



View from the Hill

A Confidential Briefing for Government Solutions' Clients

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March 3, 2017

**“And in real life endings aren't always neat,
whether they're happy endings, or whether they're sad endings.”**

Stephen King

This past week at the Capitol legislators got some good news on the state budget. Tax receipts for February were \$19.5 million over the projected budget figure. This news comes as a pleasant, if not unexpected surprise after January revenues were well below projections. Larry Walther, Director of the Department of Finance and Administration, painted a “cautiously optimistic” picture for increased revenues over the next few months as well.

One of the remaining big ticket items was put into play this week. HB1706, by Representative Pilkington (R-Clarksville), laid out the long-awaited Provider healthcare model. Known as the Medicaid Provider-Led Organized Care Act, the bill seeks to cut costs to the most expensive Medicaid population—Developmental Disabilities and Behavioral Health—while allowing providers some control of their services and costs. It’s hard to tell at this point if the proposal has the support for passage, or even if the Honorables will take it up during this Regular Session. We find it a bit odd that a freshman who wasn’t even around for the past two years of Health Care Task Force meetings is the singular sponsor for this DHS crafted legislation. It had been rumored that some managed care proposal would be dealt with in a Special Session, and the inauspicious rollout of HB1706 would indicate some truth to the rumor. The bill is on the House Public Health Committee agenda for next week.

After a rocky reception in the House, the Wine bill, SB284 by Senator Hester (R-Cave Springs), got a favorable second vote and was transmitted back to the Senate. The bill is on the Senate agenda for early next week where they will vote on the amended bill. The degree and intensity of the lobbying on this move to allow grocery stores to sell all wines, not just local and small vineyard vino, has consumed a lot of energy at the Capitol over the last few weeks. We fully expect the lobby ranks to be thinned considerably directly after final passage of the bill in the Senate.

Highway construction and maintenance moved a little further down the road last week. HB1726 and HB1727 by Representative Dan Douglas (R-Bentonville) would give the voters final say in levying a 6.5% sales tax on the price of gas and diesel. HB 1726 creates the Arkansas Highway Maintenance and Bond Act of 2017 which would give the Highway Commission the responsibility to issue bonds. HB 1727 levies the tax and both will require a vote of the citizens of the state. It is estimated that the bonds will raise \$200 million annually.

The other shoe finally dropped in the case of fraud and money laundering of General Improvement Funds (GIF). When former Representative Micah Neal pled guilty back in December of 2016 for his part in the scheme, authorities indicated more indictments would follow. Now former state Senator Jon Woods, Randell Shelton, Jr. and Oren Paris III have been added to the indictment. Shelton’s consulting firm, Paradigm Strategic Consulting, was used “as a pass-through” for some of the funds. Paris is the president of Ecclesia College which received the funds. Another bogus company, AmeriWorks, was incorporated by Rusty Cranford in 2013 and it too acted as a pass-through. Cranford was not included in the indictment. We expect there will be more charged before this sordid story completely unwinds.

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A bill that will end enrollment into Arkansas Works, Arkansas' version of the ACA, made it through the House this week. HB1465 by Representative Josh Miller (R-Heber Springs) directs the Arkansas Department of Human Services to apply for all necessary waivers from CMS and amend the Medicaid State Plan to end enrollment July 1, 2017. Miller insists that the program is unsustainable at its current levels and future matching requirements are unpredictable. As if on cue, DHS released their figures on Arkansas Works this week showing a 7.5% increase in costs from last year.

Governor Hutchinson has made it clear that he opposes the bill and that he is developing his own plans for Arkansas Works. The reality of the situation is that until Congressional Republicans comes up with their repeal and replace of the ACA, states are over a barrel with their own plans. You can be sure that legislators that ran on a repeal of Obama Care will be hard pressed to vote against Miller's bill.

This next week will be the beginning of the end of this Session. Last day to file a bill is Monday, March 6, and can come none too soon for us.

What have we done for our Clients lately?

ArkSHA: We attended the Arkansas State Chamber of Commerce, which is spearheading opposition to HB1551, the Womack Licensure bill and heard from Sen. Missy Irvin. We continue to lobby against HB1551 and attended House Public Health Committee on Tuesday and Thursday to monitor for possible action by Womack.

We began to read and get feedback on HB1706, by Representative Pilkington (R-Clarksville), the long-awaited Provider healthcare model. Known as the Medicaid Provider-Led Organized Care Act the bill seeks to cut costs to the most expensive Medicaid population. We met with Rep. Pilkington regarding his Provider-Led Managed Care bill, HB1706 and other providers to learn about the bill and hear concerns from providers. Concerns expressed included the 30k level of participants is not conducive to multiple entities and will result in a single provider, how the voluntary opt-in works, concern over lack of definitions for key terms, floor payments, broad exemptions from state law, due process. We anticipate some amendatory language as a result of the meeting. We are unsure of the future of the bill at this point, however.

We also finalized plans for distribution of invitations (postcards and brochures) for the March 16 Student Advocacy Day. It is now looking more likely that the Legislature will meet through the end of March.

We also provided SB555 by Sen. Clark to ArkSHA for review. The bill essentially eliminates authorizing language for the SLP certification stipend. We gathered comments from the ArkSHA reviewers and reached out to Dept. of Ed Director Johnny Key and Sen. Clark. No response thus far, but we will reach out to both prior to Wednesday's Sen Education Committee meeting. We will also start working the Senate Education Committee to oppose SB555.

Attached you will find a Bill Tracking Report which lists all legislation that we have identified that may be of interest to you. To review copies of the bills listed:

1. Go to <http://www.arkleg.state.ar.us/assembly/2017/2017R/Pages/Home.aspx>
2. Near the top of the page, find "Bill Detail". Type in the bill number without spaces, such as HB1002 or SB125.

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3. *Hit the →*
4. *This will give you a brief history of the bill and will show a pdf symbol, which you can click to download a bill copy. If the bill history shows an amendment, be sure to click on the latest amended pdf version.*

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