

MINUTES
HEALTH REFORM LEGISLATIVE
TASK FORCE

July 11, 2016

The Health Reform Legislative Task Force met Monday, July 11, 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; Jonathan Dismang, and Jason Rapert.

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

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

Other Legislators Attending: Senator Jeremy Hutchinson. Representatives Bob Ballinger, Nate Bell, Mary Bentley, Donnie Copeland, Jana Della Rosa, Jim Dotson, Kenneth Ferguson, Vivian Flowers, Justin Gonzales, Bill Gossage, Ken Henderson, Joe Jett, Tim Lemons, Micah Neal, Betty Overbey, Laurie Rushing, Sue Scott, and James Sorvillo.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, and introduced Allen Kerr, Commissioner of the Arkansas Insurance Department (AID) to present information regarding Arkansas insurance rates, options for people who become medically frail, and insurance regulations regarding the medically frail.

Mark White, Deputy Director, Department of Human Services (DHS), stated there is a process in place whereby someone who becomes medically frail may be moved from a Qualified Health Plan (QHP) to traditional Medicaid.

Dawn Stehle, Director, Division of Medical Services, DHS, agreed to provide the task force with the following information:

- ◆ How many people have applied to transfer back to Medicaid
- ◆ How many people have been approved to transfer back to Medicaid
- ◆ How many people have been transferred back to traditional Medicaid
- ◆ The cost that is associated with these numbers

Consideration to Adopt the Minutes from June 8, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the June 8, 2016, meeting was approved.

Department of Human Services Update on the Following: Arkansas Works Waiver Submission to Centers for Medicare & Medicaid Services (CMS)

Mark White, Deputy Director, and Dawn Stehle, Medicaid Director, Division of Medical Services, both with the Department of Human Services, gave a brief overview on the submission of the Arkansas Works Waiver to CMS.

Based upon research within the marketplace and from other states, DHS made a change to the waiver regarding what goes into budget neutrality calculations for the waiver. This was because of the impact that rising prescription costs are having on insurance.

Ms. Stehle stated that conversations around this waiver have been positive and DHS expects approval of this waiver by October, 2016.

The Stephen Group (TSG) Update on: *(Handouts #1, #2, #3, #4, and #5)*

- ◆ **Traditional Medicaid Savings Matrix Report –Framework:**
 - TSG will provide the task force a 5-year net cost-saving estimate at the October meeting of the task force. This framework will provide the DHS actions needed over time, to achieve the desired savings. It will also include savings over the 5-year time frame which starts January, 2017.
- ◆ **Behavioral Health Savings Estimate:**
 - This aspect of the plan will:
 - Include individual assessments of persons receiving assistance
 - Include care coordination among providers, tied to levels of acuity
 - Reduce day rehabilitative and group therapy, as well as residential treatment
- ◆ **Uncompensated Care National Report:**
 - Net uncompensated care losses by Arkansas hospitals in 2013 were about \$270 million, while in 2014 (first year of the Private Option), they were about \$116 million. The Kaiser Family Foundation has issued a report on hospital uncompensated care across the country that is consistent with the numbers reported by the Arkansas Hospital Association.
- ◆ **Arkansas Works Estimate Update:**
 - Arkansas Works is being implemented through a federal 1115 Medicaid Waiver. The 1115 waiver application must demonstrate that the alternative service delivery mechanism is budget neutral. The primary reason for the change from a 4.7% increase to a 6.5% increase is the anticipated higher cost of drugs over the next few years.
- ◆ **Insurance Carrier Data Request/High Utilizer Update:**
 - The elimination of cost mitigators in the Affordable Care Act and the increase in usage have driven cost projections upward.
- ◆ **Opioid Prescription Recommendation Updates:**
 - TSG recommended requiring a Prescription Drug Monitoring Program (PDMP) review while prescribing and dispensing controlled substances. They also recommended legislative encouragement for e-prescribing of controlled substances with milestones for prescribers, set through the process of stakeholder involvement with appropriate trigger if milestones are not met. TSG also recommended expanding successful drug take-back programs.
- ◆ **Remaining Recommendations for Task Force Consideration**

John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Rory Rickert, Senior Consultant, and Stephen Palmer, Senior Consultant, all with TSG; provided these updates.

Mr. Stephen commented that as the task force has requested, TSG has been gathering the 2015 claims data from the insurance carriers through the Arkansas Insurance Department. It is imperative that TSG receives all of the 2015 claims data very soon, so TSG can analyze the information on the frailty issues, compare these information results to the 2014 data, and then to submit this report to the task force to aid them in decision making.

The Diagnosis Related Group (DRG) payment system has been at a standstill since the beginning of the 2015 Legislative Session. In order for DHS to initiate the DRG system, the following steps need to be taken:

- ◆ A recommendation by the DRG Subcommittee (completed)
- ◆ A recommendation by the Health Reform Legislative Task Force
- ◆ Participating providers need to agree on the methodology to be adopted for implementing the DRG payment system

Senator Hendren stated that the task force will issue all of their recommendations in the final report in December (including the DRG payment system), to be presented in the upcoming legislative session. Mr. Stephen said TSG has been meeting with Ms. Gillespie and the DHS staff.

Mr. Palmer explained in detail the presentation slides on the national analysis of uncompensated hospital care (Handout #1, Slides 16-18).

Mr. Rickert provided a detailed update on projected pharmacy savings in Medicaid, and listed TSG's recommendations to curtail opioid use in Arkansas. Representative Hammer asked TSG to provide the cost associated with mandatory e-prescribing, and TSG agreed to provide this information at the next meeting.

Senator Hendren asked TSG to prepare a master chart with a projected 5-year timeline for the completion of these recommendations. This document needs to include slots for the task force and DHS to insert actual completion dates of these recommendations, which will allow the task force to monitor the progress. Mr. Stephen confirmed that TSG has already initiated this spreadsheet, which will also include the financial aspect of each recommendation.

Senator Hendren announced that a report on the status of the Developmentally Disabled (DD) Waiting List will be added to the agenda for this afternoon.

Senator Hendren recessed the meeting at Noon until 1:35 p.m.

The meeting re-convened July 11, 2016 @ 1:35 p.m.

Office of Medicaid Inspector General (OMIG) Update on Medicaid Fraud, Waste, and Abuse Initiatives; and an Update on OMIG Medicaid Initiatives (Handout #6)

Elizabeth Smith, Inspector General, and Bart Dickinson, Legal Counsel, both with The Office of the Medicaid Inspector General provided these updates.

Ms. Smith explained the reasons for the proposed changes to Billing Code #90853, which would save Arkansas up to \$35 million. Changes to this billing code and to the prior authorization process will save Arkansas a substantial amount of money.

Ms. Smith discussed:

- ◆ The payment integrity improvements, along with the initiatives and recommendations that OMIG is implementing
 - These implementations will make Medicare and Medicaid payments more seamless and error-free.
- ◆ Observations made by OMIG resulting from audits and reviews

Senator Hendren wanted to know how much OMIG has recovered from fraud this year, and Ms. Smith stated she could provide this information. Ms. Smith and the OMIG plan to give the Medicaid savings program in RSPMI and behavioral health a complete overhaul.

Jack Keithly, CEO, Birch Tree Communities, described the services and facilities that Birch Tree Communities provide to recipients who are discharged out of the Arkansas State Hospital and private psychiatric hospitals; to help them acclimate to community living.

Mr. Dickinson stated that the OMIG recoupments/recoveries for FY2016 was approximately \$2.7 million. This was about one-half million more than OMIG spent during FY2016. The annual OMIG report to be presented in October, 2016, will reflect more state funds were recovered this fiscal year than in SFY2015, more cases were referred for fraud (51 cases—the highest on record), and there were more convictions.

Update from the Human Development Centers (HDC) Subcommittee Meeting of June 14, 2016 at the Conway Human Development Center (Handout #7)

Senator Jason Rapert, Senate Chair of the Human Development Centers Subcommittee, gave a brief summary of the June 14, 2016 meeting discussions. Senator Rapert noted the list of information requests that TSG will provide to the subcommittee and the task force, and the testimonies of family and friends of many of the HDC residents.

Senator Rapert stated that a meeting will be scheduled at the Booneville HDC in the near future.

Update on the Actuary Contract with Osborn, Carreiro & Associates (Handout #8)

Jody Carreiro, Vice President, Osborn, Carreiro & Associates, presented an update on the progress of collecting and compiling the information requested by the task force. The task force retained Osborn, Carreiro & Associates to research and study all of the health insurance/benefits that are fully or partially financed by the State of Arkansas.

Mr. Carreiro discussed the information that has resulted from this research, and then listed the next steps to be taken. He stated that Osborn, Carreiro & Associates will:

- ◆ Continue to meet with other agencies that use public money and provide health coverage
- ◆ Track the changes proposed on the Arkansas Works benefits and premiums
- ◆ Sort and categorize the various coverage and premiums into a single chart

This report will be completed, and ready for presentation at the end of September, 2016.

Status of the Developmentally Disabled (DD) Waiting List

Senator Hendren stated this issue will be a recurring item on each task force agenda. Mark White, Deputy Director, Department of Human Services (DHS), and Melissa Stone, Director, Developmentally Disabled Services Division; gave an update on the status of the DD waiting list.

Mr. White said DHS recently asked permission from CMS to renew Arkansas's Alternative Community Services Waiver. A primary change in this renewal is that Arkansas is asking for additional slots (100) to be reserved for foster children in the Division of Children and Family Services (DCFS) system. With foster children in these extra waiver slots, Medicaid will be required to pay a portion of their care, instead of the state of Arkansas bearing the whole burden. DHS is still waiting on the approval of this waiver from CMS.

Ms. Stone stated that the public hearing on the waiver renewal is at 5:30 p.m. tomorrow night, July 12, 2016.

Number of people on the DD Wait List:

- 2,972 people
 - 1387 children
 - 1585 adults
- 216 people added in FY2016

Mr. White and Ms. Stone stated this is the highest number of people on the wait list that they can remember. Senator Hendren asked Mr. Stephen to address TSG's recommendations on the DD Wait List at the next meeting, and Mr. Stephen agreed to present at the next meeting.

The meeting adjourned at 2:55 p.m.