

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Monday, September 30, 2013

After recessing on September 20, 2013, the Arkansas Legislative Council met at 10:00 a.m., Monday, September 30, 2013 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair John Charles Edwards called the meeting to order and recognized a quorum of members present.

Report of the Review Subcommittee

Co-Chair Edwards recognized Representative Jeff Wardlaw to present a report by the Review Subcommittee (Exhibit C). Representative Wardlaw reported that on September 4, 2013, the Review Subcommittee reviewed a revised budget in the amount of \$ 4.4 million for the Arkansas Insurance Department.

Representative Wardlaw moved that the report of the Review Subcommittee be filed as reviewed.

Co-Chair Edwards recognized Representative Terry Rice for a question who asked what the Legislative Council is reviewing at this time. Representative Wardlaw responded that the Insurance Department had previously submitted for review a contract with Mangan Holcomb Partners in the amount of \$5.3 million. On September 4, 2013, an amendment to the contract revised the amount to \$4.4 million, which is for advertising and educating people regarding the private option.

At this point, Co-Chair Edwards recognized officials with the Arkansas Insurance Department to come forward and respond to questions. Co-Chair Edwards recognized the following officials: Jay Bradford, Arkansas Insurance Commissioner; Cynthia Crone, Deputy Commissioner for the Arkansas Health Connector; David Rainwater, President of Mangan Holcomb Partners Advertising Agency; and Dr. Joe Thompson, Director of the Arkansas Health Department. The following is a summary of the information provided by these officials:

- The advertising campaign currently underway is Phase 1 and the contract under consideration will provide for Phase 2. The first phase was to educate the public about the issue, while the second phase is geared to educating people on how to participate in the program.
- The first phase of advertising was for the purpose of making people aware of the insurance program would be available on October 1, specifically a group of people across the state who would qualify for this insurance program and who were unaware of the program. The funding for Phase 1 was through a federal grant that ends on today (September 30, 2013).
- The second phase of advertising will inform people that the Insurance Marketplace is open, who to contact to enroll, and the different ways to enroll that include online over the Internet or by consultation with a person by telephone.

- The second phase of advertising is from October 2013 through March 31, 2014 and the purpose is to encourage people to take action and enroll.
- In response to why no minority public relations firms from the State of Arkansas are participating in the advertising campaign, the Mangan Holcomb Partners evaluated back in April or May of 2013, potential partners to work with them in the campaign. It was found that no one in the State of Arkansas had the specific experience needed for this type of campaign. Therefore, Mangan Holcomb Partners contacted a multi-cultural marketing firm that they have a relationship with through the American Association of Advertising Agencies that had exactly this type of outreach campaign in the State of Georgia.
- This marketing firm has proven over the last three months to have the experience needed and the ability to understand and work with many of the community outreach groups in the state to make sure these groups are fully engaged and collaborating.
- There is a stand-by plan in place that would allow the marketing of the current advertising for a couple of days and if the contract for the second phase is approved the goal is to have new advertising on the market in a week.
- The Arkansas exchange website is going to work well, but the whole process will not be an easy process and there will be glitches along the way.
- The best opportunity to provide information that is accurate and timely to Arkansans is through the Arkansas exchange.
- The call center is open for both the shop and for the individual family market. It will be November before electronic enrollment can happen, but enrollment can be done by telephone and by mailing paper applications. People will be able to go to the website by October 1 to see and shop for plans.
- The federal call center is in 150 languages so there should not be an issue of a lack of communication with the Hispanic populations.
- There may be a slow potential with lots of people shopping, but there are backups to electronic enrollment should a problem happen on October 1.
- The direct mail piece that is targeted for the next phase is planned to drop in early March of 2014. The mailing lists will come from information available concerning household income, number of people in the household, et cetera. This information will be cross-referenced with lists of people who have enrolled to avoid duplication.
- The concept of the direct mail piece is simple and it is like a postcard that says time is running out and includes information on how to enroll including telephone numbers and web addresses, and other ways people can access the enrollment.
- The number of 250,000 is an estimate and that number will be refined as the target date approaches. The goal is to manage within the current budgets, which are managed on a weekly and monthly basis to know the status of expenditures at any given time.
- The Mangan Holcomb Partners has attempted to anticipate where cash reserves may be needed and has strategically reserved money toward the end of this campaign because a rush to enroll is expected in February and March.
- It is anticipated the people who will wait to enroll in February and March will typically be younger people, and part of the strategy is to retain enough resources to target resources toward the younger market in a significant way.
- The advertising campaign includes plans to let people know that the published rates are not the rates that a majority of Arkansans will pay because of subsidies available to them.

- There is a requirement in Arkansas for verification of income for every person who enrolls. The reports that income verification will be waived may be the result of some the states that have a state-based exchange and are not using the federal hub, that some sampling was allowed. This never applied to the State of Arkansas, which is using the federal hub and which will require one hundred percent verification.
- It will be necessary to let people know that income verification is required and if they have a change of circumstance, they will need to report it.
- The Insurance Department is working with the hospital association by providing video and informational materials to distribute and that most hospitals are getting certified application counselors that will help people coming into the hospital.
- None of the federal funding can go to the certified application counselors, but the Insurance Department may provide local hospitals with some of the materials and the hospitals have the ability to download information and forms and make copies of those materials.
- There is public relations outreach that works through the Arkansas Hospital Association and information has been placed in some their outgoing e-newsletters and printed materials. Hospitals around the state have been called to find out what type of materials the hospitals may need to support their local efforts.
- There was a panel of many of the different partners at a recent Arkansas Hospital Association event for its members that resulted in calls from hospitals for information and materials.
- The brochures will need to mention the Centers for Medicaid-Medicare Services as the funding source, but the brochures do not indicate that tax money was used to produce them.
- The total expenditure budget for the first phase of advertising was \$4.3 million and that has been spent through the end of today (September 30). The federal grant requires that the funding must be spent by today.
- There was no money set aside, but there is a contingency plan to continue advertising if the contract is approved. The goal is to have no drop-off in activity, but if the contract is approved, it may take a week to get revised ads in place.
- There are two websites: the Arkansas website, which is ARhealthconnector.org, and it is up and fully functional and has links to the federal health insurance marketplace, which is healthcare.gov. It is the federal website that has been in question as not fully functional.
- The Arkansas website is basically informational, but has a live link to connect people to the federal marketplace where they can input data to enroll beginning tomorrow.
- There is also a federal call center with 150 languages and is accessible 24 hours a day, 7 days a week. Arkansas people must be informed that they can call the federal call center to enroll on a 24 hour, 7 day a week basis.
- Prior to the current advertising campaign, statistics indicated 24 percent of the people eligible to participate knew of the program. There will be tracking to measure how many people know of the program now and the second phase is designed to encourage people to enroll.
- With the current advertising campaign, approximately one-half of the expenditures, in the amount of approximately \$2.4 million, was for ad buys. Approximately the same amount will be spent over a six-month period, instead of a four month period, going forward.
- The first phase of advertising resulted in numerous calls and over 350,000 hits on the website and almost 250,000 individuals.

- This program will go forward regardless of whether or not the federal government is shut down because the program is already funded and the Supreme Court has ruled, and the Arkansas program will go forward unless the law is changed.
- The contract under review today is the second contract with Mangan Holcomb partners and the Insurance Department has evaluated their work and was satisfied with their work. The contract amount has been reduced substantially and the Insurance Department has been really careful with calculating the budget amount.
- The Insurance Department has the funding for Phase 2 from a federal grant and the money has been appropriated for Phase 2. If the contract is not reviewed by the Legislative Council today, the Insurance Department would get the message out to citizens by utilizing press releases and through free media support, as well as postings on the Arkansas website.
- If the contract is not approved, the Insurance Department may have to use other means such the suggestion to enroll at the time of driver's license renewal or through the ARKIDS program.
- Slowing down or doing nothing places constituents at risk because right now numerous out-of-state, unlicensed entities are advertising and attempting to convince people to sign up for insurance now in order to avoid Obama care, which makes it important to have a counter message to the people that is accurate and objective.
- Even with the year delay in employer reporting, there is a requirement for all employers with more than one employee to provide a notice to their employees as of tomorrow (October 1) and within fourteen days of the employee's hire of the following: the availability of the insurance through the insurance marketplace; that the employee may be entitled to a subsidy; that if an employee chooses to enroll on the marketplace when their employer has an affordable coverage then the employee may not get a subsidy and they may lose the employer's contribution. Notice has been widespread to employers of this requirement.
- Criminal background checks will be required for the people hired as navigators and guides, and also for the licensed insurance agents and the certified application counselors in the hospitals.
- Direct mail notices have gone out to citizens and also to insurance agents and others who are in a targeted group of those eligible for the subsidies. The mailing list was targeted based on household income of less than a certain amount and over a certain amount to reach households that would not qualify for Medicaid, but would qualify.
- Direct mail notices is one of many methods for reaching people. Campaigns are integrated at a number of different levels with some activity targeted at reaching as many people as possible and some activity at a grass-roots level involving localized advertising such as the local newspaper or outdoor advertising with a media mix at different levels in each of the 75 counties.
- Insurance companies have a commercial interest in advertising the insurance marketplace that will most likely be geared to signing up with the company.
- All of the original goals in the RFP have been surpassed. The measurable results have been determined by reviewing customer engagement with the people who have contacted the agency. The arconnector.org website has had 227,462 hits. There are 245,000 unique visitors. There has been over 12,000 engagement likes on the Face Book page. The agency has received nearly 3,000 telephone calls asking for information. There have been 43 unique newspaper articles written over the course of the last three months as a

part of the outreach effort. There have numerous meetings with community outreach groups, and nearly 200 speakers have been trained and will speak on behalf of the Arkansas Health Connector across the state.

- A tracking study that will wrap up today (September 30, 2013) is another way to measure results, which should provide quantifiable information.
- The commercial advertising that will be done by insurance companies will not emphasize the choice that is available to consumers as the advertising that will be done under this contract will do.
- The Governor would have the final decision of whether to go forward with the Phase 2 advertising should the committee not review the contract.
- The response to whether written criteria exist, was that the ultimate measurement will be how many people enroll. Additionally, there are specific metrics on the ad campaign and an overall evaluation will be done on the market place planning and start-up. The evaluation will include the outreach education campaign as one component, and will also include opinion interviews with multiple constituencies that would include legislators.
- The overall evaluation contract is not final, but the Insurance Department is working with the College of Public Health to perform the evaluation. The evaluation was included in the first funding, but has not been performed yet because of a lack of anything to evaluate and because of the start-up and the multiple changes. The Insurance Department feels a good break for evaluation will be at March 31, when determinations could be made of how the enrollments worked, how the lead-up worked, the plan design selection, the companies participating, and what were the rates. The evaluation is funded with federal funds.
- When Mangan Holcomb Partners began looking for a partner, they were looking for someone who had specifically worked on a Medicaid-type program with the Medicaid audience, such as lower-income households around a broad geographic area that had to be educated about insurance options. The partner in Georgia who was selected had done this very successfully across the entire State of Georgia.
- Mangan Holcomb is very familiar with the multi-cultural marketing firms in Little Rock. The selection criteria was squeezed down because one of the Little Rock firms had all ready partnered with another firm and had pitched against Mangan Holcomb for this business. The other firms did not really have the staff nor the experience that was needed for this particular arena.
- It is correct that the contract was reviewed in a previous meeting; however, on Friday (September 20) the federal government approved what will be a major new way of doing business for the federal Medicaid program in the state and the private option that will only be successful if healthy individuals sign-in up in addition to sick individuals. The need for the outreach campaign has now become even more important in light of this federal government action.
- It is correct that compared to the per capita spending in other states, the State of Arkansas is spending far less because the enrollment estimate has now almost doubled the 250,000 estimate when grant funds received in December.
- It is correct that the money is not for the private option and is money that was received in December to enroll in the exchange, regardless of the private option population. The 1311 funds are for above 138 percent above the federal poverty level.
- It is correct that the advertising is for more people than estimated with less funds than was requested.

- It is correct that the funding was negotiated down from \$ 5 million to \$ 4 million which was subsequent to review by the Review Subcommittee and prior to this meeting, which is in addition to a \$ 1.2 million sequester earlier.
- It is correct that this is not additional money, but is a contract for money that has all ready been received and voted on by the Legislative Council.
- It is correct that the legislative process allows the Legislative Council to review the contract, which is why the contract is before the Legislative Council at this time.
- It is correct that the advertising in Arkansas may be less impactful because the advertising does not include statements such as healthcare reform or subsidies, but encourages people to take responsibility for their health care and to enroll.

Co-Chair Edwards recognized Senator Bruce Maloch who moved for immediate consideration. The motion was seconded and Co-Chair Edwards stated the motion was proper and non-debatable. Co-Chair Edwards called for the voice vote and ruled that the motion passed. Upon the call for roll call vote by three committee members, Co-Chair Edwards called for a roll call vote on the motion for immediate consideration. The roll call vote on the motion for immediate consideration was passed by 32 "Yes" votes and 7 "No" votes.

Co-Chair Edwards stated that the motion by Representative Jeff Wardlaw that the contract between the Insurance Department and Mangan Holcomb Partners be filed as reviewed has been seconded. Co-Chair Edwards called for a voice vote and ruled that the motion passed.

There was a call for a roll call vote on the motion from several members and a request for the roll call be by division. Co-Chair Edwards called for a voice vote on the question of a roll call vote by division and ruled that the motion failed.

Co-Chair Edwards called for a voice vote on the motion to review contract between the Insurance Department and Mangan Holcomb Partners and ruled that the motion passed. Upon the call for roll call vote by three committee members, Co-Chair Edwards called for a roll call vote on the motion that the contract between the Insurance Department and Mangan Holcomb Partners be filed as reviewed. The roll call vote on the motion review of the contract failed to pass by 15 "Yes" votes and 26 "No" votes.

Adjournment

At 11:45 a.m., Co-Chair Edwards stated that the meeting stands adjourned as there is no other business before the committee.

Respectfully submitted,

ATTEST:

Representative John Charles Edwards
Co-Chair, House

Marty Garrity
Executive Secretary