

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, November 16, 2018

The Arkansas Legislative Council met at 9:00 a.m., Friday, November 16, 2018, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Bill Sample called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets.

Minutes of the Previous Meeting

Co-Chair Sample referred the members to the minutes of the last Legislative Council meeting on October 19, 2018 (Exhibit C) and asked if there were any questions. There were no questions.

Vice Co-Chair Jon S. Eubanks moved that the minutes of the October 19, 2018 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Presentation of the Revenue Report

October 2018 Revenue Report

Mr. Wilson reported that the October 2018 monthly revenue report reflects that after four (4) months of Fiscal Year 2019, gross general revenue collections are currently \$ 86.6 million ahead of collections during the same period last year for a growth rate of four point two percent (4.2%).

Mr. Wilson reported that net general revenues are \$ 114.6 million ahead of collections during the same period last year for a growth rate of six point four percent (6.4%). Mr. Wilson reported that the graph shows that after four (4) months, net general revenues available for distribution are currently \$ 57.5 million ahead of the official forecast. Mr. Wilson explained that these figures are partly due to refunds in October not flowing as expected.

Mr. Wilson reported that the spreadsheet shows that after four (4) months, gross receipts are growing at five percent (5%), and income tax collections are four point two percent (4.2%). Mr. Wilson stated that these are good figures, and that during a national and state forecasters meeting that he attended in October, the U.S. economy was described as a young boy on a sugar high. This concluded the October 2018 monthly revenue report, and Mr. Wilson offered to answer questions.

Co-Chair Sample recognized Representative Kim Hammer who asked if the report reflects the earnings of the Arkansas State Treasury and whether this has any relevancy to the figures reported for October. Mr. Wilson referred to page one of the report that lists figures for the Constitutional Officers Fund and State Central Services Fund, which receive three percent (3%)

of revenues for special revenue operations. Mr. Wilson stated there is nothing in the report that specifically shows the figures for the State Treasury. There were no other questions.

Report of the Executive Subcommittee

Pursuant to the action of the Legislative Council on September 21, 2018, the Executive Subcommittee did not meet in November 2018.

Reports of the Standing Subcommittees

Imminent Need Items

Pursuant to the action of the Legislative Council on September 21, 2018, the Standing Subcommittees did not meet in November 2018, with the exception of the Arkansas Health Insurance Marketplace Oversight (AHIM) Subcommittee. However, in accordance with the action of the Legislative Council on September 21, 2018, two (2) requests for review of imminent-need contracts were submitted, as follows.

Co-Chair Sample recognized Kathy Schmidt, Committee Staff for the Review Subcommittee, to present the requests for review of two imminent-need contracts (Exhibit F.10). Ms. Schmidt explained that listed as Exhibit F.10 in the meeting packet is a letter from the Department of Finance and Administration that states there are two (2) contracts for review that are considered to be of imminent need, which are a contract for the University of Central Arkansas (UCA) and the Department of Human Services (DHS). Ms. Schmidt explained that the letter also states that these contracts appear to be lawfully procured.

Ms. Schmidt explained that included in Exhibit F.10 is a letter from the University of Central Arkansas (UCA) and a summary of the contract with JSK Company DBA IK Electric, IK Network Solutions (Contract # RA1916504). Ms. Schmidt explained that the letter from the University of Central Arkansas (UCA) states that the contract is for the purpose of a complete telephone network refresh, and that with the recent tariffs there will be an increase in overall costs if the university is not allowed to order before mid-December. Ms. Schmidt stated that the contract summary shows that this is an original contract for a little over \$5 million with funding coming from bonds, and the procurement is through a cooperative contract. This concluded the explanation of the contract for the University of Central Arkansas (UCA). Ms. Schmidt responded to a question from Representative Kim Hammer that the contract is for a telephone system coming from China, and she has not received any requests from other universities or agencies based on anticipation of increased costs due to tariffs. There were no further questions.

Co-Chair Bill Sample stated that without objection, the University of Central Arkansas (UCA) contract with JSK Company DBA IK Electric, IK Network Solutions (Contract # RA1916504) is filed as reviewed.

Co-Chair Sample recognized Ms. Schmidt to continue with the explanation of the request from the Department of Human Services (DHS). Ms. Schmidt stated that included in Exhibit F.10 is a letter from the Human Services Department requesting review of the contract with EQ Health Solutions, Inc.; (Contract # 4600043517) and a summary of the contract. The letter states that

the contract with EQ Health Solutions, Inc. is for administration of services for prior authorization and retrospective review for behavioral health, developmental disabilities, and aging and adult Medicaid populations. Ms. Schmidt stated that the current contract will expire January 1, 2019, and the current provider of these services will become a Medicaid provider in January; and therefore, could not continue to provide retrospective review and prior authorization services.

Ms. Schmidt stated that the agency conducted an RFP, and wants to award the contract to EQ Health Solutions. Ms. Schmidt stated that the contract summary shows that this is an out-of-state contract, the funding is seventy-five percent (75%) federal funds and twenty-five percent (25%) state funds, the procurement was through an RFP, and the contract is in the amount of \$4 million a year and will total \$27.8 million over the life time of the contract.

This concluded the explanation of the request from the Department of Human Services (DHS). Co-Chair Sample recognized Senator Jimmy Hickey, Jr., who asked what percentage of the RFP was price. Co-Chair Sample recognized Kelley Linck, Chief of Legislative and Governmental Affairs for the Department of Human Services. Mr. Linck identified himself, and responded that the RFP was thirty percent (30%) price and seventy percent (70%) technical. There were no further questions.

Co-Chair Bill Sample stated that without objection, the Department of Human Services (DHS) contract with EQ Health Solutions, Inc.; (Contract # 4600043517) is filed as reviewed.

Arkansas Health Insurance Marketplace Oversight Subcommittee

Co-Chair Sample recognized Representative David Meeks to present the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee (Exhibit F.14). Representative Meeks reported that the Arkansas Health Insurance Marketplace Oversight Subcommittee met on November 15, 2018, and heard a presentation from the following:

- Jessica Beel and Alix Stephens, Attorneys with the Bureau of Legislative Research, presented the results of a survey they compiled, regarding how various states have organized their health insurance marketplace exchanges.
- Brett Kirkman, Chair, John Womack, Secretary/Treasurer, both with the Arkansas Health Insurance Marketplace Board of Directors, and Angela Lowther, Director, Arkansas Health Insurance Marketplace; discussed the status of open enrollment and the board's recommendation for user fees. Mr. Kirkman and Ms. Lowther discussed the recently completed BKD audit of AHIM.
- Based on the discussion in the subcommittee meeting regarding the current reserves of AHIM, a motion by Senator Jason Rapert was passed that the Subcommittee recommend to the Arkansas Legislative Council to alter the recommendation from the AHIM Board of a one point twenty-five percent (1.25%) User Fee for AHIM to a one percent (1%) User Fee for AHIM for Plan Year 2020 for all policies sold on the marketplace exchange.

This concluded the report and there were no questions.

Representative David Meeks moved that the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee be adopted, and the motion was seconded. Co-Chair Bill Sample stated that the motion by Representative David Meeks to adopt the report of the Arkansas Health Insurance Marketplace Oversight Subcommittee is passed without objection.

Review of Communications

Co-Chair Sample referred members to the communications listed as Exhibit H.1 through Exhibit H.17 on the agenda, and noted that none of these communications require action by the Legislative Council.

Co-Chair Sample asked if there were any questions regarding these communications. Co-Chair Sample recognized Senator Gary Stubblefield, who referred to the Quarterly Medicaid Transformation Savings Scorecard for the quarter ending September 30, 2018 (Exhibit H.13c), and asked that this report be held in committee until a meeting could be arranged with the Office of the Director to allow members to ask questions regarding the Medicaid Transformation Savings Scorecard report.

Co-Chair Bill Sample stated that the Quarterly Medicaid Transformation Savings Scorecard for the quarter ending September 30, 2018 (Exhibit H.13c) would be held in committee, and asked that staff coordinate the meeting.

Adjournment

At 9:10 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Bill Sample
Co-Chair, Senate

Marty Garrity
Executive Secretary