

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

January 20, 2016

The Health Reform Legislative Task Force met Wednesday, January 20, 2016 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 Jim Hendren, Chair; Cecile Bledsoe, Vice Chair; John Cooper, Jonathan Dismang, and David Sanders.

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

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

Other Legislators Attending: Senators Alan Clark, Joyce Elliott, Scott Flippo, Blake Johnson, Greg Standridge, Larry Teague, and Eddie Joe Williams. Representatives Charles Armstrong, Eddie Armstrong, Scott Baltz, Charles Blake, Ken Bragg, Mary Broadaway, Andy Davis, Gary Deffenbaugh, Jim Dotson, Dan Douglas, Kenneth Ferguson, David Fielding, Vivian Flowers, Jeremy Gillam, Justin Gonzales, Bill Gossage, Michael John Gray, Ken Henderson, David Hillman, Grant Hodges, Joe Jett, Sheilla Lampkin, Kelley Linck, Fredrick Love, Mark McElroy, Betty Overbey, Laurie Rushing, Sue Scott, James Sorvillo, and Dan Sullivan.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, and acknowledged a newly appointed member to the Health Reform Task Force, Senator Jonathan Dismang, who will fill the vacancy left by Senator Terry Rice. The next task force meetings will be:

February 17, 2016

March 7, 2016

March 29, 2016

Consideration to Approve the December 15, 16, & 17, 2015 Meeting Minutes (EXHIBITS C-1, C-2, & C-3)
Without objection the minutes from the December 15, 16, & 17, 2015 meetings were approved.

The Stephen Group (TSG) Update on Activities and Accomplishments to Date: (Handouts #1 & #2)

- ◆ Status of Task Force Charge Regarding Achieving Medical Savings under Alternatives to Full Risk Managed Care
- ◆ Guiding Principles for the Task Force
- ◆ Outline of Model and Population Groups
- ◆ Updated Financials Review/Baseline and Savings Methodology
- ◆ Pharmacy Update
- ◆ Update on Eligibility and Enrollment Framework (EEF) Program Assessment
- ◆ State Best Practices in Health and Human Services Data Integration
- ◆ Updated Section 1332 Waiver Information
- ◆ Michigan Medicaid Expansion Waiver

Presenting for The Stephen Group (TSG) were John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Stephen Palmer, Senior Consultant, and Roy Rickert, Senior Consultant.

John Stephen outlined and briefly detailed each subject of the discussion that was led by the TSG team members. The pharmacy recommendations are currently being identified and starting to be implemented. Mr. Stephen encouraged the task force members to input their suggestions and ideas now, so they may be reviewed and ready for presentation before the February meeting.

Mr. Stephen led the discussion on the Guiding Principles (23 principles) for Personal Care Management Services (PCMS)/Health Home Non-Capitated, Full Risk, Model for High Cost Populations.

Richard Kellogg reviewed the history of Arkansas Medicaid payment plans and services by sections; and compared them to Medicaid payment plans and services in other states and explained how those plans worked for those states. Mr. Kellogg stated that since 2007-2008, many states have moved to ‘managed care’ plans. Twenty-three states (along with Washington D.C.) have behavioral health systems under the Fee-For-Service (FFS) payment plan, with Administrative Services Only (ASO) related delivery models. Twenty-eight states have behavioral health systems under Managed Care (MC) payment plans.

Senator Hendren asked if there is any data to show if the 28 states who moved to Managed Care models, are showing successful savings. Mr. Kellogg stated that TSG should have this information in the February report.

Stephen Palmer and Mr. Stephen presented the actual traditional Medicaid expenditures for 2015 (medically frail population is not included). They also discussed the financial projections for the years 2016 – 2021, with a 5% annual growth. Mr. Stephen stated that TSG will present a detailed breakdown of the projected 5% annual growth of expenditures and funds.

Rory Rickert presented and discussed the following pharmacy recommendations which are currently being implemented:

- ◆ Expand the Preferred Drug List
- ◆ Redo the reimbursement rates with the retail pharmacy network
- ◆ Review antipsychotic prescriptions for children
- ◆ Improve quality and decrease waste of hemophilia factor drugs
- ◆ Present an update on vaccinations

Mr. Stephen discussed dental claims, claim growth rates, increased recipients, and the advantages of moving Arkansas Medicaid dental claims to a managed care system.

Next, Mr. Stephen presented the discussion on ‘integrated systems’ with state innovations. North Carolina has the best model of integrated systems that TSG has looked at to date, and they are using Cúram software. Other states with successful integration systems are New Mexico and Pennsylvania.

Senator Hendren recessed the meeting at 11:45 a.m., until 1:00 p.m. for lunch

The meeting re-convened January 20, 2016 @ 1:00 p.m.

Mr. Stephen: Integrated Systems (continued)

Mr. Stephen emphasized the importance of building flexibility into an integration system; because with flexibility any necessary changes are easily implemented.

Senator Hendren asked TSG to collaborate with the related state agencies (Workforce Services, SNAP, TANF, etc.) to provide the task force with a diagram and/or chart that will show all of Arkansas Medicaid’s current systems and the following information (Mr. Stephen agreed to collaborate with the agencies and provide this information to the task force.):

- ◆ The name of the contractor
- ◆ The contractor’s responsibilities
- ◆ What (if any) integration they have with the current Arkansas Medicaid systems that are in place

Mr. Stephen explained and discussed the 'InSpark Integrated System' that is used by several states, touting it as a good, solid system.

Stephen Palmer presented a descriptive overview of all 1332 Waivers. Last month the United States Treasury and the U.S. Department of Health & Human Services issued new guidance on 1332 Waivers. The most important guidance change: The treasury and the Centers for Medicare and Medicaid Services (CMS) stated their systems could not support the many diversified and modified requirements on the federal level, that are peculiar to each state's 1332 Waiver; therefore each state would need to implement a 1332 Waiver, as needed, on the state level.

As of December, 2015, the following five states had enacted legislative measures related to 1332 Waivers (the intent and binding nature of each state's waiver varies significantly):

- ◆ Hawaii
- ◆ Minnesota
- ◆ Ohio
- ◆ Rhode Island
- ◆ Texas

He also touched briefly on 1115 Waivers, and Mr. Stephen briefly discussed the Michigan 1115 Expansion Waiver.

TSG Update on Behavioral Health Claims and The Department of Human Services (DHS) Response to TSG Behavioral Health Review (Handout #3)

Presenting for TSG were John Stephen, Managing Partner, and Richard Kellogg, Senior Consultant. DHS responses were given by Dawn Stehle, Director, Division of Medical Services, Department of Human Services, and Elizabeth Smith, Medicaid Inspector General, Office of the Medicaid Inspector General (OMIG).

Mr. Stephen and Mr. Kellogg named four theories of potential overuse of behavioral health claims, and presented a detailed report of TSG's findings with their three recommended course of actions. There is currently no oversight on Arkansas's behavioral health claims.

John Selig and the TSG team agree that reform in behavioral health savings will be very difficult unless the rule change process in Arkansas is revised. Senator David Sanders stated that Elizabeth Smith has the authority to make policy changes, which would in effect expedite the behavioral health research on multiple claims. Ms. Smith stated that the OMIG is already researching this issue and will bring a full report to the task force in February.

Mr. Kellogg listed and discussed the three recommended action items:

- ◆ Implement immediate changes to begin managing behavioral health costs (*implement within 6 months*)
- ◆ Immediately start transforming the RSPMI benefit to evidence-based and best practice services for Serious & Persistent Mental Illness (SPMI) adults and Serious Emotional Disorders (SED) children/adolescents (*implement in 6-8 months*)
- ◆ Investigate several specific questions about the five remaining major cost elements in behavioral health

Charlie Green, Director, Division of Behavioral Health Services, Department of Human Services, agreed to see if these recommended changes are compatible with Arkansas's current system; and if not, what changes need to be made so Arkansas can move forward with these necessary changes. Mr. Green will present this information at the next meeting.

Representative Deborah Ferguson and Senator Ingram would like TSG to provide cost analysis of some of the states who are similar to Arkansas, and Mr. Stephen agreed to have this information at the next meeting.

Ms. Stehle agreed with the changes proposed by TSG and will help Mr. Green in gathering more behavioral health information for presentation at the next task force meeting. Ms. Smith stated that along with researching the behavioral health issue of multiple claims, the OMIG is also currently looking specifically at the Group Therapy billing code of 90853.

The Stephen Group (TSG) Update Continued with the Department of Human Services Responses:

- ◆ Update on the Arkansas Works Proposal/Waiver Discussions with Centers for Medicare and Medicaid Services(CMS)/Employer Support for Arkansas Works
- ◆ Status of Dental Program Managed Care Proposal RFP

Presenting for TSG were John Stephen, Managing Partner, and Richard Kellogg, Senior Consultant. DHS responses were given by Dawn Stehle, Director, Division of Medical Services, Department of Human Services.

DHS has moved forward with the Governor's plan (Arkansas Works) as he outlined it to the task force at the last meeting, with DHS has submitting their application to CMS prior to December 31, 2015. Ms. Stehle said this application contains information that lets CMS know that Arkansas Medicaid intends to move away from The Private Option, with the intent to create a new health care program known as Arkansas Works.

Ms. Stehle referenced the strategic roadmap (*Handout #1*) developed by The Gartner Group for DHS to use as a timeline guide to aid in the development of Arkansas's new health care program, Arkansas Works. DHS is also moving forward to transition the dental program to a fully capitated, risk-based, managed care program, with the help of the Manatt consulting firm.

Senator Hendren announced that, due to completion of today's agenda, the scheduled task force meeting for tomorrow, January 21, 2016 is cancelled.

The meeting adjourned at 3:15 p.m.