

MINUTES

HEALTH REFORM LEGISLATIVE TASK FORCE

August 22, 2016

The Health Reform Legislative Task Force met Monday, August 22, 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, Jonathan Dismang, and Jason Rapert.

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

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

Other Legislators Attending: Senators Joyce Elliott, Jeremy Hutchinson, Missy Irvin, Bruce Maloch, and Jon Woods. Representatives Eddie Armstrong, Mary Bentley, Trevor Drown, Kenneth Ferguson, Vivian Flowers, Ken Henderson, Julie Mayberry, Josh Miller, Laurie Rushing, James Sorvillo, Dan Sullivan, and Dwight Tosh.

Call to Order & Comments by the Chairs

Senator Jim Hendren called the meeting to order, and briefed the members on upcoming issues, and the next steps toward drafting the final report for presentation in December, 2016.

Consideration to Adopt the Minutes from the July 11, 2016 Meeting (EXHIBIT C)

Without objection the minutes from the July 11, 2016, meeting was approved.

ADDED AGENDA ITEM

Update of Uncompensated Care on Arkansas Hospitals

Jodiane Tritt, Vice President of Government Relations, Arkansas Hospital Association, and Dan Rahn, M.D., Chancellor, UAMS, presented an update.

Ms. Tritt stated that uncompensated hospital care is much lower since implementation of the Private Option. A 2014 survey showed that after the start-up of the Private Option, there was \$149 million less in uncompensated hospital care in 2014 (a 50% reduction in uncompensated hospital care).

Dr. Rahn discussed the educational and business operations of UAMS, and agreed with Ms. Tritt that the Private Option had drastically reduced uncompensated hospital care at UAMS. In addition, there has been a \$65-\$75 million positive financial impact since the passage of Arkansas Works. Ms. Tritt said she would ask the Health Financial Manager's Association to do a survey after October for the year 2015, using the same questions that were used for the 2014 survey.

Representative Charlie Collins, House Chair, suggested that TSG prepare a matrix spread across several years, showing estimates, actual amounts, and projected amounts; all with and without the Private Option. This matrix should also include the information that the Health Financial Manager's Association will provide to Ms. Tritt. TSG, and Ms. Tritt agreed to create this matrix.

The Stephen Group (TSG) Update (Handouts #1 and #2)

- Medically Frail Beneficiaries/Process (**EXHIBIT D-1**)
- TSG Savings Matrix Update (*Handout #3*)
 - * Developmentally Disabled Program Savings
 - * Behavioral Health Program Change Savings Estimates Update
 - * Patient Centered Medical Home (PCMH)
 - * Pharmacy Update
- Update on Review of Private Option 2015 Claims Data Analysis
- Eligibility and Enrollment Framework (EEF) Program Assessment
- Medical Fairness Act Proposal

John Stephen, Managing Partner, Richard Kellogg, Senior Consultant, Stephen Palmer, Senior Consultant, Rory Rickert, Senior Consultant, and Sheila Cooper, Senior Consultant, all with TSG; presented updates from The Stephen Group.

Mr. Stephen gave a brief overview of TSG's presentation, and stated that The Department of Human Services (DHS) is still on schedule with the task force timeline for completion of the tasks needed to implement their recommendations.

DHS is centralizing fiscal services and various other shared services. DHS has issued a Request for Information (RFI) and is now moving to the Request for Proposal (RFP) stage to implement best practices for management and independent assessments. All of the assessment instruments that TSG recommended are included in the information technology (IT) systems of the national responses to the RFI. Arkansas will not have to pay for the reformatting of the IT systems to implement an independent assessment tool (Mr. Kellogg stated this is an important point).

Mr. Stephen and Mr. Kellogg both emphasized that it is important that the Health Reform Task Force and the entire General Assembly understand that, for DHS to make the needed savings in Medicaid, that DHS needs to get approval and implement the rules and regulations, which need action by the end of 2016, so that Arkansas Works will be able to go live in July, 2017.

Mr. Kellogg outlined and discussed the initiatives that DHS will be implementing (*Handout #1, TSG ppt., Slide #5-9*): He noted that DHS needs to improve Behavioral Health Services and improve Developmentally Disabled Services to achieve the needed savings.

Mr. Kellogg discussed the LOCUS and CANS assessment tools, both of which TSG recommends. The CANS tool is specifically for children who are 5-17 years old and the LOCUS tool is designed specifically for adults. LOCUS is currently used in Iowa, Louisiana, Illinois, Washington, Maine, and the District of Columbia. CANS is used in all 50 states for child welfare, mental health, juvenile justice and early intervention applications.

Mr. Kellogg also discussed the SIS assessment tool, which is for both adults and children, and is also recommended by TSG. It was developed by the American Association on Intellectual and Developmental Disabilities (AIDD), and is currently used in 24 states.

Mr. Palmer presented a brief update on Patient-Centered Medical Homes (PCMH). Mr. Palmer detailed the progress of the PCMH's during the 3 years which it has been active, displayed the actual financials for 2015, the potential program changes, and the resulting projected savings (*Handout #1, slides 13-17*).

Potential Rate Increase for Health Insurance Carriers under Arkansas Works Program

Allen Kerr, Insurance Commissioner, Arkansas Insurance Department (AID), discussed potential rate increases under the Arkansas Works program.

Commissioner Kerr presented an overview on the rate filing process. Every year in May, insurance companies will submit their applications for insurance rate increases to the Arkansas Insurance Department for approval. The Arkansas Insurance Department uses an outside actuary to help evaluate these rate increase requests thoroughly.

Commissioner Kerr and the task force members discussed at length, the rising cost of insurance in Arkansas and compared these rising costs in surrounding states and nationwide.

Representative Miller asked how much has private insurance increased since 2013. Senator Hendren would like to see a comparison of what has happened to private insurance rates in states that have expanded versus states that have not expanded—to see what the impact is. Commissioner Kerr agreed to get that information.

Senator Hendren recessed the meeting at 11:45 until 1:30 p.m.

The meeting re-convened August 22, 2016 @ 1:30 p.m.

The Stephen Group (TSG) Update (continued)

Mr. Stephen defined ‘Medically Frail’, and explained the strict assessment process in Arkansas for classifying someone as medically frail. To be classified as medically frail, a person must have health issues that are not covered under the ten essential health benefits listed in The Affordable Care Act.

Max Greenwood, with Arkansas Blue Cross/Blue Shield (BC/BS), said there is a Memorandum of Understanding (MOU) which defines medically frail as, a person who needs services that private insurance carriers do not provide. The medically frail classification is not tied to a dollar amount.

Max Greenwood stated that Arkansas BC/BS began losing money on the Private Option (now Arkansas Works) in the middle of 2015 and continues to lose money on this section of insurance, even now. Representative Collins suggested that Arkansas ask the Centers for Medicare and Medicaid Services (CMS) to approve a viable increase in insurance rates that would ensure insurance companies operating in Arkansas will be able to stay in business.

Representative Hammer asked Ms. Greenwood how much Arkansas BC/BS’s losses were last year, and she stated she would get this information to the task force. Ms. Greenwood said there have been no increases in the administrative costs for Arkansas BC/BS.

Mr. Stephen discussed cost analysis with additional facts of the medically frail. He also listed the most common diagnoses, places of service, and types of services, for the Medically Frail population (*Handout #1, slides 18-29*).

Rory Rickert presented the pharmacy update, focusing on opioids. TSG conducted further study in the following three areas (*Handout #1, slides 35-40*):

- ◆ Cost implications to providers for implementing mandatory e-prescribing for controlled substances (EPCS)
- ◆ Enforcement of the Prescription Drug Monitoring Program (PDMP) in Kentucky
- ◆ Estimation of potential cost savings associated with opioid-related recommendations

Mr. Rickert discussed Kentucky’s Prescription Drug Monitoring Program (PDMP) in detail because TSG feels Kentucky has one of the best programs. It provides for immediate and lasting savings, and Kentucky also had a reduction in substance abuse treatment and deaths.

Of the \$400 million total drug spend; opioids represent about \$10 million. The biggest resulting expenses of people abusing opioids are the indirect expenses such as treatment, medicines, and housing.

Sheila Cooper presented an update of TSG’s monitoring activities on the Eligibility and Enrollment Framework (EEF) Program:

- ◆ The Integrated Eligibility-Benefits Management (IE-BM) is currently being finalized, and will be sent to The Centers for Medicare and Medicaid (CMS) at the end of August, 2016
- ◆ The Information Support Services (ISS) RFP was sent to CMS for review on Friday, August 12, 2016
- ◆ DHS has vendors in place and has made great progress in reducing the backlog

Ms. Cooper stated that a draft dental RFP has been released and should be submitted by the end of August.

Mr. Stephen said the meeting with Birch Tree officials, TSG, DHS, and the Office of Medicaid Inspector General (OMIG) was very productive with an agreement reached by all parties. Jack Keithly, CEO, Birch Tree Communities, discussed the meeting previously mentioned, and the concerns of the Birch Tree Community.

Update on Group Psychotherapy Rule Change and Meeting with Birch Tree Communities

Elizabeth Smith, Inspector General, and Bart Dickinson, Chief Counsel, both with The Office of the Medicaid Inspector General (OMIG), presented this update.

Ms. Smith said OMIG visited the Arkansas State Hospital before meeting with The Birchtree Communities. The rule change for the Psychotherapy Rule code 90853 has been written and it is ready for submission to the Public Health Committee in September.

Department of Human Services (DHS) Update on the Following: (Handout #4)

- Update on Arkansas Works Program (**Handout #5**)
- Update on Independent Assessment Request for Information (RFI) (**EXHIBIT F-2**)
- Update on Long-Term Care Savings Plan
- Update on the Status of the Developmental Disabilities Wait List

Dawn Stehle, Medicaid Director, Division of Medical Services, Craig Cloud, Director, Division of Aging and Adult Services, Melissa Stone, Director, Division of Developmental Disabilities Services, and Misty Bowen-Eubanks, Chief Procurement Officer, all with The Department of Human Services; presented these updates.

Mr. Kellogg explained the LOCUS (16 pages) Assessment Tool, and how it is used and/or applied.

Ms. Stehle said that since the last meeting, CMS has completed their public comment period regarding the waiver for Arkansas Works, along with onsite visits; and have also met with carriers and providers. DHS is hoping for an approval from CMS by mid September. Ms. Stone stated that DHS is keeping the providers informed of all changes as they happen.

Ms. Bowen presented an updated progress report on the Request for Information (RFI) on the Independent Assessment tools. The Request for Proposal (RFP) on the Independent Assessment tools is projected for release later this fall.

Charlie Green, Director, Developmentally Disabled Services, DHS, stated that July 1, 2017, is the deadline to implement the DHS initiatives to improve mental health services and achieve savings.

Mr. Cloud gave a detailed presentation on reforms already implemented by the Division of Aging and Adult Services (DAAS), described DAAS's current waivers, and outlined the timeline for promulgation of these reforms. Mr. Cloud, along with all of the DHS staff, supports independent assessment as vital and necessary.

Representative Collins asked if the providers and the vendors would have ample time to submit their input on the independent assessments and all the changes that DHS is implementing. Ms. Bowen confirmed that everyone would have ample opportunity to give their input.

Ms. Stone presented an update on the Developmental Disabilities Wait List, and stated there are 3,007 people on the wait list, which includes the 35 people that have been recently added to the wait list.

Senator Hendren asked Mr. Stephen to figure out the following and present it at the next meeting:

- ◆ How much it will cost to eliminate the wait list of 3,007 people
- ◆ What the ongoing incurred cost will be

Mr. Stephen agreed to have this information to present at the next meeting.

Update from the Diagnosis Related Group (DRG) Subcommittee

Senator Keith Ingram, Senate Chair and Representative Joe Farrer, House Chair, presented this update. Representative Farrer gave a brief summary of the last DRG meeting, and said the DRG Subcommittee already has a draft bill drawn up to present in the upcoming session.

Update from the Human Development Centers (HDC) Subcommittee

Senator Jason Rapert, Senate Chair, and Representative Kim Hammer, House Chair, presented this update. Representative Hammer gave a brief summary of the last HDC meeting, which was held at the Booneville HDC. There will be one more HDC meeting before Senator Rapert and Representative Hammer submit the recommendations of the HDC Subcommittee.

Senator Rapert and Representative Hammer also emphasized the needs of the HDC facilities to the task force members.

Update on the Actuary Contract with Osborn, Carreiro, and Associates

Jody Carreiro, Vice President, Osborn, Carreiro, and Associates, presented an update on the actuary contract. Mr. Carreiro gave a progress report and will bring recommendations to the task force in September.

Senator Hendren announced that the next meeting is scheduled for September 28, 2016.

The meeting adjourned at 4:35 p.m.