MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

November 10, 2015

The Health Reform Legislative Task Force met Tuesday, November 10, 2015 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 Cecile Bledsoe, Vice Chair; John Cooper, Bart Hester, Keith Ingram, and Jason Rapert.

House Health Reform Task Force Members Attending: Representatives Charlie Collins, Chair; Reginald Murdock, Vice Chair; Justin Boyd, 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 Alan Clark, Linda Collins-Smith, Jonathan Dismang, Joyce Elliott, Scott Flippo, Jeremy Hutchinson, Missy Irvin, and Gary Stubblefield. Representatives Charles Armstrong, Scott Baltz, Mary Bentley, Charles Blake, Ken Bragg, Mary Broadaway, Andy Davis, Jim Dotson, Trevor Drown, Jon Eubanks, Kenneth Ferguson, Vivian Flowers, Jeremy Gillam, Justin Gonzales, Bill Gossage, David Hillman, Joe Jett, Sheilla Lampkin, Greg Leding, Kelley Linck, Julie Mayberry, Micah Neal, Betty Overbey, Dan Sullivan, and DeAnn Vaught.

Call to Order & Comments by the Chairs
Representative Charlie Collins called the meeting to order, gave a brief overview of the progress of the Health Reform Task Force from its inception on March 10, 2015 to the present, and stated that the on-going question and answer process of gathering information will continue in today's meeting.

Consideration to Approve the October 20, 2015 Meeting Minutes (EXHIBIT C)
Without objection the minutes from the October 20, 2015 meeting were approved.

Follow-up on Questions from the October 20th Task Force Meeting/Montana's CMS Waiver Approval
John Stephen, Managing Partner, Stephen Palmer, Senior Consultant, and Richard Kellogg, Senior Partner, all with The Stephen Group (TSG), responded to questions posed by the task force members on the following issues (*Handout #1*):

- Arkansas vaccination rates & policy
- The Diagnosis Related Groups (DRG)
    - Definition of a DRG: A patient classification scheme that provides a way to relate the type of patient a hospital treats to the costs the hospital incurs
    - There are 2 types of DRGs:
        - **MS/DRG**: Developed by the 3M Company under a contract with The Centers for Medicare & Medicaid Services (CMS) for the Medicare population
        - **APR/DRG**: Developed by the 3M Company in partnership with the National Association of Children's Hospitals & Research Institutions (NACHRI)
- Nursing home census
- Consideration of implementing a Health Care Improvement Program (HCIP)
- Tennessee primary prevention initiative
- Medicaid expansion lockout provisions
- State assistance group size comparison
- Medically frail process in other states
- Montana expansion waiver approval

Mr. Stephen stated that Rory Rickert, Senior Consultant, The Stephen Group, is still researching the vaccination issue, and will give a full report to the task force when the research is complete. He did say this is a multi-faceted problem with no simple solution.

Mr. Palmer addressed the Diagnosis Related Groups (DRG) issue for reimbursement for hospital inpatient services The majority of state Medicaid programs, other payers like Blue Cross/Blue Shield, and over half of the hospitals in Arkansas already use the APR/DRG payment structure.

Mr. Stephen discussed the research findings on the historical nursing home census issue, which does show a 3% decline in the nursing home population since 2007. Mr. Palmer gave an update on The Private Option. After much discussion of the silver plan versus the bronze plan, TSG said they would conduct a more comprehensive analysis of these two plans and compare the effect both would have on the consumer and the cost savings to the state.

Mr. Kellogg reported his findings on the Tennessee Primary Prevention Initiative (PPI). This initiative began in 2012 and focuses on prevention and health education that was based on a grass roots community team-based initiative. It uses existing resources and is supported by the Tennessee Department of Health (DOH). This program was slow starting, but it has become popular and a morale booster among Tennessee state employees.

This initiative requires Tennessee state employees to donate 5% of their annual time (regardless of position) to work with and assist PPI community based team initiatives. Aspects of these PPI projects are:

- To date, 386 of the 735 total projects have been completed across 95 Tennessee counties to date
- The DOH provides Module Toolkits and staff support to all PPI PROJECTS
- There is connection to TennCare and Medicaid at the local level
- The Tennessee DOH provides no funding resources for this project

Mr. Stephen described 'lock-out' provisions in the health care plans of Indiana, Oregon, and Rhode Island. Indiana was the first state to receive approval from CMS for a Medicaid expansion plan that included a lock-out policy for non-payment of premiums, and it has been in force since 2007. This has been highly effective in providing incentives for people to pay their premiums. Indiana's lock-out provision is similar to what TSG has recommended for Arkansas.

Representative Ferguson asked if the amount of money Medicaid collects on premiums is equal to the amount they spend on administrative costs. Mr. Stephen said he would get that information, and he will also try to find out why Pennsylvania was denied the lock-out provision in their proposed health care plan. There was much discussion and interest from the task force members surrounding the lock-out provision.

Representative Collins recessed the meeting at 11:30 a.m., until 1:00 p.m. for lunch

The meeting re-convened at 1:00 p.m., October 20th

John Stephen (CONTINUED): The Montana Plan

Mr. Stephen briefed the task force on the five-year Medicaid Expansion Waiver that was approved by CMS on November 2, 2015. Aspects of this waiver are listed on slides 23 and 24 of the November 10, 2015 TSG presentation (*Handout #1*), and the Montana expansion waiver objectives are listed on slide 25. In describing Montana's waiver, he also referenced the approval letter that CMS sent to the Montana Department of Public Health & Human Services *(Handout #2)*.

Mr. Stephen stated that TSG is collaborating with DHS and the Department of Workforce Services (DWS) to find out how many people on the Private Option are receiving Temporary Assistance for Needy Families (TANF), food stamps (SNAP), and unemployment benefits. There is already a work requirement for these programs, and this information will connect who on the Private Option are already receiving these benefits.

Mr. Stephen listed two states and their process for determining if a person is medically frail (most states have self-attestation):

- New Jersey has a 'medically exempt attestation' form they send directly to the doctor, who fills out this form, sends it to the state agency, and then it is reviewed. If the person is declared medically frail, the agency staff contacts the person.
- North Dakota has auto enrollment which requires an attestation form to be filled out by a provider, then it is submitted to the state agency, reviewed by a medical professional (a Registered Nurse (RN) is the medical professional in North Dakota), and then a determination is made.

Update on the Diagnosis Related Group (DRG) Study Group
Representative Joe Farrer presented an update on the DRG Study Group. The members nominated to serve on the DRG Subcommittee are listed below:

- Senator Keith Ingram, Co-Chair
- Senator John Cooper
- Representative Kim Hammer
- Representative Reginald Murdock

Representative Collins made a motion for the above mentioned members to serve on the DRG Subcommittee as detailed by Representative Farrer. The motion was seconded by Senator Jason Rapert and the motion carried.

The first meeting is scheduled for November 16, 2015 at 10:00 a.m. in Room 130 of the State Capitol. There will be presentations from hospitals, insurance companies, and all stakeholders. Blue Cross/Blue Shield and United Health Care already participate in the APR/DRG payment plan. Mr. Palmer has arranged for the 3M Company to attend this meeting, and describe the DRG plans they have set up in other states.

Human Development Centers (HDC)Study Group
Senator Jason Rapert spoke with John Martin from the Governor's Office regarding the HDCs. Senator Rapert and Mr. Martin will arrange a meeting with the Governor to discuss the HDCs; and then report back to the task force on the discussion with the Governor, so the task force will be ready to address the needs of the HDCs.

Department of Human Services Update on Eligibility Determinations
Mark White, Deputy Director, Department of Human Services, presented an update on the new eligibility determination process. Mr. White listed two important changes so that income verification will be more efficient:

- To quit performing duplicate income verifications for SNAP beneficiaries when reauthorizing them for Medicaid
- To start relying on Workforce Services data to verify beneficiaries who have reported no income

On November 9, 2015, DHS began using these new procedures on new cases, and next week all the pending cases will be run through this new verification program. It is expected the system will be able to process 3,000 cases nightly.

Representative David Meeks wanted to know why 15,000 cases were originally terminated by mistake. Mr. White will get that information for the task force. DHS is confident that the new verification system should prevent future wrongful terminations.

Private Option Insurance Carriers Response to the Stephen Group Report
Cal Kellogg, Ph.D., VP and Chief Strategy Officer, Arkansas Blue Cross/Blue Shield, Stephen C. Sorsby, MD, VP Medical Affairs, QualChoice, and John Ryan, President/CEO, Arkansas Health and Wellness, presented for the Private Option Insurance Carriers.

Mr. Kellogg, Mr. Sorsby, and Mr. Ryan agreed that the following list are key aspects of The Stephen Report, that Private Option Insurance Carriers consider important:

- The focus placed on the Patient Centered Medical Homes (PCMH)
- Population health management
  - Ensuring all necessary patient information is available to providers for better health care management of their patient population
- The need to integrate primary health care and behavioral health care issues
- To encourage preventive care
- To encourage Primary Care Physician (PCP) use and discourage Emergency Room (ER) use
- To work with the state of Arkansas on eligibility issues
- To build a health insurance transition plan

Arkansas insurance carriers said it is better to keep the mandated SHOP cap for small businesses at 50 or less employees. Mr. Kellogg will find out the reason why credentialing issues between Medicaid and the insurance companies have not been resolved.

Mr. Sorsby stated that one way to help reduce the cost of the Private Option would be to find a way to identify and eliminate insured individuals who are now living out-of-state. It is a challenge to deal with the transient population.

The meeting was adjourned at 2:40 p.m.