

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

February 17, 2016

The Health Reform Legislative Task Force met Wednesday, February 17, 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; Linda Chesterfield, John Cooper, Jonathan Dismang, Keith Ingram, Jason Rapert, 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 Joyce Elliott, Jane English, Missy Irvin, Blake Johnson, Uvalde Lindsey, Bobby Pierce, and Gary Stubblefield. Representatives Eddie Armstrong, Scott Baltz, Rick Beck, Camille Bennett, Mary Bentley, Ken Bragg, Andy Davis, Gary Deffenbaugh, Jim Dotson, Charlotte Vining Douglas, Kenneth Ferguson, Charlene Fite, Vivian Flowers, Jeremy Gillam, Justin Gonzales, Bill Gossage, Ken Henderson, Mary “Prissy” Hickerson, David Hillman, Joe Jett, Jack Ladyman, Sheilla Lampkin, Tim Lemons, Robin Lundstrum, Julie Mayberry, George McGill, Josh Miller, Betty Overbey, Mathew Pitsch, James Ratliff, Laurie Rushing, Sue Scott, Dan Sullivan, Dwight Tosh, and Richard Womack.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, and introduced the Honorable Asa Hutchinson, Governor of Arkansas.

Comments from the Governor About the Recent Meeting with Sylvia Burwell, Secretary of the U.S.

Department of Health & Human Services (HHS), Regarding the Medicaid Waiver Request (*Handout #1*)

The Honorable Asa Hutchinson, Governor of Arkansas, commended the Health Reform Task Force and The John Stephen Group (TSG) on their diligence, focus, and hard work, to provide Arkansas with the best possible health care system in the near future.

Governor Hutchinson stated that he is still in favor of continuing to receive federal Medicaid dollars, but under two conditions, 1) that Arkansas can reform the program, and 2) that savings can be generated for the entire Medicaid budget (\$835 million over 5 years). The Governor stated that with the changes to the Arkansas Medicaid program, it can still be managed with the same quality of service.

Arkansas is responsible to the taxpayers to provide a better program that has an opportunity to create savings and to reduce the drain on General Revenue Funds. Governor Hutchinson said the health care plan (Arkansas Works) he has proposed will accomplish the following objectives:

- ◆ Flexibility
- ◆ Generate savings for the entire Medicaid budget
- ◆ Improved management of Medicaid programs
- ◆ Health care coverage of expanded population
- ◆ Work opportunities and incentives
- ◆ Program integrity, personal responsibility
- ◆ Encourage employer-based insurance

Governor Hutchinson stated that as a result of his meeting with Secretary Burwell, she agreed that federal funds will be provided to cover the \$7 million that Arkansas had to recoup from the insurance carriers because of retro-termination.

Governor Hutchinson gave a brief overview of the Arkansas Works program, and in addition he invited all legislators, to meet with the Department of Human Services (DHS) staff and John Martin of the Governor's staff, for a detailed discussion and feedback session on the Arkansas Works program.

Governor Hutchinson would like the savings that are generated with the new health care reforms, to be earmarked to help reduce the Developmentally Disabled Waiting List.

In his closing comments, Governor Hutchinson referenced the positive letter from Secretary Burwell to Governor Hutchinson (copies distributed to the legislators), regarding Arkansas's effort to reform the state's health care system.

Senator Hendren adjourned the meeting for a ten minute break.

Meeting Resumed

Senator Hendren announced that between now and the March 7th Health Reform Task Force meeting; the members need to start formalizing recommendations, because the task force will begin taking action at the March 7th meeting. All issues discussed in previous meetings will be summarized in a document and given to the task force members by March 1st. After the recommendations are adopted at the March 7th meeting, they will be drafted into legislation. This draft legislation will be reviewed at the March 29th meeting to ensure it is consistent with the recommendations.

Consideration to Adopt the Minutes from the January 20, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the January 20, 2016 meeting was approved.

The Stephen Group (TSG) Update on Activities: (EXHIBITS E-1, E-2, E-3, E-4, E-5)

These updates include: Key Points in the Waiver Request, Review of TSG Recommendation to Achieve Projected \$835 Million in Medicaid Savings in a Non-Managed Care Environment, and an Update on Cost Impact of Arkansas Works vs. No Arkansas Works (Handouts 2, and 3)

TSG presenters were John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Rory Rickert, Senior Consultant, and Stephen Palmer, Senior Consultant, all with The Stephen Group (TSG).

Mr. Stephen outlined the main components of today's discussion:

- ❖ The behavioral health analysis updates from the January 20, 2016 meeting, specifically multiple claims
- ❖ The updated Private Option Forecast
- ❖ The TSG evaluation of the plan to achieve the Governor's savings estimate, without capitated full risk managed care
- ❖ The estimated comparison to capitated full risk managed care

Mr. Stephen, Mr. Kellogg, and Mr. Palmer explained and discussed the items listed above. Mr. Stephen stated the Behavioral Health Division of DHS and the Office of the Medicaid Inspector General (OMIG) are now focused on TSG's analysis and recommendations for improvement and cost savings in this division. TSG will continue to monitor their progress.

Mr. Stephen presented and compared the August, 2015 and the January, 2016 Private Option financial forecasts for years 2017-2021. The change in the forecasts were caused by a higher projected cost shifting from traditional Medicaid to the Private Option and lower projected premium tax receipts, due to revised estimates from the Department of Finance and Administration (DFA). Mr. Stephen has requested the current Medicaid eligibility numbers and will present them at the next meeting.

Representative Charlie Collins suggested that TSG add a line for 'traditional Medicaid' (Slide 10, to be inserted above or below the 'Private Option' line).

Mr. Stephen discussed 'The Charge' TSG was given and TSG's recommendations for finding \$835 million in savings within the divisions of Developmental Disabilities, Behavioral Health RSPMI, high cost/complex cases, nursing home residents, and long term care. In addition Mr. Stephen said TSG would, at the next meeting, provide information on where and how reimbursements of uncompensated funds are distributed to Arkansas hospitals.

TSG has recommended that the RSPMI (Rehabilitative Services for Persons with Mental Illness) program be revised.

Senator Hendren recessed the meeting for lunch at 12:00 Noon until 1:30 p.m.

The meeting re-convened February 17, 2016 @ 1:30 p.m.

Representative Collins called the meeting to order for the afternoon session.

John Stephen, Update on TSG Research Activities *(continued)*

During the break, Mr. Stephen and the TSG group met with Mark Story and John Selig (along with other staff from DHS). Mr. Palmer will meet with Mr. Story, Mr. Selig, and some of the staff from DHS at the conclusion of this meeting, to collaborate on updating the projected savings spreadsheets, to include the General Fund amounts. The task force chairs will then be able to send this information to the members before the March 7th meeting.

Next, Mr. Stephen discussed in detail, the nursing home and long term care assessment and the proposed new plan formulated by the nursing homes. The Arkansas Nursing Home Association has implemented a plan called 'Smart Rebalancing', using TENNCare (Tennessee's health care plan) as a model.

TSG and Senator Jason Rapert suggested forming a group to specifically study the Human Development Centers. Senator Hendren agreed, appointed Senator Jason Rapert to chair the group, and asked for volunteers from the task force to serve on this group. Mr. Stephen volunteered to gather the needed data and information and to help coordinate this group.

Mr. Stephen outlined the implementation timeline for the recommendations listed in this report:

- ◆ Baseline time period for the savings projection
 - SFY 2017-SFY 2021 (July 1, 2016-June 30, 2021)
- ◆ Implementation considerations
 - Federal – state plan amendments or waivers
 - State agency – developing RFPs, evaluating proposals, and contracting
 - State legislative – rule, rate, and other policy changes
- ◆ Annual potential savings phase-in
 - Most programs - 50% in SFY 2017; 100% all other fiscal years
 - Dental managed care – 0% in SFY 2017; 100% all other fiscal years

Spreadsheets detailing the Traditional Medicaid spending baseline, projected program savings, and potential program savings are on slides 28-38 of the February 17, 2016 TSG Update Report.

Mr. Stephen agreed to provide the members with the study conducted on Pennsylvania's program ('Access Plus'). This is a DiamondCare At Risk blended plan, that Pennsylvania changed to 'capitated full risk managed care'. Mr. Stephen encouraged the task force to look over the Lewin Group Report (A healthcare policy research and management consulting firm), and the Menges Report (prepared in October, 2015 by the Menges Group, and presented in the November 24, 2015 task force meeting).

Regarding concerns of the task force on the mentally ill who are housed in correctional institutions, Mr. Stephen referred them to the handout from the Urban Institute, titled "The Processing and Treatment of Mentally Ill Persons in the Criminal Justice System" (*Handout #4*). Mr. Stephen said TSG just got the state-to-state chart Comparisons of the Developmentally Disabled data from Boston, and will get those to the task force.

Update on State Plan to Address Behavioral Health Benefit and 1-20-16 TSG Recommendations (*Handout #5*)

Elizabeth Smith, Medicaid Inspector General, Office of the Medicaid Inspector General (OMIG), Bart Dickinson, Chief Counsel, Office of the Medicaid Inspector General, John Selig, Director, Department of Human Services, Dawn Stehle, Director, Medicaid, Division of Medical Services, Department of Human Services, and Charlie Green, Director, Behavioral Health Services, Department of Human Services, presented this update.

Ms. Smith stated the OMIG was requested to prepare a plan to address Medicaid program savings. The OMIG focused mainly on RSPMI, Behavioral Health, and the billing code #90853. Ms. Smith listed the following in their report:

- ◆ Federal program integrity requirements for the OMIG
- ◆ Payment integrity improvements (implemented in SFY 2016)
- ◆ SFY 2016 initiatives & recommendations
- ◆ RSPMI – audit and review observations
- ◆ OMIG's recommendations for billing code 90853
 - Projected annual cost savings - \$35 million
- ◆ Recommend changes to prior authorization process
 - Projected annual cost savings - \$TBD

Ms. Smith also gave a detailed evaluation of Group Psychotherapy policies and payments in Arkansas Medicaid, and compared the Arkansas evaluation to Alabama, Georgia, Mississippi, Louisiana, Texas, and West Virginia; who are in the same zone as Arkansas (slides 3-4). The OMIG recommended implementation of all three Group Psychotherapy billing recommendations. Implementation of these recommendations will bring Arkansas in line with the other states, and will save Arkansas around \$30 million annually. Ms. Stehle and Mr. Selig are supportive of the recommendations of the OMIG and TSG.

Diagnosis Related Group (DRG) Subcommittee Report

Representative Joe Farrer, and Senator Keith Ingram, presented a brief summary on the DRG Subcommittee meeting, held at 9:00 a.m. this morning prior to the Health Reform Task Force meeting. Representative Farrer stated that stakeholders and insurance companies met with the DRG Subcommittee, along with the 3M Company, founder of the DRG payment system. 3M explained the DRG systems and how states can set this system up to work successfully within a healthcare system.

The stakeholders and insurance companies voiced their concerns to the subcommittee and 3M. Arkansas Children's Hospital, UAMS, and the Hospital Association do not object to the DRG payment system, as long as they can be present when the base rates are figured for the DRG payment system.

The subcommittee recommended voting on the APR/DRG payment system issue at the next meeting in March; and if adopted proceed forward with this payment system for Arkansas hospitals.

Status of Eligibility & Enrollment Framework (EEF) Program Assessment (*Handout #6*)

Sheila Cooper, Senior Consultant, The Stephen Group (TSG), presented an overview of the current status of the Eligibility & Enrollment Framework (EEF) Program assessment.

TSG, DHS, and the Gartner Group met to begin work on Project 6 (one of the seven work streams in the Gartner Report), the competitive procurement system integrator services, and the set timeline for Project 6 is on schedule. Ms. Cooper gave a brief status report on the other six work streams.

Representative Hammer requested that regular monthly updates be presented to this task force on the status of this RFP for the EEF Program. Senator Hendren agreed for this to be a monthly agenda item.

Best Practices in Use, of State Databases for Planning, Analysis, and Research; Including Medicaid and Workforce (*Handout #7*)

Dr. Mimmo Parisi, Professor and Executive Director, Dr. Michael Taquino, Deputy Executive Director, and Dr. Steven Grice, Ph.D., Deputy Executive Director, all with The National Strategic Planning & Analysis Research Center Program (NSPARC) at Mississippi State University, presented an overview of the interactive workings of Mississippi's state agencies, along with a discussion on cost avoidance.

Dr. Parisi stated that the program, 'Mississippi Works' is a program that will help anyone find a job who wants to work. Because of all the workforce data contained in this program, it also helps to bring new industry to the state. Mississippi has no backlogs on unemployment benefits.

Representative Hammer suggested inviting the Higher Education Subcommittee, Dr. Parisi, LDr. Taquino, Dr. Grice, TSG, and Workforce Services to a future meeting to discuss initiating an NSPARC program into the Arkansas system. Senators Hendren and Ingram agreed this is an urgent necessity. Senator Hendren stated that Mr. Stephen will include this in TSG's recommendations to the task force. The task force will invite Mississippi back for a meeting with the task force this summer.

Discussion of Possibility of Combining Various Public Sector Health Insurance Plans

Representative Kim Hammer, and Jodie Carreiro, Vice President-Actuary, Osborn, Carreiro & Associates, Inc., Actuarial Consulting Firm, discussed the possibility of combining various public sector health insurance plans.

Representative Hammer presented information on the cost of an actuary study (\$60,000), and listed four goals that an actuary study will achieve. By combining many of the public sector health insurance plans, it may result in a lower premium rate.

Representative Michelle Gray made a motion to authorize this actuary study at a potential cost of \$60,000 to be completed by September 30, 2016. Senator John Cooper seconded the motion, and Senator Hendren stated the motion carried.

Senator Hendren asked Representative Hammer to inform the State Employees Insurance Task Force and the Teachers Insurance Task Force of this motion, and to provide them with regular updates on this issue. Representative Hammer agreed and said he would attend their meeting tomorrow.

The meeting adjourned at 5:25 p.m.