

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

June 8, 2016

The Health Reform Legislative Task Force met Tuesday, June 8, 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; Cecile Bledsoe, Vice Chair; Linda Chesterfield, John Cooper, and Keith Ingram.

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

Non Legislative Members Attending: Gregory Bledsoe, M.D., Arkansas Surgeon General.

Other Legislators Attending: Senators Joyce Elliott, Jeremy Hutchinson, and Missy Irvin. Representatives Scott Baltz, Mary Bentley, Mary Broadaway, Jim Dotson, Charlotte Vining Douglas, Kenneth Ferguson, Lanny Fite, Vivian Flowers, Bill Gossage, Justin Harris, Mary P. "Prissy" Hickerson, David Hillman, George McGill, Betty Overbey, John Payton, Chris Richey, Dan Sullivan, Dwight Tosh, Jeff Wardlaw, and Marshall Wright.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, and reminded the task force members that the sunset date for this task force is December 31, 2016, with the final report due prior to that date. From now until December, the task force will be composing the final report (i.e. recommendations, changes/projects already implemented, etc.).

The task force will also collaborate with the Department of Human Services (DHS) and The Stephen Group (TSG) on the regulatory changes that need to be implemented to bring true healthcare reform to Arkansas. TSG will also be monitoring the implementation of Arkansas Works.

Representative Charlie Collins encouraged everyone to listen to Cindy Gillespie, the new director of DHS, as she reveals the three elements of the solutions that have and will improve healthcare services to the people of Arkansas:

- ◆ How DHS is solving the immediate problems that are dealt with daily
- ◆ How DHS is figuring out the root causes of these problems
- ◆ How DHS will create a systemic approach to avert a recurrence of these same problems

Consideration to Approve the Minutes from the April 5, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the April 5, 2016, meeting were approved.

Department of Human Services (DHS)--Remarks and Vision for Change

And

Department of Human Services Update on the Following: (HANDOUT #1)

- ✓ Arkansas Works
- ✓ TSG Traditional Medicaid Savings Matrix
- ✓ Long Term Care Savings Plan and Memorandum of Understanding
- ✓ Dental Managed Care RFP
- ✓ Enrollment and Eligibility Framework (EEF)
- ✓ Behavioral Health Rule Changes and the Office of Medicaid Inspector General (OMIG) Recommendations
- ✓ Status of Developmental Disability Waiting List Funding and TSG Recommendation on Cap

Cindy Gillespie, Director, Mark White, Deputy Director, and Keesa Smith, Deputy Director, all with the Department of Human Services; initiated discussion of the DHS updates and vision for change.

Ms. Gillespie gave a brief overview of the entire DHS organization, outlined the restructuring path that DHS is taking, and listed the discussion topics that she and her associates presented. The following people have been appointed to the respective positions:

◆ Mark Storey	Chief Financial Officer (CFO)
◆ Misty Bowen-Eubanks	Chief Procurement Officer (CPO)
◆ Jeff Dean	Chief Information Officer (CIO)
◆ (TBA)	Chief Human Resources Officer (CHRO)
◆ David Sterling	Chief Counsel
◆ Kelley Linck	Legislative & Inter-Governmental Affairs Liaison
◆ Amy Webb	Chief Communications/Community Engagement Officer (CCO)

The restructuring of DHS is a three-phase review as follows:

- ◆ Phase One
 - 60 day review of core business structures March – April
 - Initiate implementation of Phase One changes May – July
- ◆ Phase Two
 - Client & efficiency-centered review of program operations June – September
- ◆ Phase Three
 - Personnel and Human Resources review June – September
- ◆ October
 - Initiate implementation from Phase Two and Three [**NOTE:** Phase Two changes are likely to require some legislative action and coordination with ongoing OPM (Office of Personnel Management) personnel policies review]

Ms. Gillespie summarized her findings and the impact that the many deficiencies have had on DHS, the DHS staff, and the clients that DHS is responsible for serving (page 5 of Handout #1). There is a huge lack of accountability and oversight; therefore, Arkansas DHS needs a complete systemic change, especially to the following divisions:

- ◆ Procurement Division
- ◆ Finance Division
- ◆ Information Technology Division
- ◆ Human Resources Division
- ◆ Legal Division
- ◆ Legislative and Inter-Governmental Affairs
- ◆ Communications and Community Engagement

The potential spending reductions from contract changes in FY2016 are listed on page 11 of Handout #1. Ms. Gillespie also gave an overview of the updates on:

- ◆ The Arkansas Medicaid program
- ◆ The progress of the Arkansas Works program
- ◆ Behavioral Health, Developmental Disabilities, and Long-Term Care
 - The current waivers
 - Recommendations by TSG
 - Timeline for transforming the Behavioral Health and Developmental Disabilities Units
- ◆ Dental Managed Care
 - Timeline for transforming Dental Managed Care
- ◆ Medicaid eligibility and enrollment
 - Medicaid MAGI (Modified Adjusted Gross Income) pending casework—by type

There was much discussion between the legislators and Ms. Gillespie, Ms. Smith, and Mr. Story regarding the current contracts that DHS has with vendors, and the potential contract reductions (page 11, Handout #1).

Ms. Gillespie listed the goals targeted for completion by December 31, 2016. She also discussed funding for restructuring the DHS system. This includes the 75/25 MAGI Medicaid funding, which may be used to pay for this effort. Listed below are the DHS projects that are currently being addressed:

- ◆ Initial DHS caseworker redeployment began last week—90 caseworkers were redeployed
- ◆ Contract review by the Legislature will occur in July
- ◆ Temporary caseworker processing center, call center supplement, and increased systems analysts begin NLT (No Later Than), August 1, 2016
- ◆ Reports on progress will be made public
- ◆ Temporary contracts end 12/31/2016

Ms. Gillespie ended her presentation with a note of thanks to everyone who brought the severity of the backlog of overdue DHS cases to her attention. DHS is currently working to clean up this critical backlog, so the department can start January 1, 2017 with a clean slate, and improved accountability, oversight, and a more efficient and effective delivery of services.

In answer to Representative Kim Hammer, Ms. Gillespie estimates that DHS will have a matrix showing the projected savings to the state from the DHS overhaul by the fall of this year. It will also show the impact of the overhaul on state and federal funds.

Ms. Smith confirmed that exit surveys are filled out by employees who leave the employment of DHS, which gives DHS a good idea of what is wrong within the department.

Dawn Stehle, Medicaid Director, Division of Medical Services, and Mark Story, CFO, Medicaid, both with the Department of Human Services discussed Arkansas Medicaid.

Ms. Stehle described the incentives that Arkansas Medicaid has implemented to reduce the Medicaid roles, and to encourage and provide incentives for people to be employed. She also presented an update on Arkansas Works, stating the timeline to present to Centers for Medicare and Medicaid (CMS) for approval is still on schedule for July 1, 2016.

Mr. Story stated that the RFP (Request for Proposal) currently being processed, is finalizing the eligibility requirements. The draft will be completed this summer and submitted to CMS for approval before launching it for public comment. A vendor should be selected by the end of the year, and the impact of this new contract should be seen in about 18-24 months.

Representative Reginald Murdock stated that consistent reporting on the ARKids program is non-existent, and he asked DHS to provide a report on the ARKids program. He stated there have been a significant number of children losing coverage. Ms. Stehle agreed and recommended that DHS be scheduled to present a report on this issue on a future task force agenda. Ms. Stehle gave a brief overview of the current DHS Medicaid waivers.

Melissa Stone, Director, Division of Developmental Disabilities, Charlie Green, Director, Behavioral Health Services, and Craig Cloud, Director, Division of Aging and Adult Services, all with The Department of Human Services; presented testimony on the future of the Medicaid waivers for their division.

Mr. Green presented the recommended transformations to the rehabilitative services for persons with mental illness. It will be an evidence-based, best practice benefit, and will be tailored to meet the needs of specific populations. The timeline for completion of each step in the transformation process is on page 20 of Handout #1, along with the completion date. Presentation to the legislative committees for approval will be August and September, 2016.

Senator Hendren requested TSG to address the timelines projected by the Behavioral Health Division and what savings will the implementation of TSG's recommendations generate for DHS.

Ms. Stehle stated everything is on track for implementing the changes to the group psychotherapy codes. If these changes pass all approvals, they will become effective October, 2016. Senator Hendren asked Mr. Stephen to let the task force know what the estimated savings of these proposed changes will be.

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

The meeting re-convened June 8, 2016 @ 1:30 p.m.

Ms. Stone presented and described the Community and Employment First Waiver for the developmental disabilities population, along with the recommendations from TSG. The timeline for completion of each step in the transformation process is on page 23 of Handout #1, along with the completion date. Presentation to the legislative committees for approval will be November and December, 2016.

There was much discussion on the waivers and independent assessments. Ms. Gillespie stated that Arkansas needs to submit all waivers to CMS for approval before the administration changes, because everything slows down after an administration change in Washington D.C.

Discussion of Slides 30 through 33 of Handout #1

Mary Franklin, Interim Director, County Operations, Department of Human Services, and Cindy Gillespie, opened the discussion on Medicaid MAGI Pending Casework.

Ms. Gillespie gave a brief overview of the backlog of pending cases, and all of the problems caused by this backlog. The Arkansas backlog was created when the federal government started requiring all of the states to switch to the MAGI eligibility and enrollment system for Medicaid.

Ms. Gillespie defined the problem and then described how DHS will rectify it, so that Arkansas can again operate on a current status. Cúram has vastly improved from a few years ago, and it will continue to improve with each update and improvement.

Ms. Gillespie presented DHS's four-part plan to correct and clear up the backlogged cases to the Governor. She also noted that all the temporary contracts will end December 31, 2016.

The Stephen Group (TSG) Update on the Following: (EXHIBITS E, and E-1-the PowerPoint)

- ✓ Traditional Medicaid Savings Initiative Matrix—Task Force Review and Approval
- ✓ Dental Managed Care Insights from the State of Kentucky and the National Academy for State Health Policy (April 29 2016 Webinar)
- ✓ Centers for Medicare and Medicaid Services (CMS) Managed Care Rules
- ✓ Pharmacy Issues
- ✓ Human Development Center Average Cost Comparison
- ✓ State by State Rate Comparison for Long Term Care and Developmental Disability Community Based Waiver Programs
- ✓ Eligibility and Enrollment Framework System (EEF) and Request for Proposal (RFP) Monitoring Update
- ✓ Office of the Medicaid Inspector General (OMIG) Assistance

Presenters for these updates are John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Stephen Palmer, Senior Consultant, Rory Rickert, Senior Consultant, and Sheila Cooper, Senior Consultant, and Lindsay Littlefield, Senior Consultant all with TSG.

Mr. Stephen and his associates gave brief overviews of TSG's discussion topics:

- ◆ Arkansas Works Waiver Application Budget Neutrality Analysis
 - Mr. Stephen and Mr. Palmer presented and explained TSG's analysis of budget neutrality within the Arkansas Works Waiver Application
- ◆ Carrier Requested Premium Increases
 - Mr. Stephen discussed premium increases requested by the carriers for the 2017 year
 - Mr. Stephen stated the Arkansas Insurance Department (AID) and the Governor will not accept these requested premium increases (slide 9, Exhibit E-1)
- ◆ Traditional Medicaid Savings Matrix
 - Mr. Stephen presented and explained the matrix for the Arkansas Traditional Medicaid Savings Reform Initiative (Handout #2)
- ◆ Dental Managed Care RFP Timeline, Performance, and Quality Standards
 - Mr. Stephen gave a brief update on the dental managed care RFP
 - The RFP will be issued in July or August of 2016, and the new program is projected to go-live January, 2018
- ◆ Pharmacy Savings Update
 - Mr. Rickert presented an update on projected pharmacy savings
 - He also discussed opioids in Arkansas Medicaid
- ◆ Opioids in Arkansas Medicaid
 - The United States makes up only 5% of the world population, however the U.S. uses the majority of the world's opioids
 - Representative Hammer requested that TSG research the states who use e-prescribing when prescribing controlled substances. Does e-prescribing have a significant effect on reducing opioid use? Also, what is the rate of reduction of controlled substance prescriptions?
- ◆ Value Based Contracting in Medicaid
 - January 1, 2016, CMS began implementing value-based contracting among all home health agencies in nine states: Massachusetts, Maryland, North Carolina, Florida, Washington, Arizona, Iowa, Nebraska, and Tennessee
- ◆ EEF Project Monitoring Update
 - Ms. Cooper stated that the Gardner Group has completed a visioning document that has been accepted and signed yesterday by Governor Hutchinson
 - Ms. Cooper discussed four of the main recommendations that are in the visioning document
 - Mr. Stephen will give the visioning document to Phil Price, Senior Analyst to the Task Force, to disburse to the task force members
- ◆ State Developmental Centers Average Cost Comparison
 - Ms. Littlefield presented her research results on the comparison of all of the United State's Human Development Centers (HDC) to the Arkansas HDCs (slides 38-47, Exhibit E-1)
 - Fourteen states do not have HDCs
 - Mr. Kellogg stated that residents of closed facilities go to community-based alternatives. Each state has tiered facility levels of different models.
- ◆ TSG Home and Community-Based Care State Rate Comparison
 - Mr. Stephen gave a brief statement on rate comparison among states, but will discuss this in more detail at a future meeting
- ◆ CMS New Medicaid Managed Care Rules
 - Mr. Kellogg briefly reviewed the new Medicaid managed care rules from CMS

Mr. Stephen explained the new 1915(i) Waiver, stating it is an entitlement with more flexibility. TSG will look into the amount of savings that the 1915(i) Waiver will generate.

**Office of the Medicaid Inspector General (OMIG) Update on Medicaid Fraud, Waste and Abuse Initiatives--
Update on OMIG Medicaid Initiatives**

This will be rescheduled for another meeting.

Update from the Human Development Centers (HDC) Subcommittee

This will be rescheduled for another meeting.

Remaining Recommendations for Health Reform Task Force Consideration (EXHIBIT I)

This will be rescheduled for another meeting.

Update on the Actuary Contract with Osborn, Carreiro & Associates

This will be rescheduled for another meeting.

Senator Hendren stated the next task force meeting will be July 11, 2016.

The meeting adjourned at 4:55 p.m.