

**TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE**

**REGARDING HOUSE BILL 1460**

**MARCH 9, 2005**

**Chairman Lee, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding this proposed legislation.**

**This bill is a result of recommendations made by the Medicaid Working Group appointed by Governor Hoeven. The Department did provide information to this group, but did not participate in the deliberations; nor were we involved in developing the recommendations presented in the report of this group.**

**The amended bill would require the Department to provide a biannual report to the Legislative Council that would include an analysis of the number of recipients receiving services, the cost of those services, and a comparison of requested and approved budget to actual expenditures. It would include a comparison with other surrounding states. The Department would utilize actuarial tools to accomplish this requirement, including projections and trends for five-year periods in the future, and would be used by the Legislative Council to monitor program policies and appropriations.**

**Section 2 was amended to reduce the appropriation from \$350,000 to \$100,000 of which \$50,000 would be general funds to obtain the necessary actuarial services needed to carry out the intent of this bill. If the bill becomes law, the Department would issue a Request for Proposal to accomplish the work outlined in this legislation. It is unknown if the \$100,000 will be adequate to accomplish the goals of the legislation.**

**The Department does employ an actuarial firm to review expenditures in order to establish rates for the managed care plan with Noridian Mutual Insurance Company. Accountants within the fiscal unit carry out budget preparation and analysis with assistance from my staff. The budget process involves the review of past expenditures to attempt to predict future costs but does not use actuarial analysis to build the Medicaid grant budget.**

**The Executive budget does not contain any funds for this activity, and therefore the appropriation contained in this bill is needed in order for the Department to implement the requirements of this proposed legislation.**

**I would be happy to respond to any questions you may have.**