed Section 50-01-01.6.
- **Previous Social Service Board** - From 1935 to 1981 North Dakota had a Public Welfare or Social Service Board. The Public Welfare Board of North Dakota was created in 1935 to administer, allocate, and distribute any available federal and state funds for relief for the destitute, old-age assistance, mother's aid, maternal and child health, care of crippled children, aid to dependent

children, child welfare service, and public health service. House Bill No. 1058 (1975) renamed the Public Welfare Board the Social Service Board. The Social Service Board consisted of seven members appointed by the Governor, with the consent of the Senate. Each term was for a six-year period, with each individual limited to two 6-year terms. The board was required to meet at least quarterly and whenever called in session by the president of the board or a majority of the board members. The powers and duties of the board included acting as the official agency of the state in any social welfare activity initiated by the federal government not otherwise by law made the responsibility of another state agency.

The Social Service Board, as referenced in NDCC Section 50-06-02, was repealed pursuant to Section 37 of 1981 House Bill No. 1481, which was the same bill that created the Department of Human Services. The Department of Human Services assumed the functions, powers, and duties of the Social Service Board, the Governor's Council on Human Resources, the Mental Health and Retardation Division of the State Department of Health, the Division of Alcoholism and Drug Abuse of the State Department of

Health, and the State Council on Developmental Disabilities.

### **PROPOSED STUDY PLAN**

1. Receive testimony from the Department of Human Services regarding the effectiveness of the current Medical Care Advisory Committee and its responsibilities in assisting the Department of Human Services with the medical assistance program.
2. Receive testimony from a representative of the Medical Care Advisory Committee regarding the member selection process, duties and responsibilities of the committee, how often the committee meets, and potential areas for improvement of the committee.
3. Receive testimony from other interested parties regarding the Department of Human Services' advisory committee for the medical assistance program.
4. Develop committee recommendations and any related bill drafts regarding the Medical Assistance Advisory Committee.
5. Prepare a final report for submission to the Legislative Council.

ATTACH:2