

## MINUTES

### THE ALC-HOSPITAL AND MEDICAID STUDY SUBCOMMITTEE

April 30, 2012

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The ALC-Hospital and Medicaid Study Subcommittee met Wednesday, April 30, 2012 at 10:00 a.m. in Room 171, State Capitol, Little Rock, Arkansas.

**ALC-Hospital and Medicaid Study Subcommittee Senate members attending were:** Senators Joyce Elliott, Chair; Randy Laverty, Percy Malone, Jason Rapert, and Mary Anne Salmon, ex officio.

**ALC-Hospital and Medicaid Study Subcommittee House members attending were:** Representatives Greg Leding, Chair; Linda Tyler, Vice Chair; Debra Hobbs, Garry Smith, Darrin Williams, Tommy Lee Baker, ex officio, and Terry Rice, ex officio.

**Other legislators attending were:** Senators Paul Bookout, and David Burnett. Representatives David Branscum, John Burris, Jon Eubanks, Billy Gaskill, Kim Hammer, Keith Ingram, Allen Kerr, Andrea Lea, Uvalde Lindsey, Frederick Love, Buddy Lovell, David Meeks, Betty Overbey, Leslie Milam Post, James Ratliff, Nate Steel, Tommy Thompson, Jeff Wardlaw, and Tommy Wren.

Representative Greg Leding called the meeting to order.

#### **REVIEW OF THE MINUTES FROM THE DECEMBER 7, 2011 MEETING (EXHIBIT B)**

Representative Leding stated that the minutes would stand as reviewed.

#### **CURRENT & FUTURE FINANCIAL STATUS OF THE ARKANSAS MEDICAID PROGRAM (EXHIBIT C)**

John Selig, Director, Department of Human Services, presented a brief overview on the current & future financial status of the Arkansas Medicaid Program.

The Department of Human Services (DHS), has a budget of approximately six billion dollars, with nearly five billion going to Medicaid. Most of this five billion dollars is federally funded, but as the federal match rate steadily drops, the state allocation steadily increases. Some Arkansas Medicaid program statistics:

- ◆ The Arkansas Medicaid program will serve over 700,000 people this year
- ◆ The majority of Arkansas children are on Medicaid (64%)
- ◆ Half of the Medicaid revenues are spent on the disabled and the elderly
  - this is 5% of Medicaid clients

Medicaid spending remains unsustainable. Through allocation of the stimulus funds, general revenue, and several small funding programs, the Arkansas Medicaid program has until now, been able to avoid cutbacks. Mr. Selig stated that without significant new revenue for Medicaid by State Fiscal Year (SFY) 2014, major cutbacks will have to be made to the Arkansas Medicaid program.

Andy Allison, Director, Medical Services, Department of Human Services, stated that between 2008 and 2012 nationally, Medicaid spending rose by 1/3 and Medicaid revenues declined by 3%. Mr. Allison gave a brief review of the following:

- ◆ National trends in Medicaid spending and states' actions to control
- ◆ Recent financial history of the Arkansas Medicaid program
- ◆ The #1 challenge of the Arkansas Medicaid program: Sustaining existing safety-net program
- ◆ Steps to address the Arkansas Payment Improvement Initiative and other options

Senator Joyce Elliott asked if there is an overlap between the children and disabilities categories in the Medicaid program. Mr. Allison said yes and he will provide that information to the committees. Mr. Allison said he would also provide the committees with specific details regarding the category 'Other' listed on page 4 of Exhibit C. Overhaul of the Medicaid program is interactive and will involve the stakeholders and providers all the way.

Mr. Allison announced that DHS has been discussing the Medicaid overhaul with Developmental Disabilities Services (DDS). The next scheduled public meeting with DDS and the stakeholders will be May 16, 2012 at UAMS, and everyone is welcome to attend. He said similar discussion meetings need to begin for the behavioral health and the long term care communities. Mr. Selig noted the trust fund will be depleted by mid SFY2013.

Katy Carver, Executive Director, Arkansas Waiver Association, stated that the Association and the DDS community respectfully request this process be slowed down.

The meeting adjourned at 12:05 p.m.

DRAFT