

**MINUTES
HEALTH REFORM LEGISLATIVE
TASK FORCE**

September 28, 2016

The Health Reform Legislative Task Force met Wednesday, September 28, 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; John Cooper, Jonathan Dismang, Keith Ingram, and Jason Rapert.

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

Non Legislative Members Attending: None.

Other Legislators Attending: Senator Bryan King. Representatives Eddie Armstrong, Mary Bentley, Nate Bell, Jim Dotson, Charlotte Vining Douglas, Jon Eubanks, Justin Gonzales, Ken Henderson, David Hillman, Josh Miller, Micah Neal, James Ratliff, Chris Richey, Laurie Rushing, Sue Scott, Dan Sullivan, and Jeff Wardlaw.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order.

Consideration to Adopt the Minutes from the August 22, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the August 22, 2016, meeting was approved.

Department of Human Services (DHS) Update

- Update on Organizational Changes
- Update on Developmental Disabilities (DDS) Wait List
- Update on Request for Proposal (RFP) for Independent Assessment
- Update on RFP for Dental
- Update on Timeline for Behavioral Health Rule Changes
- Update on Arkansas Works Waiver and Implementation of New Initiatives

Cindy Gillespie, Director, Department of Human Services (DHS), introduced Dennis Smith, Senior Medicaid Advisor, as a new staff member with a lot experience working with Medicaid in other states and at the federal level. He has served as Medicaid Director in Virginia, and Health and Human Services Secretary in Wisconsin as well as overseeing the Medicaid Program for the Centers for Medicare and Medicaid Services in Washington, D.C. Ms. Gillespie also noted that Arkansas DHS has hired Glen Eisenhower as the new Chief Human Resource Officer.

Ms. Gillespie and Dawn Stehle, Medicaid Director, Department of Human Services presented the update from DHS. Ms. Gillespie gave a brief summary on ways to reduce the wait list, and she stated that the MAGI backlog has been reduced from 144,000 to 71,000 cases on the waiting list.

Senator Jason Rapert stated he had concerns after he received a copy of a sustainability report submitted to the federal government by Arkansas Health Insurance Marketplace (AHIM), which showed a transfer of \$50 million in 2017 from DHS to AHIM. His concern centered around the fact that this report had not been shared with the legislative branch, was submitted to the federal government without the knowledge of the legislature, and was contrary to legislative intent in the discussion of the establishment of the AHIM in 2013. Senator Rapert stated that the legislative intent was not to support the AHIM with state tax money, but to allow them to be supported by insurance premiums.

Melissa Stone, Director, Division of Developmental Disabilities Services (DDS), DHS, presented a brief update on the Home and Community-Based Services (HCBS) Waiting List. As of September, 2016, there were 3,045 individuals on the DDS Waiver Wait List. There will be no noticeable decrease in this waiting list until more money is allocated for services to this population after the 2017 session.

Misty Eubanks, Chief Procurement Officer, DHS, discussed the updates on the RFP for the Independent Assessment. There are two parts to the Independent Assessment, the Request for Proposal (RFP) for the Independent Assessment itself, and there is a companion RFP for provider transformation. The provider transformation RFP is to assist providers through the changes that will be coming through the Independent Assessment. The state procurement office along with DHS team members are currently working to create an environment for the implementation of the Independent Assessment tool on the target date of July 1, 2017.

Ms. Stone stated that DHS added 100 additional slots to the DDS Home & Community-Based Waiver, for children who are in foster care. Representative Kim Hammer requested to know how many people are on the deferred list of the DDS Home & Community-Based Waiver.

Ms. Gillespie listed some of the department-wide changes that are currently being developed for implementation:

- ◆ All licensing actions will go before the Office of Chief Counsel
- ◆ A quality review committee of the division directors will be established
- ◆ A policy review committee, conducted by David Sterling, Chief Counsel, will be established

Ms. Eubanks explained the managed care dental plan and the RFP should be available by October 5 and the award of the contract should be in December of 2016.

Charlie Greene, PhD., Director, Division of Behavioral Health, DHS, stated that the restructuring of the entire Behavioral Health program is on track to be reviewed by the Public Health Committee in October, and then by the Rules & Regulations Committee in November, 2016. Implementation is set for July 1, 2017.

Ms. Stehle gave a brief update on the status of the Arkansas Works Waiver and on the implementation of the new initiatives. Arkansas DHS is in the final stages of discussion with Centers for Medicare and Medicaid Services (CMS) regarding the Arkansas Works Waiver, and the agency is close to getting an approval from CMS.

Mary Franklin, Director, County Operations, DHS, stated that upon approval of the Arkansas Works Waiver, the referral process will start January 1, 2017 for every new approval for Arkansas Works and everyone who is renewed during January. There will be a tracking process in place for these referrals.

Office of Medicaid Inspector General (OMIG) Update

- Update on Group Psychotherapy Rule Change
- Update on Personal Care Billing Review

Elizabeth Smith, Inspector General, and Bart Dickinson, Legal Counsel, both with The Office of Inspector General, presented an update on the Group Psychotherapy Rule change. This rule change has been filed with the Secretary of State's Office, and is scheduled for implementation on October 1, 2016.

Senator John Cooper asked how much Arkansas pays per person per day to house the Act 911 of 1989 (Commitment of Insanity Acquittees) prisoners vs. the amount per person per day for patients in the Arkansas State Hospital. Representative Hammer wanted to know how many providers in Arkansas are able to admit 911 individuals. Ms. Smith said she would get that information for the committee.

Senator Hendren recessed the meeting at 11:45 until 1:00 p.m.

The meeting re-convened September 28, 2016 @ 1:00 p.m.

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

- Private Option FY 2015 Claims Review
- State Insurance Rate State Research
- 5 Year Medicaid Savings Matrix/Plan Update
- Behavioral Health Savings Cross Walk/Estimate and Timelines
- Developmental Disabilities (DD) Savings Plan Initiatives and Timelines
- Patient Centered Medical Home (PCMH) Savings Plan Initiatives/Estimate and Timelines
- Independent Assessment Cost Update
- TSG Prior Research on DDS Wait List Limited Benefit Cap and 5-year costs
- Eligibility and Enrollment Framework (EEF) Program Assessment Update

John Stephen, Managing Partner, Stephen Palmer, PhD, Senior Consultant, Will Oliver, PhD., Senior Consultant, and Richard Kellogg, Senior Consultant all with TSG, presented this update.

Mr. Stephen discussed a state behavioral health savings model that showed the projected gross savings from reduced claims and investments in new claims. He estimates a reduction from \$460 million in 2015 to \$377 million in 2016. Slide #4 of the handout shows the projected behavioral health savings over a five year period (the estimate for care coordination could change since DHS has not defined a care coordination model). The psychotherapy savings are included in these amounts on slide #4. Several legislators noted the need for DHS to define the care coordination model soon, so cost estimates could be more accurate.

The Developmental Disabilities Services (DDS) is currently implementing the SIS (Supports Intensity Scale) Independent Assessment tool, and the Utilization Management ASO (Administrative Services Organization) Services.

Mr. Kellogg stated that key decisions are now being made and the most important decision now is the construction of a new Home and Community Based Services Waiver for the individuals who are currently on the waiver (i.e. levels of care, settings compliance, and independent case management). Mr. Kellogg emphasized this decision should be made as soon as possible.

Mr. Stephen gave a brief overview on the individual assessment cost estimates (slide #7) for each assessment tool:

- ◆ SIS tool (Supports Intensity Scale)—adults and children
- ◆ LOCUS tool (Level of Care Utilization System)—adults only
- ◆ CANS tool (Child & Adolescent Needs & Strengths)—children only

The administrative match from the federal government is 50% across the board for all states; however it is possible to receive a 75% federal match if DHS is able to show there is a clinical aspect in the program.

Mr. Stephen stated there are approximately 3,000 people on the waiting list. TSG identified three scenarios for funding the wait list:

- ◆ How much will it cost to totally fund the wait list?
 - Includes the medical cost and the waiver
 - Estimates \$273,000,000 from the General Fund over the next 5 years to fully fund the wait list
- ◆ Should Arkansas initiate a funding cap?
 - Minimum cap would be up to \$12,000 with a certain number of benefits
 - No supportive housing (96% of the individuals want this)
 - Estimates spending at \$58,000,000 over the next 5 years out of the general fund to fully fund the wait list
- ◆ The Governor's plan that includes the tobacco settlement funds (\$8,000,000 plan)

Mr. Stephen said if Arkansas does the cap on the Governor's plan, the wait list would be partially funded with the tobacco settlement surplus of approximately \$8.5 million, and everyone on the wait list would be funded. Mr. Stephen then described the DDS Waivers in Tennessee, Indiana, Missouri, and Kentucky. These states support waivers and some use the tier model.

Dr. Palmer discussed the insurance carriers' requests for rate increases, and explained to the task force what was driving the claims utilization experience. TSG looked at the claims utilization experience data over a span of 2 years (slides 20-25 detail the claims utilization experience of Arkansas Blue Cross/Blue Shield and Ambetter). Dr. Palmer compared rate increases between expansion and non-expansion states, and stated that the marketplace rates rose 7% more in non-expansion states than they did in expansion states.

Mr. Stephen presented two models of private carrier innovation that are using enhanced care coordination to help in reducing health care costs, one in Florida and one in Michigan.

Mr. Palmer gave an update on cost-saving opportunities on the Patient-Centered Medical Home (PCMH) program. DHS is already implementing some program changes to increase the cost-effectiveness and clinical effectiveness of the program.

Mr. Stephen noted and briefed the legislators regarding the letters that were exchanged between Governor Hutchinson and Ms. Gillespie, regarding the development of a plan and specific recommendations to ensure the long-term sustainability of the Arkansas Medicaid Program, including Arkansas Works and traditional Medicaid. The Governor asked that Allen Kerr, Commissioner of the Arkansas Insurance Department and Cheryl Smith Gardner, Executive Director of the Arkansas Health Insurance Marketplace, to collaborate with Ms. Gillespie and the DHS team to accomplish this task.

Update from the Human Development Centers (HDC) Subcommittee (Handout #6)

Senator Jason Rapert, presented an update on the Human Development Centers Subcommittee, and gave a brief overview of their last meeting.

Review of the Remaining Recommendations for the Final Report

John Stephen, Managing Partner, TSG, summarized the remaining recommendations. Mr. Stephen said the Memorandum of Understanding (MOU) would possibly be discussed at the October meeting. A draft of the projected five-year outlook gleaned from TSG'S internal review should be ready for presentation to the task force members at the November meeting.

Update on the Actuary Contract with Osborn, Carreiro, and Associates (Handout #7)

Jody Carreiro, Vice President, Osborn, Carreiro, and Associates, summarized the Actuary contract. This firm was contracted to consider the various health coverage's of several different public sector groups.

- ◆ People with incomes of 0-138% of the Federal Poverty Level
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- ◆ EBD-Arkansas State Employees and Public School Employees
- ◆ Higher Education
- ◆ Cities and Counties
- ◆ Other coverages (military, SHOP)

Mr. Carreiro said, in summary, a power pool is possible, but it would require a major effort to get it going and would probably not save any significant monies. It would probably add costs.

The meeting adjourned at 2:30 p.m.