

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

October 20, 2015

The Health Reform Legislative Task Force met Wednesday, October 20, 2015 at 10:00 a.m. in Committee Room A of the Big MAC Building, Little Rock, Arkansas.

Senate Health Reform Task Force Members Attending: Senators Cecile Bledsoe, Vice Chair; Linda Chesterfield, John Cooper, Bart Hester, Keith Ingram, Jason Rapert, Terry Rice, and David Sanders.

House Health Reform Task Force Members Attending: Representatives Charlie Collins, Chair; Reginald Murdock, Vice Chair; Justin Boyd, Joe Farrer, Deborah Ferguson, Michelle Gray, Kim Hammer, and David Meeks.

Non Legislative Members Attending: Gregory Bledsoe, M.D., Arkansas Surgeon General.

Other Legislators Attending: Senators Alan Clark, Jonathan Dismang, Joyce Elliott, Stephanie Flowers, Missy Irvin, and Larry Teague. Representatives Eddie Armstrong, Scott Baltz, Mary Bentley, Jim Dotson, Kenneth Ferguson, Vivian Flowers, Michael Gray, Ken Henderson, Sheilla Lampkin, Milton Nicks, Jr., Betty Overbey, Mathew Pitsch, James Sorvillo, Dan Sullivan, and Marshall Wright.

Consideration to Approve the October 7, 2015 Meeting Minutes (EXHIBIT C)
Without objection the minutes from the October 7, 2015 meeting were approved.

Call to Order & Comments by the Chairs

Representative Charlie Collins called the meeting to order, and stated that today will continue with questions and answers leading to discussions and the analysis of the information presented. Everyone will be able to share their points of view on the issues at hand.

Follow-up from the October 7, 2015 Meeting—Continued Questions from Task Force Members Related to The Stephen Group (TSG)--Findings & Recommendations

The question and answer panel for TSG include John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Stephen Palmer, Senior Consultant, and Rory Rickert, Senior Consultant, all with The Stephen Group.

Mr. Stephen informed the task force that TSG has followed up on researching answers to the following questions (and other issues) raised at the last meeting:

- ◆ More detail on the demographics of the '40% unemployment number', to identify the types of unemployment classes (unemployed, underemployed, no income).
 - Mr. Stephen stated this analysis would take extra time, so he asked the task force for permission to complete this analysis. Representative Collins acknowledged the general consensus of approval from the task force for TSG to move forward with this analysis.
- ◆ Nursing home issues
 - TSG will provide historical nursing home census and the baseline they used.
- ◆ Federally Qualified Health Centers (FQHC)
- ◆ Human Development Center (HDC) recommendations
 - TSG members are meeting with HDC families, Senator Rapert, and other interested parties.
 - Mr. Kellogg visited the Conway Human Development Center, and is currently gathering more information regarding the HDCs.
 - HDCs were discussed at length today, and it was noted that 2900 people are still on the waiting list.

- ◆ The difference between the **APRDRG** and the **MSDRG**:
 - **MSDRG** (Medicare Severity Diagnosis Related Group) – Medicare uses this DRG for their payments to hospitals (it focuses on diagnosis and the severity of the diagnosis).
 - **APRDRG** (All Patient Refined Diagnosis Related Group) – may be used for any age patient.

With the approval of Representative Collins, the DRG Study Group Subcommittee was formed, that was suggested by Representative Joe Farrer and Mr. Stephen of TSG. Representative Collins made a motion to form the DRG Study Group Subcommittee, which will be facilitated by TSG. The House Co-Chair will be Representative Farrer and a Senate Co-Chair will be appointed. At the next meeting the task force will discuss and vote on the full membership of this subcommittee. Senator Linda Chesterfield seconded the motion, and the motion passed.

- ◆ The Health Independence Accounts for the Private Option
 - Mr. Stephen stated there was little or no outreach, and the majority of these people do not know how to use these accounts.
- ◆ Uncompensated care
- ◆ Real-time Eligibility Online System
- ◆ Medicaid prescription rates versus Private Option prescription rates
- ◆ Removal of limits on maintenance medications

Mr. Stephen agreed with Senator Elliott, that outreach and education are important key elements to implementing insurance coverage for people who have never had the opportunity to have insurance coverage, and are therefore, uninformed on how to get and use insurance. Mr. Stephen said it would be very beneficial if carriers are more involved in outreach and education to this population.

Representative Collins recessed the meeting at 11:30 a.m., until 1:00 p.m. for lunch

The meeting re-convened at 1:00 p.m., October 20th

Mr. Stephen stated that most states (38) have changed over to Managed Care using many different health care professions. TSG recommends a hybrid health care plan that includes Patient Centered Medical Homes (PCMH), and full-risk, capitated Managed Care.

Department of Human Services (DHS), Response to The Stephen Group Report

John Selig, Director, and Mark White, Deputy Director, both with the Department of Human Services (DHS); responded to TSG. Mr. Selig commended TSG on their work and the report they presented to the task force at the October 7, 2015 meeting.

Mr. Selig and Mr. White briefly highlighted and discussed four areas that DHS will be concentrating on:

- ◆ Program integrity
- ◆ Improving DHS's approach to covering the expansion population
- ◆ Providing the high cost, high complexity populations of Arkansas with easier access to better value and services
- ◆ Strengthening Medicaid's capacity to manage the program

Mr. White said that DHS will continue to research, evaluate, and monitor the scrubbed Medicaid data files. Arkansas DHS has visited with the Centers for Medicare & Medicaid Services (CMS) for suggestions on having more frequent reviews, and how to strengthen security and program integrity. Mr. Selig stated that DHS has removed about 49,000 people off the Private Option with 12,000 people coming back onto the Private Option. Mr. Selig agreed that Arkansas's DHS procurement process needs to be strengthened.

Office of Medicaid Inspector General (OMIG), Response to The Stephen Group Report

Elizabeth Smith, Inspector General, and Bart Dickinson, Chief Legal Counsel, both with the Office of Medicaid Inspector General, presented their response to the TSG report. Ms. Smith said the TSG report is appropriate and consistent with the plans of the OMIG office. Ms. Smith emphasized program integrity as a primary focus. In addressing Senator David Sanders statement on integrity, Mr. Dickinson discussed payment integrity in Arkansas Medicaid.

Department of Workforce Services (DWS), Response to The Stephen Group Report

Ron Calkins, Assistant Director of Unemployment Insurance, Department of Workforce Services (DWS), will present the response to the TSG report. The ‘work first solution’ gives DWS some concerns with the work load this solution will cause. The ‘enterprise integrity hub’ would be an asset, but DWS will have to evaluate the added expense and the level of security it will achieve. Mr. Calkins concluded that DWS has some concerns with a few issues, but will be able to work through them and implement the recommendations.

Arkansas Health Insurance Marketplace Board (AHIM), Response to The Stephen Group Report

Cheryl Smith Gardner, Executive Director, Arkansas Health Insurance Marketplace Board, responded to the Stephen Group report.

TSG recommends strengthening employer sponsored coverage by leveraging the **Small Business Health Options Program (SHOP)**. The **Arkansas Health Insurance Marketplace Board (AHIM)** agrees and believes that, if implemented, it will give Arkansas a unique mechanism to incentivize employer coverage.

The Policy Innovations Subcommittee of AHIM presented suggested ways that a Section 1332 waiver could strengthen coverage for employers and employees moving forward. Representative Collins asked Ms. Gardner to share these suggestions with Mr. Stephen. Ms. Smith said that AHIM is in agreement with TSG and their recommendations for the Private Option and a state-based Individual Marketplace.

Comments & Concerns with the Private Option—Insurance Agent’s Role (Handout #1)

Dolores Chitwood, State President, National Association of Insurance & Financial Advisors (NAIFA), and Kim Pierson, Arkansas Certified Insurance Agent, presented on behalf of Arkansas insurance agents.

Ms. Chitwood gave a brief overview of the purpose and the role of an insurance agent in health insurance. Ms. Pierson presented some solutions that may help to better serve Arkansas residents. Ms. Pierson stated that insurance agents support the Private Option because more people have health insurance coverage. However, independent insurance agents would like to partner with DHS and the Arkansas Insurance Department.

Comments & Concerns About Needed Medicaid Reform, Assisted Living Association (Handout #2)

Ed Holman, Board Chair, Arkansas Residential Assisted Living Association, Kent Schroeder, Executive Director, Arkansas Residential Assisted Living Association, and Mike Mitchell, General Counsel; addressed the task force on needed Medicaid reform for assisted living.

Mr. Holman discussed the problems and needs of residents 65 years and older who reside in assisted living facilities. Arkansas has approximately 70 assisted living/residential care facilities with 2500 residents and 1,000 employees. The main problem for these facilities is lack of funding, as there has been no funding increase since 2009. In addition, since 2001 around 45 facilities have had to close because of inadequate funding. The rules and regulations regarding assisted living facilities need to be completely rewritten because they are so outdated.

Comments & Concerns About Needed Medicaid Reform, Inpatient Psychiatric Hospitals

Jason Miller, CEO, The Bridgeway, Maumelle, Arkansas, and Connie Borengasser, CEO, Vantage Point of Northwest Arkansas, Fayetteville, Arkansas; presented their views of needed Medicaid reform for Arkansas Inpatient Psychiatric Hospitals.

Ms. Borengasser gave a brief overview of the services that inpatient psychiatric hospitals provide, and the type of patients they treat (they treat patients as young as 5 years old). Mr. Miller, along with Ms. Borengasser expressed their concern of inadequate funding being available to inpatient psychiatric hospitals.

Decision-Making Going Forward

John Stephen, Managing Partner, The Stephen Group, summarized today's meeting, and advised the task force members on the upcoming necessary decision-making process:

- ◆ The first necessary decision is whether to suspend, continue, or revise the Private Option Plan
 - This will give the Governor an idea of how to proceed with CMS
- ◆ To make recommendations on the modernization of Arkansas Medicaid
- ◆ To form a study group to recommend what is needed for the HDCs

Senator Bledsoe announced the next meeting is scheduled for November 10, 2015

The meeting adjourned at 4:41 p.m.