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Rep. Brian Hasler
Rep. William Crawford
Rep. Susan Crosby
Rep. John Day
Rep. Win Moses
Rep. Scott Pelath
Rep. Peggy Welch
Rep. Vaneta Becker
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Sen. Greg Server
Sen. Ron Alting
Sen. Beverly Gard
Sen. Steve Johnson
Sen. Connie Lawson
Sen. Marvin Riegsecker
Sen. Allie Craycraft
Sen. Billie Breaux
Sen. Earline Rogers
Sen. Vi Simpson



HEALTH FINANCE COMMISSION

Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 233-0696 Fax: (317) 232-2554

LSA Staff:

Casey Kline, Attorney for the Commission
Kathy Norris, Fiscal Analyst for the Commission

Authority: IC 2-5-23

MEETING MINUTES¹

Meeting Date: August 20, 2002
Meeting Time: 11:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
House Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. Charlie Brown, Chairperson; Rep. William Crawford; Rep. Susan Crosby; Rep. John Day; Rep. Vaneta Becker; Rep. Mary Kay Budak; Rep. David Frizzell; Rep. Randy Borrer; Sen. Patricia Miller, Vice-Chairperson; Sen. Ron Alting; Sen. Steve Johnson; Sen. Connie Lawson; Sen. Allie Craycraft; Sen. Earline Rogers; Sen. Vi Simpson.

Members Absent: Rep. Brian Hasler; Rep. Win Moses; Rep. Scott Pelath; Rep. Peggy Welch; Rep. Timothy Brown; Rep. Gary Dillon; Sen. Greg Server; Sen. Beverly Gard; Sen. Marvin Riegsecker; Sen. Billie Breaux.

Chairman Charlie Brown called the Health Finance Commission meeting to order at 11:10 A.M. Representative Brown opened the meeting with introductions of Commission members present, a review of the Legislative Council's charge to the Commission, and the topics required to be addressed. The Chairman received testimony.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Emily Marshman, President, MG Consulting, Inc.

Ms. Marshman was the Deputy Director of the Office of Fiscal and Management Analysis in the Legislative Services Agency in the early 1990's when the Sunset Evaluation Committee undertook a two-year review of Indiana's health and human services agencies and programs. Ms. Marshman gave an overview of the two service delivery studies and the legislative process that led to the formation of the Family and Social Services Administration (FSSA). The two studies she addressed were the Sunset Evaluation Committee Study of 1990-1992 and the Anderson Consulting efficiency audit commissioned by Governor Evan Bayh. Ms. Marshman reported that both studies found that human services delivery systems in the state suffered from fragmentation and duplication of services as well as a lack of centralized policy, planning, evaluation, and research. The Sunset Evaluation Study recommendations included the creation of a cabinet secretary to coordinate policy development, administrative services, and the hiring of agency directors. The Anderson Report recommended an umbrella agency with five program offices and three policy offices. Ms Marshman also reviewed the major issues and the legislative process that resulted in P.L.9-1991. This legislation created the Office of the Secretary, but did not authorize an actual umbrella agency (Exhibit A).

Julianna M. Newland, Manager of Public Affairs, Eli Lilly and Co.

Ms. Newland reviewed issues and goals that were priorities of several task forces involved in the process that led to the creation of the Family and Social Services Administration. One-stop shopping for the enrollment of eligibles and program delivery across the spectrum of social services and health care services was a major goal of the task forces. Also an evaluation and research process within an administrative structure that could provide answers to questions regarding program accountability and an analysis of whether the new structure achieved the goals proposed for it was desired. The lack of information technology (IT) was identified as a huge gap in the resources available for the delivery or the evaluation of human services in the state. Ms. Newland reviewed the role that the Institute of Medicine Report that focused on the delivery and coordination of public health programs played as well as the ongoing debate of the medical model vs. the social services model as the correct paradigm for the new agency. (See Exhibit B)

Steve McCaffrey, President, Mental Health Association

Mr. McCaffrey discussed the role of the Interdepartmental Board for the Coordination of Human Services. This Board was a precursor to the FSSA. The Board concentrated on policy level coordination of the departments and tended to focus on specific projects. Mr. McCaffrey reported that the United Way had sponsored a Blue Ribbon Panel that called for an increase in coordination in the delivery of human services. Mr. McCaffrey further stated that Pamela Carter made coordination of human services her number one priority during her tenure in Governor Bayh's administration. The four Agencies that were the focus of this attention were the Department of Welfare, the Department of Mental Health, the Department of Human Services, and the Board of Health. This followed a national trend towards consolidation and centralization of human services administration into mega-social service/ health agencies. The states of Florida and Washington had implemented consolidated agencies that were used as potential models for Indiana. Mr. McCaffrey reported that discussions concerning the coordination of services focused on integration of services at the local level with priorities being prevention and services promoting self-sufficiency. Mr. McCaffrey also stated that the roles of the Board of Health as a regulatory agency and FSSA as the provider of the regulated services were a factor in the decision to maintain the Department of Health as a separate entity. Mr. McCaffrey finally reported that no outcome evaluation benchmarks were established to allow an assessment of the structure of the Family and Social Services Administration to determine if the organizational structure was of value and should be continued to further the goals envisioned in its creation.

John Hamilton, Secretary, Family and Social Services Administration

Mr. Hamilton commented that a discussion of desirable outcomes and a review of the organizational structure of the FSSA is a necessary and valuable exercise. Mr. Hamilton reported that since FSSA was created, the agency has emphasized prevention, improved the emphasis on self-sufficiency and self-directed care, increased collaboration and coordination among and between departments and programs, and improved the ability to prioritize problems across departments and programs.

Mr. Hamilton reported that since 1991, he is the eighth secretary of the Family and Social Services Administration, an agency that serves one in seven Hoosiers and has a total budget of \$5.6 B. Additional information regarding FSSA was distributed (See Exhibit C).

Mr. Hamilton reported that FSSA has significantly increased its audit function by doubling the number of audits performed. He further reported that because FSSA was in place, the necessary budget cuts were accomplished within the agency priorities. FSSA did not make across-the-board budget cuts. A copy of the specific priorities for the current budget biennium are included in the handouts (See Exhibit C). Mr. Hamilton emphasized that the priorities of FSSA are focused on the local and individual outcomes. The number one priority of FSSA is to increase the availability of home- and community-based services. FSSA has specified numbers for increased capacity of children and elderly that can be cared for in home- and community-based settings. The number two priority of FSSA is to provide assistance to families and children with an emphasis on prevention and self-sufficiency. Mr. Hamilton used the expansion of the Healthy Families program as an example.

Mr. Hamilton reported the following programs and advances as examples of benefits of the creation of FSSA. FSSA has enhanced program and policy collaboration. Hoosier Healthwise has expanded healthcare coverage to 400,000 children. Seriously emotionally disturbed children and developmentally delayed children are transitioned to care settings better (although Mr. Hamilton admitted that the process is still in need of work and additional resources). Medicaid rehabilitation funding opportunities could make this process more robust. The Medicaid program is integral to the expansion of home care services for the elderly and the institutionalized. Medicaid resources can expand the options and opportunities available to clients. The organizational structure of FSSA has made the expansion of home- and community-based care possible. FSSA is working to build a "data warehouse" in order to efficiently share data and to build a "one-stop" application process.

Mr. Hamilton commented that continuing challenges facing FSSA include the elimination of "funding silos" in order to enable funding to address desired individual results, not program funding sources. Communications and coordination within the agency remains a challenge due to the size of FSSA. Program reductions also remain a challenge. Coordination is required to continue the dialogue on how to achieve cuts.

Mr. Hamilton stated that FSSA needs to continue to improve accountability and increase audit activities. FSSA needs to continue to focus on individual customer's needs and results and not on defense of a program because the funding is ongoing in a particular format.

Committee questions followed the Secretary's presentation. Representative Crawford commented that almost one-third of all state employees work for FSSA and that he reads more about FSSA crises and inefficiencies than about achievements. He asked if FSSA is just too big and how would clients rate the performance of FSSA? Mr. Hamilton responded that FSSA needed to improve cross-agency collaboration, but splitting FSSA into smaller pieces would make this more difficult. Mr. Hamilton also stated that FSSA does not currently perform client satisfaction surveys, but will be doing so in the future. Representative

Crawford continued by asking if coordination requires a large organization.

Representative Becker asked the Secretary whether the current process of internal communication provides adequate information. She used the example of the announcement of the intended closure of the Evansville Children's Psychiatric Hospital.

Senator Miller asked if the number of Secretaries (8) was a symptom of a larger problem? She continued by asking if the frequent turnover at the top was a challenge to FSSA. Secretary Hamilton responded that regardless of the turnover, FSSA had accomplished good things.

Representative Crawford asked about reductions in funding for child care and requested a written update on TANF (Temporary Assistance for Needy Families) income disregards and issues relating to the \$60 M reduction in federal funds. Representative Budak and Senator Craycraft also had questions concerning licensed child care and payment rates.

Representative Charlie Brown asked Secretary Hamilton to be available for the Commission's next meeting on September 17, 2002.

Public Testimony

Carol Davis, Child Advocate, Evansville, IN

Ms. Davis commented on problems she has encountered with the child welfare system and courts. She also stated that she was opposed to the closure of the Evansville Children's Psychiatric Hospital and requested that an outside audit of FSSA be conducted (See Exhibit D).

Representative Brown adjourned the meeting at 1:15 P.M.