

# Wyoming Legislature

## Committee Meeting Summary of Proceedings

### Management Audit Committee

July 30 and 31, 2009  
Capitol Building, Room 302  
Cheyenne, Wyoming

#### **Meeting Attendance**

##### ***Committee Members Present***

Representative David Miller, Chairman  
Senator John Hines, Vice Chairman

Senator Bruce Burns  
Senator Floyd Esquibel  
Senator Tony Ross  
Senator John Schiffer  
Senator Kathryn Sessions

Representative James Byrd  
Representative Michael Madden  
Representative John Patton  
Representative Bill Thompson

##### ***Committee Member Absent***

None

##### ***Legislative Service Office***

Gerald W. Hoppmann, Program Evaluation Manager; Michael Swank, Senior Program Evaluator; Karla Smith and Joy Hill, Program Evaluators; William Freeman and Michelle Garcia, Associate Program Evaluators.

##### ***Others Present***

Please refer to Appendix 1 to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

#### **Written Meeting Materials and Handouts**

All meeting materials and handouts provided to the Committee by the Legislative Service Office (LSO) and public officials are referenced in the Meeting Materials Index, attached to the minutes. These materials are on file at the LSO and are part of the official record of the meeting.

## **Open Session** (July 30, 2009)

### ***Call to Order***

Senator Schiffer, previous Management Audit Committee Chairman, called the meeting to order at 8:30 a.m. The following sections summarize the Committee proceedings by topic. Please refer to Appendix 2 to review the Committee Meeting Agenda.

### **Elections of Officers & Appointment of Additional Member**

Senator Hines moved for the nomination of Representative David Miller as Chairman of the Management Audit Committee. The motion was seconded by Senator Ross; the vote was unanimous.

Representative Patton moved for the nomination of Senator Hines as Vice-Chairman of the Management Audit Committee. The motion was seconded by Representative Thompson; the motion carried unanimously.

The Committee discussed the appointment of an eleventh member to the Committee. Based on tradition, the chairmanship and at-large member have rotated between the two legislative bodies. The rotation suggests that the Senate will have a sixth member since the newly elected committee chairman is from the House. Mr. Hoppmann, LSO Program Evaluation Manager, reminded the Committee that Senator Burns was appointed to that position by Leadership, but the Committee must affirm the appointment. Senator Hines moved to affirm the appointment of Senator Burns. The motion was seconded by Chairman Miller; the motion carried unanimously.

### **Minutes**

Senator Schiffer moved approval of the minutes of the December 15, 2009 meeting. Senator Hines seconded and the motion; the motion carried unanimously.

### **Staff Introductions**

Gerald Hoppmann introduced himself to the Committee as the new Program Evaluation manager and each of the staff members: Michael Swank, Karla Smith, Joy Hill, Will Freeman and Michelle Garcia.

## **Executive Session**

### ***Victim Services Division***

Per W.S. 28-8-107(c), Chairman Miller moved the Committee into Executive Session for consideration of a staff presentation on the draft report, *Victim Services Division: Phase I*. The Committee then discussed the report's findings and recommendations with officials from the Wyoming Attorney General's office.

## **Open Session**

Chairman Miller moved the Committee into Open Session.

Senator Burns moved to release *Victims Services Division* on the 7<sup>th</sup> of August, 2009. Senator Esquibel seconded the motion; the motion carried unanimously.

Representative Patton moved to request that staff continue with Phase II of the audit. Senator Ross seconded the motion; the motion carried unanimously.

Senator Schiffer further moved to include a letter from the Committee with the Executive Summary dated August 5, 2009, explaining that the August 7, 2009 report deals with Phase I issues (e.g. accounting and expenditures related issues) and that Phase II, which was approved by the Committee, deals with oversight and accountability issues with respect to grant funds. Senator Esquibel seconded the motion; the motion carried unanimously.

Senator Schiffer also requested that LSO staff work with the Office of the Attorney General to provide an update at its next meeting of the implementation of Phase I recommendations. Mr. Hoppmann stated he would make sure the agency provided such an update.

### **Executive Session**

#### ***Office of Healthcare Licensing and Survey***

Per W.S. 28-8-107(c), Chairman Miller moved the Committee into Executive Session for consideration of a staff presentation on the draft report, *Office of Healthcare Licensing and Survey* (within the Wyoming Department of Health). The Committee also discussed the report's findings and recommendations with officials from the Department and the Office.

### **Open Session**

Chairman Miller moved the Committee into Open Session.

Senator Burns moved to postpone the release *Office of Healthcare Licensing and Survey* report; also that staff draft a letter rejecting the Office's response to the audit report and requesting the department submit a second response with more specific solutions for the program; this letter will be incorporated into the audit report with the second response from the Office. Senator Ross seconded the motion, motion carried unanimously.

Committee instructions included that the approved letter be copied to the governor and that the original Office's response, the Committee's letter, as well as the Office's follow-up response will be incorporated into the final report. Public release of the report will be confirmed through mail-in ballot at a later date (but prior to the Committee's next scheduled meeting) coordinated through Program Evaluation Manager Mr. Hoppmann. **Note:** The release of the report occurred on August 21, 2009; approved by the Committee via mail-in ballot.

## **Open Session** (July 31, 2009)

### **Call to Order**

Chairman Miller called the meeting to order at 8:30 a.m.

### **Two-year Follow up: June 2007 Kid Care CHIP Report**

Dr. Brent Sherard, Director of the Wyoming Department of Health, Lee Clabots, Deputy Director of Administration, and Patricia Guzman Program Manager, Kid Care CHIP gave a brief opening statement and then answered various questions from the Committee in the following areas: enrollment demographics, impact of federal stimulus monies, changes in legislation, etc.

Dr. Sherard indicated that currently there are 5,484 kids enrolled, but enrollment has been declining after a high of 6, 100 kids in July 2008. He continued and commented that this decline may be due to a number of kids becoming ineligible due to the economy and that they may now be enrolled in the Medicaid program; other previously ineligible children (families above the 200 percent federal poverty level) may also be enrolling in the CHIP program, but not enough to offset those going to Medicaid. Ms. Guzman stated that the program is working with the Departments of Workforce Services and Employment to reach families who have lost their income in order to bring in those children into the Program.

The Committee inquired as to whether or not federal stimulus money will have an affect on the Kid Care CHIP program. Ms. Guzman informed the Committee that stimulus money will have no affect on this program, but will affect the Medicaid program; impacts include that the federal government will increase their Medicaid match percentage through December 2010. Dr. Sherard noted that the department is looking at cost drivers to find out where Medicaid cost can be reduced over time.

As for the SCHIP program, the recent federal CHIP reauthorization legislation passed in February 2009 will have to be addressed by the Wyoming Legislature this year. These changes include adding provisions such as mental health parity and dental benchmarking. In addition, the program may now allow eligibility to go up to 300 percent federal poverty level but will need state legislative action to approve that for Wyoming's program. Up to this year, the program allowed this eligibility, but states had to cover the full costs between 200% and 300% of poverty; now the federal government will provide matching dollars (at 65% match) for this group of eligible children. Traditionally, states received three-year funding allotments, but now the federal government has changed that to two-year allotments; Wyoming will receive \$11.3 million in federal funding for this Program for the next two years.

Ms. Guzman stated that it is estimated that there are approximately 4,000 additional kids that are eligible for the program at the 300% federal poverty threshold. Ms. Guzman also noted that SCHIP is different than Medicaid in that the Medicaid program is an entitlement program with no set limits on costs or eligible persons; SCHIP is a capitated program where the program has a set amount of money and eligible openings in the program, which help to keep costs down.

The Committee asked the Department about the reimbursement rate for SCHIP in comparison with Medicaid. According to Ms. Guzman, CHIP has a higher reimbursement rate than Medicaid as part of the State's contract with Blue Cross Blue Shield, which administers the CHIP program in Wyoming. The intent of the rates is to better assure system access for children. The

department did increase the premium rates for the program this month (July 2009) in its renegotiated contract with Blue Cross Blue Shield.

The Committee asked about problems with dental access for the program that may be similar to stories about this problem with Medicaid clients. Ms. Guzman stated that there is no real issue with dental access for the SCHIP program and that the program has about 70% of dentists across the state enlisted in the program. Ms. Guzman also noted some differences in how services are paid out for American Indian clients along side Indian Health Services funding and providers.

The Committee asked about the contract and the department's competitive bid process. Ms. Guzman stated that some other states have multiple insurance companies provide management services for the SCHIP program and some states run their program purely out of a government agency similar to Medicaid. Wyoming's program does make available an RFP to multiple insurance carriers, including Great West, Cigna and others, in the state every two years when the contract must be re-negotiated, but no other companies have bid to provide management services for the program except Blue Cross Blue Shield.

The Committee requested the following additional information from the Department:

- Cost to increase the program to 300% FPL to utilize additional Federal Funding.
- Data on the number of single parent households, grandparents, or parents in prison with children enrolled in Kid Care CHIP.

### **Board of Parole Presentation: Wyoming Restitution System Audit Request**

Mr. Patrick Anderson, Executive Director of the Board of Parole, presented the Board's request for an audit of Wyoming's Restitution System. Mr. Anderson indicated that there has been a disconnect among the players in the system (i.e. – courts, corrections, victim services, etc.), which affects effective and efficient collection of restitution monies and distribution. His concerns included the lack of reviewable and analyzable data and that current mechanisms set out for collecting restitution are not effective and efficient.

Mr. Anderson commented that he presented this to the standing Judiciary committee last interim, but the topic was not taken up by the Committee at that time under direction from Management Council. The Committee expressed concern over the depth and broadness of this potential topic; identification of primary players; as well as the likelihood of obtaining usable data. The Committee confirmed that this is an important topic to consider for an audit.

### **Office of State Lands and Investments Scoping Paper Presentation**

Program Evaluation staff presented a scoping paper entitled *Office of State Lands and Investments*, which provided background information about the Office and its state land leasing program, including subsurface and surface leasing.

Committee discussion following the presentation centered on verifying the scope of the proposed audit to the subsurface estate since the Committee generally felt the surface (agricultural leasing) programs were working well. The Committee clarified that issues outside the state trust lands arena, such as legislatively designated investments (LDIs) would not be within the scope of an audit. Mr. Hoppmann stated that the audit could look at the question of "maximizing" revenue under existing state statutory authority (and legislative policy) with respect to State lands.

## **Reading Assessment and Intervention Program Scoping Paper Presentation**

Program Evaluation staff presented a scoping paper entitled *Reading Assessment and Intervention Program*, which provided background information on the efforts of the school districts to ensure reading proficiency of children in first through fourth grade.

Committee discussion following the presentation related to the impact of funding schools under the Block Grant Model and the Department of Education's inability to report on district's specific use of various resources. The Committee expressed interest related to the uniqueness of each district and that current data collection related to reading proficiency and other areas from the districts to WDE appears to be flawed.

## **Other Business**

### **Update: Phase II Victim Services Division**

Mr. Hoppmann stated that at the September 2008 meeting, the Committee voted affirmatively to conduct this audit. In December 2008 however, due to staff shortages and transition of a new manager, the previous Committee voted to delay this audit. To accommodate concerns from the current Committee however, on completing the audit prior to the subsequent budget session, Mr. Hoppmann moved forward with a phased-in approach: Phase I (accounting and expenditure related issues) being released August 7<sup>th</sup>, 2009 pursuant to a vote by the Committee; and Phase II (accountability and provider oversight issues).

At this stage, Mr. Hoppmann discussed Phase II and went over relevant evaluation questions discussed in the scoping paper: expenditure of funds; timeliness of awards; accountability of service providers; reporting of unduplicated counts of services; and alignment of Division practices with its statutory and regulatory framework.

Mr. Hoppmann stated that the Phase II report will be completed prior to the 2010 Budget Session.

### **Proposed New Audit Topics (Scoping Papers)**

The Committee discussed the issue of PAWS testing in the state. The Committee questioned whether this test is a relevant measure of student progress and had concerns over the cost in time and money to administer the test. Since the test has been implemented for a couple of years, the Committee expressed interest in a scoping paper to be presented at the next meeting. The Committee discussed scoping the topic to include the following: an evaluation of various testing going on within the districts; discussion that the ACT test is currently the main test tied to programs like the Hathaway scholarship program and admission to the military academies; and whether PAWS is doing what it needs to do.

The Committee also discussed the topic of unemployment insurance and problems brought to legislative attention. Committee concerns included the method and reason for a lack of field office distribution around the state for individuals filing for unemployment compensation; the lack of a toll-free phone number for clients to contact the offices; and that constituents have experienced obtaining incorrect or inconsistent information and customer service.

## **New Programs and Major Program Modifications**

Mr. Hoppmann discussed correspondence from Gerald Laska, LSO Staff Attorney, with respect to new programs and major program modifications from the previous session. Mr. Hoppmann presented this letter to the Committee pursuant to W.S. 28-1-115 (e), and requested the Committee to review the letter and forward ideas for potential or future topics to the Chairman.

## **Program Evaluation Staff Position**

Mr. Hoppmann stated that the Program Evaluation Section is almost fully staffed, with the exception of one vacant position. However, because of budgetary constraints, he said that Management Council at its August meeting will consider whether to fill the vacant position. He went on to say there are two viable candidates who have expressed keen interest in the position. One candidate has a Masters in Environmental Law, as well as a Masters in Political Science, with extensive methodological background. The other candidate has a Masters in Public Administration, and works as a budget analyst with the City of Laramie. He stated that either candidate would be a positive addition to LSO staff.

Mr. Hoppmann stated that if the Committee so desires, it could make a formal recommendation with respect to the vacant position, for the Management Council to consider during its August meeting. Chairman Miller asked Mr. Hoppmann to discuss the impact of not filling the position on the current workload. Mr. Hoppmann stated that filling the position would help in achieving the goal of conducting multiple audits in more of a timely manner. However, he also stated that if Council chose not to fill the position, staff would continue to work diligently to accomplish the work associated with new audits and scoping papers as prioritized by the Committee.

Senator Hines stated that because of budgetary constraints and the perception of hiring staff during a difficult economic time, he brought up the need for discussion during the upcoming Management Council meeting. Senator Ross questioned the need to discuss the vacant position, since he believed the decision had already been made by the Management Council to fill both positions. He went on to state that the expertise and hard work of program evaluation staff is exactly what is needed in order to identify cost savings during tough times. He also stated that the Legislature's most effective oversight tools are these audits. Representative Patton agreed, and also stated that the amount of work and in-depth analysis that staff conducted for the current meeting is proof of this type of benefit.

Senator Sessions made the motion to recommend to Management Council that the vacant position be filled. Senator Ross seconded the motion. The motion passed.

## **Program Evaluation Process**

Mr. Hoppmann provided a brief presentation to the Committee about the auditing process and standards the Program Evaluation Section goes through when preparing and presenting audits.

The Committee commented on adding into the audit reports a page that identified the parties invited to participate in the process. Mr. Hoppmann commented that although every single person is not identified by name (due to statutory confidentiality requirements), general references to officials, directors, stakeholders, etc. are currently identified in the reports. He also stated that this section of our reports may be enhanced in the future.

### **Selection of New Topics**

After Committee discussion, the Committee requested staff to conduct the following audit (each topic voted on separately):

- Full audit of the *Office of State Lands and Investments* focusing on sub-surface issues; unanimously passed.
- Full audit of the *Reading Assessment and Intervention*, unanimously passed.
- Scoping paper of *PAWS*, unanimously passed. Representative Patton commented that the examination should also include the possibility of using existing alternative assessments in place of *PAWS*.
- Scoping paper of the *Department of Employment Unemployment Insurance Division*, passed.
- Scoping paper of the *State Restitution System* (proposed by the Board of Parole), unanimously opposed.

Mr. Hoppmann clarified that the ongoing Phase II audit of DVS, as well as the rest of the requests were on target to be completed prior to the 2010 Budget Session, and presented for Committee consideration during its next scheduled meeting.

### **Next Meeting Date**

Chairman Miller will coordinate with staff on the exact date of the next meeting, tentatively set for January 2010.

### **Meeting Adjournment**

There being no further business, Chairman Miller thanked participants and adjourned the meeting at 1 p.m.

Respectfully submitted,

Representative David Miller, Chairman



# Wyoming Legislature

## Committee Meeting Materials Index

### Management Audit Committee

July 30 and 31, 2009  
Room 302, Capitol Building  
Cheyenne, Wyoming

All meeting materials and handouts provided to the Committee by the Legislative Service Office (LSO), public officials, lobbyists, and the public are referenced in the Meeting Materials Index. The table below provides a summary of the materials provided to the Committee. These materials are on file at the LSO and are part of the official record of the meeting. Please contact the LSO at 307-777-7881 to review these documents.

Appendix	Appendix Topic	Appendix Description	Appendix Provided By
1	Attendance summary	Lists meeting attendees other than legislators and staff	Legislative Service Office
2	Committee meeting agenda	Provides a general outline of the topics the Committee planned to address at meeting	Legislative Service Office
3	Victim Services Division presentation	Draft audit report – <i>Victim Services Division</i>	Legislative Service Office
4	Office of Healthcare Licensing and Surveys presentation	Draft audit report – <i>Office of Healthcare Licensing and Surveys</i>	Legislative Service Office
5	Kid Care CHIP follow up	Executive Summary	
6	Board of Parole	Correspondence requesting audit of Wyoming Restitution System	Board of Parole
7	Scoping Papers	<i>Office of State Lands and Investments</i> scoping paper	Legislative Service Office
8	Scoping Papers	<i>Reading Assessment and Intervention Program (W.S. 21-3-401)</i> scoping paper	Legislative Service Office
9	Other Business	Correspondence from LSO regarding <i>New programs and major program modifications</i>	Legislative Service Office
10	Other Business	Information about Program Evaluation process in general	Legislative Service Office

## List of Attendees

### Executive Session

Report on the *Victim Services Division*

Attorney General's Office

Bruce Salzburg, Attorney General

Elizabeth Gagen, Deputy Attorney General

Julie Tennent-Caine, Director, Victim Services Division

Sean Brazzale, Deputy Director, Victim Services Division

Laura Gorny, Chief Fiscal Officer, Attorney General's Office

Report on the *Office of Healthcare Licensing and Surveys*

Department of Health

Dr. Brent Sharard, Director

Lee Clabots, Deputy Director of Administration

Jean McLean, Manager, Office of Healthcare Licensing and Surveys

### Open Session

Follow-up to 2007 report on *Kid Care CHIP: Wyoming State Children's Health Insurance Program*

Department of Health

Dr. Brent Sharard, Director

Lee Clabots, Deputy Director of Administration

Jean McLean, Manager, Office of Healthcare Licensing and Surveys

### Others

Patrick M. Anderson, Executive Director, Board of Parole

Ken Decaria, Wyoming Education Association

Kathryn Valido, Wyoming Education Association

Lori Millin, Representative House District 08, Wyoming State Legislature

Joann Odendahl, Wyoming Supreme Court

Rita Thompson, Sweetwater County Democrats (?)

Joan Barron, Casper Star Tribune

## AGENDA

**Management Audit Committee  
July 30 and 31, 2009  
Room 302, Capitol Building  
Cheyenne, WY  
8:30 a.m.**

### OPEN SESSION

8:30 a.m. Call to order  
Elections of officers & appointment of additional member  
Approval of minutes from December 15, 2008 meeting  
Staff introductions

(Times approximate)

### EXECUTIVE SESSION [per W.S. 28-8-107(c)]

8:45 a.m. Staff presentation of draft report on *Victim Services Division*  
Committee questions and discussion

10:15 a.m. Break

### EXECUTIVE SESSION [per W.S. 28-8-107(c)]

10:30 a.m. Office of the Attorney General officials meet with Committee  
Bruce A. Salzburg, Attorney General  
Elizabeth C. Gagen, Chief Deputy Attorney General  
Laura Gorny, Office of Attorney General, Chief Fiscal Officer  
Julie Tennant-Caine, Victim Services Division, Director  
Sean Brazzale, Victim Services Division, Deputy Director  
Committee questions  
Agency officials depart  
Committee discussion

### OPEN SESSION

11:30 a.m. Committee votes on release of *Victim Services Division* report  
Committee takes action related to release of report

### Lunch Break

### EXECUTIVE SESSION [per W.S. 28-8-107(c)]

1:00 p.m. Staff presentation of draft report on *Office of Healthcare Licensing and Survey*  
Committee questions and discussion

2:30 p.m. Break

**EXECUTIVE SESSION** [per W.S. 28-8-107(c)]

2:45 p.m. Wyoming Department of Health officials meet with Committee  
Brent D. Sherard, M.D., M.P.H., F.A.C.P., Director and State Health Officer  
Lee Clabots, M.S. Hyg., M.P.H., Deputy Director of Administration  
Jean McLean, RD, Manager, Office of Healthcare Licensing and Surveys  
Committee questions  
Agency officials depart  
Committee discussion

**OPEN SESSION**

4:00 p.m. Committee votes on release of *Office of Healthcare Licensing and Surveys* report  
Committee takes action related to release of report

**ADJOURN (Day 1)**

*Day 2 - Friday, July 31, 2009*

**OPEN SESSION**

8:30 a.m. Call to order

8:35 a.m. Follow-up on *Kid Care CHIP: Wyoming State Children's Health Insurance Program* report from June 2007  
Officials from Wyoming Department of Health  
Brent D. Sherard, M.D., M.P.H., F.A.C.P., Director and State Health Officer  
Lee Clabots, M.S. Hyg., M.P.H., Deputy Director of Administration  
Patricia Guzman, Program Manager, Kid Care CHIP  
Committee questions and discussion

9:35 a.m. March 25, 2009 correspondence and related information from Board of Parole, requesting audit of Wyoming Restitution System  
Officials from Board of Parole present  
Patrick M. Anderson, Executive Director  
Committee questions and discussion

10:00 a.m. Staff presentations on scoping papers  
*Office of State Lands and Investments*  
*Reading Assessment and Intervention Program (W.S. 21-3-401)*

11:00 a.m.

Other business

Update on work in progress

*Phase 2: Victim Services Division*

Correspondence from Gerald Laska, LSO Staff Attorney

*New programs and major program modifications: W.S.*

*28-1-115*

Discussion and vote on new audit topics

Discussion and questions related to evaluation process (optional)

**ADJOURN**