

MINUTES
HOUSE INTERIM COMMITTEE ON INSURANCE AND COMMERCE
Marianna Civic Center
593 State Hwy. 243, Marianna, Arkansas
Friday, July 7, 2017

The House Interim Committee on Insurance and Commerce met at 10:30 a.m. Friday, July 7, 2017, at the Marianna Civic Center, 593 State Hwy. 243, Marianna, Arkansas.

Committee members present: Representatives Charlie Collins, Chair; Reginald Murdock, Chris Richey, Deborah Ferguson, James J. Sorvillo, Marcus Richmond, and Les Warren.

Also attending: Representatives Fredrick Love, Fred Allen, Steve Hollowell, and Vivian Flowers.

Representative Collins called the meeting to order.

CONSIDERATION TO APPROVE MINUTES

[Exhibits C-1, C-2]

Representative Richmond made a motion to approve the September 26, 2016, House Insurance and Commerce Committee meeting minutes, and the motion carried.

Representative Richmond made a motion to approve the September 27, 2016, House Insurance and Commerce Committee meeting minutes, and the motion carried.

CONSIDERATION TO APPROVE A MOTION TO AUTHORIZE CHAIRMAN TO APPROVE SPECIAL EXPENSES INCURRED BY THE HOUSE INTERIM COMMITTEE ON INSURANCE AND COMMERCE
[Exhibit D]

Representative Collins made a motion to authorize the Committee chairman to approve special expenses incurred by the House Interim Committee on Insurance and Commerce. The motion carried.

JOBS

Mr. Daryl Bassett, Director, Arkansas Department of Workforce Services (ADWS), noted: [HANDOUT 2]

- The delta region is the heartbeat of Arkansas.
- The vision for the state, for this region, needs to be clearly articulated.
- One size does not fit all, so ADWS looks at sector strategies.
- Important to talk to people in leadership positions in sector quadrants and ask what the needs are of that area.
- Considerations are given to the wants of a community and what resources are available.
- Training the unemployed and young folks in an area is important so that businesses will come to the area.
- Communication is necessary to provide services, and ADWS will continue to communicate even more effectively with other state agencies.

Ms. Kay Brockwell, Forrest City Chamber of Commerce Consultant, and owner of Future Focus Development Solutions, LLC, noted: [HANDOUT 1]

- Shandong Ruyi Technology Group purchased the former Sanyo Manufacturing Co. plant in Forrest City, a 1.4 million-square-foot complex to be used as a cotton spinning mill; there are plans for renovations and two additional buildings, each 500,000-square-feet.
- Ruyi has a four-person lead team in place and plans to have the plant in production by summer 2018.
- They plan to hire in stages beginning with manufacturing and hire 240 people; then increase manufacturing and hire 240 more people.

- When in full operation, the mill will employ 800 and use 200,000 tons of cotton annually.
- It is expected to require semi-skilled labor with basic reading, math, computer skills, and specific training to the machinery. The bulk of production employees will be computer operators.
- Future Focus is working with state agencies and a consortium of colleges to determine job profiles and certifications to ready a qualified pool of applicants; the average salary will be \$15 to \$25 per hour.
- Advertising for the positions will be through local workforce offices, local community colleges, and social media.

Mr. Drew Williams, Project Director, Arkansas Economic Development Commission, noted:

- He visited with the National Cotton Council which is excited to hear of the RUYI plans and is interested in what skill sets will be required for the technology.
- RUYI will use the highest level of robotics available (machines ranging in cost from \$2 million to \$3 million each, of which there will be hundreds).
- Phase I looks like 480 total jobs; so the incentive from the state's view is contingent on achieving those jobs.
- The number of jobs has to be available before the \$410 million in state incentives will be met.
- Arkansas' cotton industry is the true incentive, and this sets the stage for growers to buy seed now.
- Arkansas is ranked 5th in the nation for cotton production, half of what has been produced in the past.
- There is a 3-4 year lead time before the plant will be at full production. Currently there is insufficient workforce in the area, but with great effort, there will be a trained pool of applicants.

HEALTHCARE

Mr. Kelley Linck, Chief Legislative and Intergovernmental Affairs Officer, Arkansas Department of Human Services (DHS), noted:

- Arkansas Works (AR Works) expanded Medicaid in 2013 up to 138% of the federal poverty level, and used Medicaid money to purchase insurance for recipients.
- AR Works currently is not allowed to require work.
- AR Works 2.0 will allow the state to require work with some exceptions (over the age of 50, have a child at home, caring for others, or volunteering).
- AR Works 2.0 will drop eligibility to 100% of federal poverty level.
- If the work requirement/waiver is granted, the 60,000 people who are in the 100% to 138% of poverty group will be notified in January via insurance companies, providers and email. In most cases people pay will \$13-\$18 per month for insurance, and the federal government will take care of the other 98%.
- Supplemental Nutrition Assistance Program has a work requirement verification for volunteer work, and AR Works will follow the same format where volunteer work counts, but there must be authorization, proof, and verification.
- DHS will utilize a trust but verify system. The software will cost \$3 million and people may log-on to verify exemption and to record volunteer work.
- Rules, regulations, work requirements, and exemptions will go through the legislative approval process.

Mr. Craig Cloud, Director, Division of Aging and Adult Services, DHS, noted:

- Managed care provides quality health care and education for Arkansas' special needs population (such as developmental disabilities and severe mental illness).
- Provider-led models are majority provider-owned and will allow for the establishment of accountable, shared service entities.
- Care coordination is to start October 2017 for additional persons in Arkansas' special needs population.
- There were five "pass" letters of intent as of June 26th.
- The Arkansas Insurance Department and DHS will begin the process of conditionally certifying providers so care coordination may begin.

- The passed entity / organizations will accept payment from the DHS.
- The organization will be risk-bearing, managed care-type entities that will be provider led and will coordinate care for the beneficiaries.
- The governor's objective is to create savings and efficiency within the Medicaid program over the next five years.
- There are approximately 4,200 served on the Alternative Community Services waiver and approximately 3,000 that are on the waiting list; these numbers fluctuate.

Ms. Marquita Little, Health Policy Director, Arkansas Advocates for Children and Families (AACF) and **Ms. Tamika Edwards**, Director of Governmental Affairs, AACF noted: **[HANDOUT 3]**

- AACF is the voice for children and families.
- 95% of Arkansas children have access to healthcare, and 48% of those children rely on AR Kids First.
- Research shows people need in-person assistance, someone who can guide and help them understand their healthcare decisions.
- Coverage and access should be convenient to families and all citizens.

Representative Collins requests Representative Murdock to preside as he has a commitment in Little Rock.

Ms. Bess Ginty, Chief Executive Officer, Kids for the Future, noted her organization serves five delta counties employing 500 people, 200 of which are master, bachelor-level professionals. She noted:

- The new model of provider managed healthcare includes the behavioral health (BH) and developmental disability (DD) arena bringing together different areas of expertise; this model is outside the scope of what is traditionally done every day.
- One of the challenges the organization is experiencing in the transformation of healthcare in these populations is the new Medicaid Management Information System (MMIS).
- The independent assessment changes the way billing is communicated to the state.
- This includes the 30,000 plus citizens that are independently assessed every year, and the transformation of individual programs in BH and DD and then transitioning again to the viable managed care.
- We are undergoing massive amounts of change with aggressive deadlines for both the state and Kids for the Future, so it is both an exciting and terrifying time to be a provider in these two areas.

Mr. Ray Hanley, President and Chief Executive Officer, Arkansas Foundation for Medical Care (AFMC), has vast institutional knowledge from 40 years of work in the Medicaid industry, of which he served 16 years as DHS Medicaid Director and for the past seven years with AFMC. He noted: **[HANDOUT 4]**

- With the Affordable Care Act and the private option, now known as AR Works, 300,000 people have health insurance coverage, and what is more important in some ways than the 300,000 with coverage, is what it has done to the state's infrastructure.
- It has empowered the infrastructure, whether it is the community pharmacy downtown, the doctor, the health clinic, or the dentist, they now have a lot more paying customers, and they have a more viable business model.
- The chances of providers being able to stay in rural areas, and staying with their families, are much better. The prospect of being able to recruit other providers is much better because of the thick insured base.
- The governor is, diplomatically, constructively told by U.S. senators that the bill in front of the U.S. Senate is not good for Arkansas, and it is not because there are a lot of things wrong with the Affordable Care Act, chiefly because it did nothing for cost containment, which has to be tackled.
- Blue Cross says they spend more on pharmacy now than they do hospitals.
- AFMC has been around since 1972, with almost 300 employees in over 37 counties. It works for the Department of Health, Medicare, the Insurance Department, and the City of Hot Springs. It is Medicaid's "feet on the street" for almost 25 years.
- AFMC keeps providers seeing patients, if they have problems, AFMC fixes it.
- The agency runs a large service center with 1,000 phone calls a week.

- The agency has done work on foster care, a pilot in Pulaski County, and catches the missed kids that fall through the cracks in foster care, doing care coordination.
- AFMC will help out AR Works.
- Legislators are invited to tour the AFMC high-tech service center in Little Rock.

EDUCATION

Mr. Andrew Bagley, President, Helena School Board, noted:

- Schools need less regulation, not more.
- National School Lunch Act program funding needs more flexibility so it could be used in retention for teachers.
- Teacher staffing shortages are critical.
- Asked legislators to look at a moratorium on creating new charters and expanding seats for existing charters.
- There needs to be a way to get underperforming teachers out, because it should not take two years due to paperwork. There needs to be relief from the Fair Dismissal Act and over-regulation.
- Communities have a responsibility to hire good people.
- Tweak Act 1240 to give waivers to public schools, because the charter schools and public schools are each held to different rules, and each treated differently, so the end results are different, and that needs to change.

Ms. Doris Wallace, Lee County School Board Member, noted:

- This forum is good and is providing good information.
- We want to know what Lee County can do at the high school level to prepare students for college training for the coming Ruyi Cotton Yarn Manufacturing Plant.

With no further business the meeting adjourned at 1:38 p.m.