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Report of The Hospital & Medicaid Study Subcommittee of The Arkansas Legislative Council

September 28, 2012

Dear Co-Chairs:

The Hospital & Medicaid Study Subcommittee of the Arkansas Legislative Council met August 14 & 15, 2012. The meeting was designed to give members a better understanding of the Medicaid Program and to discuss the possible expansion of the Medicaid Program to cover working-age adults up to 138% of the Federal Poverty Level.

The meeting on August 14 focused on providing members with a better understanding of what groups of people are currently covered under Medicaid, and the types of services covered. Marilyn Strickland, Chief Operating Officer, Division of Medical Services, Department of Human Services, spoke to the subcommittees and gave a history of Medicaid, regarding who is covered and how Medicaid is funded. Joni Jones, Director, County Operations Division, Department of Human Services (DHS), discussed eligibility criteria for various Medicaid programs, and how that is determined by the personnel in the DHS county offices.

There was also a follow-up discussion from a Legislative Audit Medicaid Subcommittee meeting in July, 2012. Ms. Jones described the process of determining eligibility for both of the ARKids programs.

The August 15, 2012 agenda focused on issues surrounding the possible expansion of Medicaid to cover persons up to 138% of the Federal Poverty Level. The issue of uncompensated medical care at hospitals was also discussed.

Joe Thompson, M.D., Arkansas Surgeon General, and Director, Arkansas Center for Health Improvement, stated that 138% of the Federal Poverty Level would extend coverage to persons making \$31,809 a year for a family of four. Jay Bradford, State Insurance Commissioner, agreed that Arkansas has one of the highest uninsured rates in the country at approximately 25% of the population. Andy Allison, Ph.D., Director, Division of Medical Services, Department of Human Services, estimated the State of Arkansas would save \$372 million over the first seven years of the Medicaid expansion. This savings factored in state benefits of additional income taxes collected on the new federal money, and reduced uncompensated care at hospitals.



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Dan Rahn, M.D., Chancellor of the University of Arkansas for Medical Services, and Bo Ryall, President and CEO of the Arkansas Hospital Association, testified that expanding Medicaid would greatly reduce uncompensated care at hospitals. In 2010, uncompensated care costs to Arkansas hospitals were estimated at \$338 million.

The subcommittee members asked many questions of the Department of Human Services, Arkansas Center for Health Improvement, State Insurance Department, Arkansas Hospital Association, and UAMS. The decision was made to meet again this fall and discuss the possible Medicaid expansion in more depth.

Senator Joyce Elliott

Representative Greg Leding