

EXHIBIT C

MINUTES HEALTH REFORM LEGISLATIVE TASK FORCE

November 22, 2016

The Health Reform Legislative Task Force met Tuesday, November 22, 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; Linda Chesterfield, and Jason Rapert.

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

Non Legislative Members Attending: NONE.

Other Legislators Attending: Senators Joyce Elliott, Missy Irvin, and Blake Johnson. Representatives Scott Baltz, Mary Bentley, Kenneth Ferguson, Ken Henderson, David Hillman, Fredrick Love, Julie Mayberry, Josh Miller, Betty Overbey, Laurie Rushing, Sue Scott, and Dan Sullivan.

Members-Elect Attending: Representatives-Elect Fred Allen, Frances Cavanaugh, and Senator-elect Trent Garner.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order.

Consideration to Adopt the Minutes from the October 24, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the October 24, 2016, meeting was approved.

Items D and E Carried Over from Last Month's Meeting

Dental Managed Care Update and the Eligibility/Enrollment Framework (EEF) Program Assessment Update

Misty Bowen Eubanks, Chief Procurement Officer, Department of Human Services (DHS); presented a brief update on Dental Managed Care. The new Dental Managed Care program is still in the evaluation period, and on schedule for timely completion. A final contract will be presented for legislative review by early 2017, with a proposed implementation date of March, 2017.

Ms. Bowen presented a brief update on the EEF Program assessment. On Friday, November 18, 2016, the Federal EEF Office responded to Arkansas's Request for Proposal (RFP), with a list of recommendations and requirements. Gartner helped DHS with the RFP and is making the federally requested changes to the RFP, that will be sent back to the Federal EEF Office for a final review. This RFP is expected to be posted sometime in December, 2016. The new EEF contract is expected to be implemented in July, 2017.

Update on the Long Term Care Memorandum of Understanding (MOU) and the Timeline with Arkansas Health Care Association (Handouts #1 and #2)

Rachael Bunch Davis, Executive Director, Arkansas Health Care Association, and David Norsworthy, At-Large Board Representative, Arkansas Health Care Association; presented the update.

The Arkansas Health Care Association, the Department of Human Services (DHS), and the Governor, have collaborated in the creation of an MOU that is able to make reforms to Long Term Care in Arkansas. The MOU was signed May 20, 2016, and covers a five-year period with \$250,000,000 in aggregate savings. Most of these total savings may be seen in 3-5 years.

Ms. Bunch listed ten current objectives in Handout #1 and discussed the projects the division is currently working on. The average length of stay per resident in nursing homes is declining. Beginning in the calendar year January, 2017, the Arkansas Health Care Association will present quarterly progress reports to the legislature.

Mr. Norsworthy explained the ‘capping’ of liability insurance premiums and the purpose of this process.

The Stephen Group (TSG) Updates on (Handout #3 & EXHIBIT F-1):

- ◆ Private Option Impact on Traditional Medicaid
- ◆ Pharmacy Savings
- ◆ Jail Diversion Program
- ◆ Update on 5-Year Savings Plan

John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Stephen Palmer, Ph.D., Senior Consultant, and Rory Rickard, Senior Consultant, all with TSG; presented the updates. Mr. Stephen and the TSG team gave brief overviews on these updates.

Mr. Kellogg discussed the Jail Diversion Program in San Antonio, Texas that Representative Michelle Gray visited, and Mr. Stephen confirmed that it is an effective program. The key to its success is that it is a community partnership involving all relative agencies, such as law enforcement, social services, mental health agencies, etc. A vitally important part of this program is the mental health facility where law enforcement officers bring possible clients for evaluation at the time of their arrest.

Mr. Stephen stated that with a provider-led CCO (Coordinated Care) model, a substantial part of these savings will begin to show up after three years into the program, possibly two years. He compared the successful provider-led programs in Colorado, Oregon, and Alabama, and the savings that those programs have generated. Mr. Stephen discussed the capitated managed care model and compared it to the provided-led CCO model.

The following agency officers discussed some issues of the proposed new health care program (Handout #4)

Melissa Stone, Director, and Forrest Steele, Assistant Director, both with the Division of Developmental Disabilities Services (DDDS), Department of Human Services; Tina Davenport, Assistant Director, Home & Community-Based Services, Dawn Stehle, Deputy Director of Health Services and Director of the Arkansas Medicaid Program; and Dennis Smith Senior Advisor, Medicaid & Health Reform, Department of Human Services.

Melissa Stone reported on the communication between DDDS and the Centers for Medicare and Medicaid Services (CMS), stating that the RFP process is moving along in a timely way. Arkansas DDDS also contacted the Department of Human Services in Tennessee to look at and compare their three-tiered system.

Melissa Stone assured the task force that all services have been included in the Independent Assessment and the RFP, and on July 1, 2017 everyone in the DDDS system will be re-evaluated to be placed in the appropriate tier level. Melissa Stone stated that DDDS is drafting the concept paper on the tier plan to send to CMS by December 1, 2017, and she agreed to also send this information to the task force.

Representative Kim Hammer presented background information on Chris Condeluci, the next speaker today. Senator Hendren recessed the meeting at 11:30 a.m. for lunch and stated that the meeting will start promptly at 1:15 p.m.

Senator Hendren recessed the meeting at 11:30 until 1:15 p.m.

The meeting re-convened November 22, 2016 @ 1:15 p.m.

1332 Medicaid Waiver Process

Christopher E. Condeluci, Esq., Washington Counsel, Self-Insurance Institute of America, Inc., who is an Attorney and was a Policy Analyst, who focused on the Affordable Care Act (ACA) during his tenure with the Senate Finance Committee. Mr. Condeluci described his background, including his responsibilities during his time on the Senate Finance Committee in Washington D.C.

Waiver 1332 was part of the ACA , and when Waiver 1332 was developed, there were four guard rails in it. Mr. Condeluci listed the following three of the four:

- ◆ It has to have as comprehensive coverage as is under the ACA
- ◆ It has to ensure the same amount of uninsured are covered as would otherwise be under the ACA
- ◆ It cannot increase the federal deficit

Mr. Condeluci said that with the new administration, it is possible that the savings from an 1115 Waiver would be allowed for use in a 1332 Waiver as well.

Mr. Condeluci said there are two ways to repeal the ACA, if the administration chooses to repeal it.

- ◆ The entire ACA may be repealed, including Waiver 1332
- Or
- ◆ The ACA may be repealed without repealing the Waiver 1332, a process known as reconciliation.

If Congress chooses to repeal and replace the ACA (including the Waiver) simultaneously, it would not happen in early 2017. However, if the new administration wants to repeal the ACA immediately, there will be a transition period. This would be a good time for Arkansas to submit suggestions to the federal HHS for reforms to Waiver 1332. During the transition period, essential benefits remain in place.

Representative Farrer asked Mr. Condeluci the following questions, and he said he would find out the answers and submit them to the task force:

- ◆ Can the match rate be changed during reconciliation?
- ◆ Are the cuts to the hospitals through Medicare coming back?

Mr. Condeluci said he has always been critical of Waiver 1332 because of its many constraints for states. Waiver 1332 does not give states any options for variance. Mr. Condeluci said that with the new administration, it is possible that Arkansas and other states can have a positive influence on making changes to Waiver 1332.

Remaining Recommendations/Final Report

Mr. Stephen emphasized that Arkansas needs to watch closely to whatever happens to make sure they take into account any changes and to what impact they could have on the state share, and the amount of dollars that you have cost-shifted into the expansion. If there are changes, pay close attention to what the share will be.

Senator Hendren asked Mr. Stephen to run an updated projection on the current Medicaid Enrollment numbers, and Mr. Stephen agreed to update this projection.

Mr. Stephen briefly reviewed, one by one, the remaining recommendations and the progress that has been made on these, and said these will also be included in the final report that will be presented on December 14, 2016. Senator Hendren asked Mr. Stephen to make this final report available to the task force members before the December 14th meeting, and he agreed to provide the report to the task force members the Friday before the December 14th meeting. Senator Hendren stated that the task force will formally adopt this report in December.

The meeting adjourned at 2:20 p.m.