

MINUTES
HEALTH REFORM LEGISLATIVE
TASK FORCE

March 7, 2016

The Health Reform Legislative Task Force met Monday, March 7, 2016 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, 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 Ronald Caldwell, Alan Clark, Linda Collins-Smith, Joyce Elliott, Jane English, Scott Flippo, Missy Irvin, Uvalde Lindsey, Greg Standridge, and Gary Stubblefield. Representatives Charles Armstrong, Scott Baltz, Rick Beck, Nate Bell, Camille Bennett, Mary Bentley, Charles Blake, Ken Bragg, David Branscum, Karilyn Brown, Andy Davis, Jana Della Rosa, Charlotte Vining Douglas, Charlene Fite, Vivian Flowers, Mickey Gates, Jeremy Gillam, Bill Gossage, Michael John Gray, Ken Henderson, Mary “Prissy” Hickerson, Monte Hodges, Mike Holcomb, Joe Jett, Sheilla Lampkin, Kelley Linck, Fredrick Love, Julie Mayberry, George McGill, Micah Neal, Betty Overbey, Mathew Pitsch, James Ratliff, Marcus Richmond, Laurie Rushing, James Sorvillo, Nelda Speaks, Dan Sullivan, DeAnn Vaught, and Jeff Wardlaw.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, briefly outlining the agenda items for today, and announced that due to flight delays, John Stephen would not be able to attend until later in the meeting.

Consideration to Adopt the Minutes from the February 17, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the February 17, 2016, meeting were approved.

The Stephen Group (TSG) Update on Activities--Private Option Eligibility Update, Private Option Impact Chart & Analysis, Updated (EXHIBIT D)

John Stephen, Managing Partner, Stephen Palmer, Senior Consultant, Richard Kellogg, Senior Consultant, and Rory Rickert, Senior Consultant, all with The Stephen Group (TSG), presented the TSG update report for March, 2016.

Mr. Palmer discussed the updated information on:

- ◆ The Private Option (PO) recipient count from November, 2015 through February, 2016
- ◆ The impact of the Private Option on state funds
 - Assumptions and results
 - Estimating a more conservative impact
- ◆ The impact of other Affordable Care Act (ACA) features on Arkansas health care providers

Task force members had many concerns and questions on the effect of continuing versus discontinuing the Private Option, including the impact on premium tax revenue.

Representative Justin Boyd and Mr. Rickert pointed out that the big spike in Arkansas pharmacy expenditures for 2013-2015 is due to the Hepatitis C outbreak in Arkansas. Mr. Rickert said the treatment for Hepatitis C is very expensive, but the treatment is so effective that Arkansas pharmacy expenditures should plummet to around 5% after this outbreak has passed.

Mr. Kellogg discussed per capita spending on the developmentally disabled population in each state (chart on slide #10). The chart revealed that:

- ◆ Arkansas spends about \$178 million on the developmentally disabled(DD) population
 - This is slightly under the national average of \$197 million
- ◆ Arkansas ranks 25th among the states in DD spending per capita

Update on Eligibility and Enrollment Framework (EEF) Program Assessment

Sheila Cooper, Senior Consultant, The Stephen Group presented the EEF Program Assessment update. The Centers for Medicare and Medicaid Services (CMS) visited the Arkansas DHS during the last week of February. CMS was pleased with the progress that DHS had made and decided to allow DHS to proceed with a System Integrator Services (SI) vendor.

DHS is currently developing the requirements for the Request for Proposal (RFP), which will be posted in June, 2016. Ms. Cooper stated the timeline of events targeted for completion, (listed on Slide #12 of the TSG Update Report, March 7, 2016), are on schedule.

The backlog of newborn babies has been drastically reduced, and Ms. Cooper will present an update on the backlog of the other Medicaid cases at the next task force meeting.

TSG Findings Update, DHS Information Technology Contract

Richard Kellogg, Senior Consultant, The Stephen Group, explained the current status of InterRAI eligibility assessment implementation. The project was originally designed by DHS in 2011 to be used as a common assessment tool across the program areas of the Division of Aging and Adult Services (DAAS), the Developmentally Disabled Services (DDS), and the Division of Behavioral Health Services (DBHS).

Mr. Kellogg stated that the first contractor did not complete the contract and the State of Arkansas lost about \$5 million. He further stated that in 2014, the second contractor tried to pick up the pieces left by the first contractor. DHS is currently negotiating with CoCentrix to end the contract with a settlement payment of \$1.1 million. He stated it doesn't appear that the current work under the contract will be usable, given that the state has changed policy directions, requested waivers and acuity levels, and plans of care are being utilized.

CoCentrix has not completed the level-of-care algorithms for long term care and developmental disabilities matched to cost, and DHS never had the vendor develop the behavioral health component.

Response from Department of Human Services (DHS)

Mark White, Deputy Director, DHS, and Craig Cloud, Director, Division of Aging and Adult Services, DHS, responded to failed IT contracts.

Mr. White stated the \$1.1 million payment is intended to end the current contract obligations of DHS. DHS will make no final decision on how to proceed with this contract, until a new health reform policy is determined by the Governor and the legislature.

Mr. Cloud stated that the \$1.1 million payment would include work to be completed through the end of year 2016 which includes the maintenance agreement; and it will also allow DHS to access the assessment portal during 2016. Mr. Cloud stated that access to this portal is vital to Arkansas Medicaid programs until Arkansas can establish a new health reform policy direction.

TSG recommendations regarding contract negotiations:

- ◆ The Task Force should continue to review contract negotiations.
- ◆ The Task Force should assure any additional work and payments for independent and universal assessment in the future, are done under process that includes specific deliverables, work requirements, and fixed cost; and to also further the intent of the Task Force decision on management model, related to independent assessment.
- ◆ DHS should update the Task Force on any future negotiations.

In response to a question from Senator Ingram, Mr. Kellogg stated that \$52,000 is the average waiver cost, with the halo effect being an additional cost. Mr. Kellogg will verify this information for the task force. In response to a question from Senator Ingram, Mr. Palmer will verify whether or not employees may opt out of employer-offered insurance, and under what circumstances.

Representative Boyd requested a pie chart displaying a breakdown of Arkansas Medicaid spending by category (i.e. dental, private option, etc.). Senator Hendren said he would ask the staff and TSG to research this issue and present this information to the task force.

Senator Hendren recessed the meeting at 10:30 a.m. until 2:00 p.m.

The meeting re-convened March 7, 2016 @ 2:15 p.m.

Senator Hendren updated everyone on the progress that the task force has made and what events will follow in choosing a new and better health care program. Senator Chesterfield was recognized to present clarification of two motions that were passed at the December 16, 2015 Health Reform Task Force meeting. Two legislators were recognized to present their points of privilege, before proceeding with the afternoon meeting session.

Senator Hendren and Representative Charlie Collins stated that the Human Development Centers (HDC) Subcommittee will be chaired by:

- ◆ Senate Co-Chair Sen. Jason Rapert
- ◆ Sen. Jonathan Dismang

- ◆ House Co-Chair Rep. Kim Hammer
- ◆ Rep. Deborah Ferguson

Task Force Discussion, Votes, and Decisions on:

- ◆ **Arkansas Works**
- ◆ **Medicaid Management Models for High Cost Populations**
- ◆ **Related Provisions for Traditional Medicaid Management Reform**

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

Senator Chesterfield made a motion to:

Suspend the rules to change the order of the agenda to consider managed care prior to Arkansas Works.

Senator Ingram seconded the motion, and a roll call was taken. The motion failed 8-8. (The motion to suspend the rules requires a 2/3 of a Quorum)

Senator Hendren read the motion on the Arkansas Works proposal:

The task force accepts the budget analysis presented on February 17, 2016 and in previous task force meetings that discontinuing the current Health Care Independence Program will result in a substantial increase in state Medicaid and uncompensated care expenditures over the next four years and thereby further recommends that the legislature consider the Governor's Arkansas Works proposal as presented to the task force on February 17, 2016. We hereby request that the governor present legislation to be considered during a special session.

With due diligence, task force members asked questions and entered into discussion of this motion for clarification, before casting their vote. A roll call was taken and it passed 10-2-4.

Mr. Stephen briefly presented the recommendations of the Governor's plan and the DiamondCare plan. He also noted the differences and similarities of the plans. Mr. Stephen emphasized that to have a successful health care program; the Legislature will have to stay involved in this process; and to require accountability, constant monitoring, and regular reporting.

Mr. Stephen stated that whether Arkansas chooses an Administrative Services Organization (ASO) program--also known as Managed Fee For Service(MFFS), or a Managed Care (MC) program; (CMS) requires a competitive bid. An example of an Arkansas Managed Care company is BlueCross/BlueShield. Mr. Stephen suggested dedicating any generated savings to the Developmentally Disabled (DD) wait list.

Senator Joyce Elliott asked for a study of patient satisfaction with managed care plans that are already in place in other states. Mr. Stephen stated that TSG will have this report ready to present at the March 29, 2016 meeting.

Senator Chesterfield made a motion to:

Divide the House and Senate voting roll calls on Medicaid Management Models for high cost populations.

The motion was seconded, and a roll call was taken. The motion failed, 8-8. (The motion requires a majority of a quorum)

Senator Hendren made a motion to:

Determine support for a Medicaid Management Model for high cost populations by voting for either, Option #1 The Governor's Recommendations, or Option #2 The DiamondCare Plan Recommendations.

The motion was seconded, and a roll call was taken. The results were 8 for Option #1, 7 for Option #2, and 1 member abstained.

Mr. Stephen presented and discussed the remaining recommendations in the Arkansas Works program that are related provisions for Traditional Medicaid Management Reform. Approximately ten of these recommendations will need legislative action and about fifteen will need administrative action by DHS. These changes will initiate major legislative reform to Arkansas's health care program. Mr. Stephen agreed with Senator Hendren that the Bureau of Legislative Research (BLR) should press forward to start drafting legislation on these recommendations, while DHS takes administrative action needed on some items.

At the suggestion of Senator Hendren, the task force authorized BLR to move forward and draft legislation on the appropriate recommendations; so the task force will have them prior to the March 29th meeting for discussion and review. Senator Chesterfield made a motion to authorize BLR to draft legislation for items A – K. The motion was seconded, and passed.

Formation of the Human Development Centers Subcommittee

Senator Rapert will be working with Representative Hammer to form the membership of the Human Development Centers Subcommittee, and to schedule a meeting.

The meeting adjourned at 3:50 p.m.