

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

March 29, 2016

The Health Reform Legislative Task Force met Tuesday, March 29, 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, and Jason Rapert.

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 Linda Collins-Smith, Joyce Elliott, Scott Flippo, Bart Hester, Missy Irvin, Bruce Maloch, Gary Stubblefield, and Larry Teague. Representatives Charles Armstrong, Bob Ballinger, Scott Baltz, Nate Bell, Charles Blake, Ken Bragg, David Branscum, Karilyn Brown, Andy Davis, Jana Della Rosa, Jim Dotson, Charlotte Vining Douglas, Dan Douglas, Jon Eubanks, Kenneth Ferguson, David Fielding, Vivian Flowers, Jeremy Gillam, Justin Gonzales, Bill Gossage, Michael John Gray, Ken Henderson, Grant Hodges, Douglas House, Bob Johnson, Sheilla Lampkin, Timothy Lemons, Kelley Linck, Fredrick Love, Julie Mayberry, Mark McElroy, Ron McNair, Micah Neal, Milton Nicks, Jr., Betty Overbey, John Payton, Mathew Pitsch, Laurie Rushing, Sue Scott, James Sorvillo, Nelda Speaks, Dan Sullivan, DeAnn Vaught, John Vines, Jeff Wardlaw, and Marshall Wright.

Call to Order & Comments by the Chairs

Senator Hendren called the meeting to order, and briefed everyone on the purpose of today's meeting.

Consideration to Adopt the Minutes from the March 7, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the March 7, 2016, meeting was approved.

The Stephen Group (TSG) Update on Activities and Follow-Up on Questions from the Last Meeting/Arkansas Consent Decrees (*Handouts #1, 2, 3*)

John Stephen, Managing Partner, Stephen Palmer, Senior Consultant, Richard Kellogg, Senior Consultant, all with TSG, presented an update on follow-up questions from the categories listed below. Mark White, Deputy Director, Department of Human Services (DHS), gave the comments from the agency.

- ❖ Medicaid spending by category
- ❖ EEF (Eligibility and Enrollment Framework) backlog
- ❖ Continuous monitoring of the EEF project by TSG
- ❖ Private Option household demographics
- ❖ Status of individuals at zero income
- ❖ Consumer satisfaction with Medicaid Managed Care
- ❖ Experienced rebate discussion--MLR (Medical Loss Ratio)

TSG stated that the overall procurement process is still on track for the December 31, 2016 completion date. Enterprise Visioning meetings continue and will be summarized in a report to the Governor that is scheduled for release in April, 2016.

John Stephen stated that although Kentucky's managed care program got off to a bad start, it is now a solid working program (*Handout #3* discusses their program from the rocky start to culmination of a good program). Texas has a solid managed care health care program as well.

Members of the Task Force and other members of the General Assembly asked for more information about the following issues:

- ❖ **Representative Kim Hammer:** What are the cohabitation regulations (if any) as they pertain to benefits that would change if persons get married, and will it change the definition of the ‘household size of 1’?
- ❖ **Representative David Meeks:** If the Private Option goes away, how many persons in the 0% – 17% income bracket will be shifted back to traditional Medicaid?
- ❖ **Senator Joyce Elliott:** What company produced the surveys on, “Enrollee Satisfaction with Medicaid Managed Care Plans”?
- ❖ **Representative Deborah Ferguson:** What is the percentage of patients assessed at the Tier 3 Level in Tennessee’s Demonstration Waiver Program?
- ❖ **Representative Julie Mayberry:** If Arkansas enabled a Capped Waiver for the DDS population, would the TEFRA program in Arkansas Medicaid remain the same or would TEFRA be moved to full Medicaid. Some families are happy with the TEFRA program as it is now (the premium is adjusted to a family’s income)?
- ❖ **Senator John Cooper:** Please provide a list of potential contracts that DHS already has or is considering, to the task force for possible negotiation or re-negotiation.

Mr. Stephen and Mr. White discussed Arkansas consent decrees in relation to the reforms to health care in Arkansas. Mr. Stephen presented the federal court rule on how states may nullify or modify consent decrees (if necessary) in federal court; so they are compatible with the new health care reforms.

Mr. White gave a brief background and explanation on Arkansas consent decrees. Consent decrees are constraining and limit flexibility in the fee-for-service system; but keep the rates in line. Mr. White and Mr. Stephen stated that Arkansas Consent Decrees would not be an impediment in a managed care type service.

Update on The Stephen Group Analysis of Developmental Disabilities Waiting List (Handout #4)

John Stephen, Managing Partner, and Richard Kellogg, Senior Consultant, both with TSG, presented an overview of past expenditures for the Developmentally Disabled Waiver program. The results of the TSG survey of the 2,640 people on the current wait list showed the most preferred services were:

- ❖ Supportive living
- ❖ Respite services
- ❖ Case Management Services
- ❖ Supportive Employment
- ❖ Environmental modifications

There were 440 responses in 10 days, 81% of the responses provided addresses, and all but one provided a comment. The responses represented a cross section of the entire state; and except for ‘supportive living’ services, all the other provided services have, and will, rarely total more than for \$6,000 each person. In summary, the responses to the TSG survey represent every area statewide, and indicate that the people on the wait list are very unhappy who:

- ❖ Look to the legislature for quick relief
- ❖ Would like to have some benefits of the waiver program (even if the whole waiver program is not available to them), rather than none at all
- ❖ Seek more self-direction
- ❖ Think the process should be faster, clearer, and more transparent

TSG recommends a Capped Waiver for the 2,640 people on the ID/DD Wait List (Intellectually Disabled and Developmentally Delayed) and estimates the full cost of the waiver as follows:

	Capped at \$12,000	Capped at \$15,000
Beneficiaries capped benefit, all services:	\$31,680 MM	\$39,600 MM
Arkansas State Match Cost:	\$ 9,504 MM	\$11,880 MM

TSG provided DHS with a complete report of the survey. Mr. White said DHS is currently working on creating a Capped Waiver for this population, however, it will take six months to a year to apply for and receive this waiver from the Centers for Medicare and Medicaid Services (CMS). Senator Irvin stated this approach is also included in the DiamondCare plan. Representative Julie Mayberry forewarned the members to be prepared for more than the 2,640 persons on the wait list to apply for this capped waiver, because there are many who have not applied because of the long waiting list.

The capped waiver that provides partial services of the recipient's choice, helps to stabilize the recipient and their family, and lessens the immediate need for placement out of the home.

Mr. Kellogg explained Tennessee's Demonstration Waiver Program that is formatted on 'tier levels, how recipients are assessed for a certain tier level, and the services that are provided to the recipients. Mr. Kellogg said the tier level type program is part of TSG's recommendation for long term care and developmental disabilities programs

Senator Hendren recessed the meeting at 12:10 p.m. until 1:30 p.m.

The meeting re-convened March 29, 2016 @ 1:30 p.m.

Status Update from DHS on Behavioral Health Rate Study and Short Term Developmental Disability Program Rule Changes

Charlie Green, PhD, Director, Behavioral Health Division, Department of Human Services, and Dawn Stehle, Director, Division of Medical Services, Department of Human Services; presented a brief update on a behavioral health rate study and the rule changes that have been made to Arkansas's short term developmental disability program. This will restructure the entire RSPMI (**R**ehabilitative **S**ervices for **P**ersons with **M**ental **I**llness) benefit.

Ms. Stehle stated that DHS will bring a new RSPMI package plan for legislative approval this fall (around September); providing the public comment period is completed and the approval from CMS has been received. Pending legislative approval, this package plan will be ready for implementation by October, 2016.

Senator Ingram suggested that timelines and deadlines be established on each step of this project, therefore Senator Hendren said he will continue to keep this on the agenda and push for resolutions. In addition, Senator Hendren requested that DHS bring updated plans and a timeline for completion of these plans. Ms. Stehle agreed to this request.

Ms. Stehle stated that the federal government has a set of criteria that governs rates.

Human Development Centers Subcommittee Report

Representative Deborah Ferguson presented an update on the activities of the Human Development Centers (HDC) Subcommittee meeting at their 9:00 a.m. meeting this morning. Representative Ferguson stated that the subcommittee was brought up to date on the building conditions, financial status, and staffing concerns of the HDCs. Tennessee's recent changes to their HDC program were also discussed.

Presentation of Draft Legislation (EXHIBIT H):

- Arkansas Works Draft Legislation
- Savings Plan Draft Legislation (Managed Care)
- DiamondCare Draft Legislation (Fee for Service)
- Other Related Provisions for Traditional Medicaid Management Reform Draft Legislation [reference *Exhibit H*, The Stephen Group "*Legislative Decision Points*" Document from the March 7th Task Force Meeting]

The presenters are John Stephen, Managing Partner, TSG, Mark White, Deputy Director, Department of Human Services, and Dawn Stehle, Director, Division of Medical Services, Department of Human Services.

Senator Hendren stated that presentation of these draft legislations is to begin discussion and questions for clarification—there will be no voting today.

Mr. Stephen outlined the order of presentation of these draft bills, and then briefly discussed them in detail.

Arkansas Works

Senator Hendren introduced this draft bill, and Mr. Stephen briefly discussed the Arkansas Works Draft Bill. After much discussion and many questions, Mr. Stephen summarized the Arkansas Works Draft Bill, and Mr. White offered comments for added clarification.

Savings Plan

Mr. Stephen introduced the Savings Plan Draft Bill and stated it is the Managed Care Full Risk Plan, and then briefly discussed the Savings Plan Draft Bill.

DiamondCare

Representative Ferguson stated that the draft bill for the DiamondCare plan is not ready for presentation today and explained why it was not ready.

Mr. Stephen emphatically stated that according to CMS regulations, a “Readiness Review” *has* to be conducted (this applies to every state in the union) before Managed Care Companies can even start to serve clients. CMS approval of the Readiness Review for a managed care company (MC) certifies that the MC Company has sufficient access within their network to provide these services. Without this readiness review, a managed care company cannot provide services.

Senator Hendren proposed waiting until after the Special and Fiscal Sessions to review and discuss the other draft bills; since it depends on what legislation passes as to the disposition of these other draft bills.

The task force will meet Tuesday, April 5, 2016, at 2:00 p.m. to hear the presentation of the completed DiamondCare Draft Bill.

Remaining Recommendations for Consideration by the Task Force

John Stephen, Managing Partner, TSG, distributed a list of the remaining recommendations. Senator Hendren stated that the task force will schedule a meeting during the Fiscal Session to discuss the remaining draft bills and to review the recommended administrative policy changes that need to be effected immediately.

Other Business

Mr. White stated that Ms. Stehle will email to Representative Gray the information that she requested.

The meeting adjourned at 4:10 p.m.