

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

December 16, 2015

The Health Reform Legislative Task Force met Wednesday, December 16, 2015, at 9:00 a.m. in Committee Room A of the Big MAC Building, Little Rock, Arkansas.

Senate Health Reform Task Force Members Attending: Senators Jim Hendren, Chair; Cecile Bledsoe, Vice Chair; Linda Chesterfield, John Cooper, 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, Linda Collins-Smith, Jonathan Dismang, Joyce Elliott, Jane English, Stephanie Flowers, Bart Hester, Jeremy Hutchinson, Missy Irvin, Blake Johnson, Uvalde Lindsey, Gary Stubblefield, Eddie Joe Williams, and Jon Woods. Representatives Charles Armstrong, Mary Bentley, Charles Blake, Ken Bragg, Andy Davis, Kenneth Ferguson, Vivian Flowers, Jeremy Gillam, Michael John Gray, Ken Henderson, Mary "Prissy" Hickerson, David Hillman, Grant Hodges, Douglas House, Joe Jett, Sheilla Lampkin, Fredrick Love, Julie Mayberry, George McGill, Betty Overbey, Rebecca Petty, Mathew Pitsch, Laurie Rushing, Sue Scott, James Sorvillo, Dan Sullivan, Dwight Tosh, DeAnn Vaught, Dave Wallace, and Marshall Wright.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, and introduced Governor Asa Hutchinson to deliver his remarks to the Task Force.

Comments by the Governor of Arkansas, The Honorable Asa Hutchinson (*Handouts #1 & #2*)

Governor Hutchinson acknowledged the return of Senator Hendren from his military tour of duty and commended the task force members on their dedication to this issue. The Governor reiterated his support for continued coverage of the expanded Medicaid population with the following two conditions:

- ◆ That Arkansas find the savings within the Medicare budget that is needed to pay for Arkansas's share of the costs that Arkansas will have to assume in 2017 for this expanded population
- ◆ That Arkansas changes the waiver so Arkansas values of personal responsibility, work, and program integrity are reinforced.

Governor Hutchinson expanded in detail on these conditions and presented his recommendations for the new health care program. He also outlined the timeline of events necessary before the final draft of the new health care plan may be presented in April, 2016, to the Centers for Medicaid and Medicare Services (CMS) for approval. Staying within this timeline is crucial if Arkansas is to have a new health care plan in place by January, 2017. With the submission of the new health care plan in April, 2016, Arkansas should know CMS's decision by October, 2016.

(After the Governor's remarks the Task Force took a 15 minute break)

Senator Hendren made the following motion: The Health Reform Task Force moves to support Governor Hutchinson's efforts to negotiate waivers with CMS, consistent with the ArkansasWorks framework, and we further agree that a minimum of \$835 million over five years needs to be saved from the Medicaid Budget and the task force supports further efforts to identify those savings. Representative Collins seconded the motion. The motion carried.

Senator Chesterfield made the following motion: The Health Reform Task Force moves to task TSG to assist the task force to find at least \$835 million in savings without managed care, with the exception of dental. Senator Hendren seconded this motion, and stated that there will be further discussion of this issue, with input from TSG. Mr. Stephen said that TSG will be able to fully comply with this request. The motion carried. Senator Hendren stated that TSG will present this report at the January, 2016 task force meeting.

Follow-Up Questions from the November 24th Task Force Meeting and The Stephen Group Update Including Updates on Pharmacy/DRGs/Nursing Homes (Handouts #3 & #4)

And

Discussion of the Decision Matrix (Handout #5)

John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Stephen Palmer, Senior Consultant, Rory Rickert, Senior Consultant, all with The Stephen Group (TSG), assisted with this presentation. Mr. Stephen briefly outlined the TSG Updated Report.

Senator Irvin suggested that the task force invite representatives from the state of Mississippi to a future task force meeting, facilitated by TSG, to fully examine how their Department of Human Services divisions interface with each other in monitoring the integrity of information submitted by beneficiaries. Senator Hendren agreed this should be on a future agenda.

Mr. Stephen recommended that TSG continue to work with the Department of Human Services (DHS), to further investigate behavioral health claims and excess billing (i.e. double and triple billing). In addition TSG should meet with the Office of the Medicaid Inspector General (OMIG) regarding this analysis, and then report back to the task force with the analysis of their findings.

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

The meeting re-convened at 1:00 p.m., December 16th @ 1:00 p.m.

Representative Collins re-convened the meeting.

John Stephen (Continued): The Update—DRG (Handouts #3 & #4 con't)

Stephen Palmer presented a brief update on Diagnosis Related Groups (DRG), a hospital payment system. Mr. Palmer explained the two more commonly used DRGs, that are listed below:

- ◆ MS-DRG: This is the **M**edicare-**S**everity DRG
- ◆ APR-DRG: This is the **A**ll-**P**atient **R**efined DRG

He also discussed DRG variations that other states have initiated to best fit the needs of their state and the state's residents (examples are California, Mississippi, South Carolina, etc).

Rory Rickerts presented and compared the pharmacy recommendations of DiamondCare with the pharmacy recommendations of TSG. For the most part, TSG's pharmacy recommendations line up with most of DiamondCare's, with a few exceptions.

In response to Senator Ingram's question on the \$835 million in savings, Mr. Stephen broke down this figure into the respective divisions (long term care, behavioral health, and the developmentally disabled), and stated that some of these costs are 'halo costs'. Senator Hendren suggested that TSG create a detailed matrix on the \$835 million in savings to present to the task force.

Representative Kim Hammer, Power Pool Proposal Discussion (*Handouts #6 & #7*)

Representative Hammer presented Power Pool, a new health care program proposal. Representative Collins agreed to discuss the possibility of requesting an actuarial study to determine the average cost per participant, pending the availability of funding to pay for the actuarial study.

Senator Hendren stated the Power Pool would be discussed again at a future task force meeting. Senator Irvin suggested inviting committees to attend this meeting, who would eventually have some involvement in this action.

Discussion and Action/Recommendations by the Task Force

Senator Hendren stated that a draft of the full TSG report will be presented for review at the task force meeting tomorrow morning. Subsequently, if there are changes that need to be made to the draft report, the task force will authorize the chairs to make these changes with notification to the task force so the task force can remain in sync with the timeline.

The meeting adjourned at 2:45 p.m.