

MINUTES
Approved by the Committee
Medicaid Managed Care Task Force
Monday, June 12, 2023
10:00 A.M.
Room WW54
Boise, Idaho

Members in attendance: Cochairs Senator Julie VanOrden and Representative John Vander Woude; Senators Kevin Cook, Glenneda Zuiderveld, and Melissa Wintrow; Representatives Dori Healey, Jordan Redman, Josh Tanner, and Nate Roberts. Absent/excused: Senator Mark Harris. Legislative Services Office (LSO) staff in attendance: Elizabeth Bowen, Jill Randolph, and Grace King.

Note: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2023/interim/> and copies of those items are on file at the Legislative Services Office in the State Capitol. Recordings of the meeting may be available under the committee's listing on the website.

Cochair VanOrden called the meeting to order at 10:01 a.m.; a silent roll call was taken.

Opening Remarks

Both cochairs welcomed and thanked the task force members. Cochair VanOrden read part of the concurrent resolution that authorized the creation of the task force.

State Procurement Requirements in Relation to Medicaid

Cochair VanOrden recognized Chelsea Robillard, State Purchasing Manager for the Idaho Department of Administration, to explain the state procurement requirements in relation to Medicaid. Ms. Robillard detailed the three main phases of the procurement process: procurement planning, solicitation and award, and contract management.

- Senator Wintrow asked about the procurement process with a contract as large as Medicaid's and who would sit on the committee to establish and review the Request for Information (RFI). Ms. Robillard explained that the procurement planning phase included identifying the committee members and working with the agency to develop the RFI. She added that the procurement process for Medicaid relied on collaboration between the Division of Purchasing and the Department of Health and Welfare (DHW). Senator Wintrow asked if the procurement process had been done with Value Care Organizations (VCO). Ms. Robillard stated that she was not familiar with the process for VCO.
- Cochair Vander Woude asked how information is gathered if those who had a say in the contract process do not have the ability to bid on the contract. Ms. Robillard explained that as long as the Division of Purchasing was not working with an individual bidder and the process is open for everyone to provide feedback, then entities who provide information can bid. Cochair Vander Woude asked if a vendor would be eliminated from the process if they were the only one to provide feedback. Ms. Robillard explained that as long as the opportunity was given to everybody equally, then the committee was allowed to collect feedback from only one vendor. Cochair Vander Woude asked if enough staff was available to process the Medicaid contract. Ms. Robillard explained that due to the size of the Medicaid contract, the Division of Purchasing may need to add one additional full time employee (FTE) to oversee the procurement process and manage the contract.

- Representative Redman asked whether an ad hoc member from the industry added to the task force would be allowed to bid on the contract. Ms. Robillard explained that this situation would need to be discussed with the Deputy Attorney General assigned to the Division of Purchasing.
- Senator Wintrow asked about the public comment process and how it affected the decision-making process. Ms. Robillard explained that anybody can provide feedback to the Division of Purchasing or to the agency at any time. She further explained that during the procurement planning phase, notification of the process is sent out to everyone who is registered to be notified for procurements and it is also posted on the agency's website.
- Senator Cook asked if an entity competing for the contract could provide proprietary information that it believes would be helpful in its bid without the information being divulged to the public or other competing entities. Ms. Robillard explained that the entity would have to follow rules regarding trade secrets and provide a written statement identifying trade secrets.
- Cochair Vander Woude asked if the Legislature was included in the RFI process. Ms. Robillard explained that, typically, the Legislature was not involved in the RFI process and that this task force would be finished with its work by the time the RFI process was to begin. Cochair Vander Woude asked what was left to negotiate after an entity bids. Ms. Robillard explained that the solicitation eventually becomes the details of the contract; however, finalists can negotiate final details to make the contract more successful before the contract is set.
- Representative Roberts asked about the criteria for awarding contracts. Ms. Robillard explained that each offer is given a technical score based on questions asked by the committee; additionally, the cost is evaluated. Representative Roberts asked whether experience was weighed in the award process. Ms. Robillard explained that questions would ask about the entity's experience. Representative Roberts asked who would be setting the criteria for the award. Ms. Robillard explained that the development of questions typically was completed by a subject-matter expert from the agency who was not on the evaluation committee.
- Cochair Vander Woude asked what happens when the highest-scoring entity scored well in most areas but was weak in another area. Ms. Robillard explained that during the negotiation process, the Division of Purchasing will discuss the weak areas of the proposal with the bidder and request that the bidder create a stronger section of the proposal. Cochair Vander Woude asked what happens if all of the contract solicitations exceed the budget. Ms. Robillard explained that costs can be negotiated at the best-and-final-offer stage or the agency can request additional appropriations.
- Senator Cook asked when the Joint Finance Appropriations Committee (JFAC) gets involved with the process. Jill Randolph, LSO Budget and Policy Analyst, explained that the Legislature appropriates money before the procurement process begins. Senator Cook asked if it was odd to provide a ceiling price for the contract before the process begins. Ms. Randolph explained that the amount appropriated was for the planning and solicitation of a contract. She added that the technical score of a bid was weighted more than the cost during the decision-making process and that costs can be discussed during the negotiation period. Senator Cook commented that it didn't make sense to set a ceiling price for the contract before knowing what the bids were. Juliet Charron, Medicaid Division Administrator for DHW, explained that DHW collects data regarding the typical cost to run Medicaid in Idaho and provides that information to entities so that bidders can formulate their bid around those parameters. Senator Cook asked if data about costs was already public information. Ms. Charron explained that entities could request general information like budget reports and current costs of Medicaid from DHW, but actuaries would have to prepare the specific information needed for the contract.
- Cochair VanOrden commented that potential bidders could see the budget set for the procurement process and place their bids around that number.

- Senator Wintrow commented that data DHW provides is needed by the entities to understand the contract and form their bids based on that information. Ms. Charron explained that the purpose of providing that information was so that a bidder could prove their bid is more efficient than the current system. She added that there were federal requirements regarding the percentage of funds spent on medical expenses and the percentage of funds spent to administer the program to ensure that all the funds are not spent on administration. Senator Wintrow asked how the procurement process can ensure the highest quality of care is provided. Cochair VanOrden commented that the responsibility of the task force is to study the process and its legalities.
- Cochair Vander Woude asked if there was an option to not accept any of the contracts and to stay with the current system after the procurement process had begun. Ms. Robillard explained that it would be up to the agency to make that decision. Ms. Charron explained that neither DHW nor the Division of Purchasing would want to go that route and stressed the importance of being thoughtful throughout the procurement planning process to ensure that the procurement was successful.
- Representative Roberts asked about the time frame for the procurement process. Ms. Charron explained that it would be a multi-year endeavor. Representative Roberts commented that his understanding of the responsibility of the task force was to research whether moving to a managed care system would be more effective or if the current system should stay in place. Cochair VanOrden explained that the task at hand was to study which options are available.
- Senator Cook asked whether data was available to help determine whether Idaho should switch to managed care. Ms. Charron explained that general information was available but data analysis on more specific information was needed. She further added that data analysis would be needed to ensure the effectiveness of the chosen program.

Report on the Medicaid Budget

Cochair VanOrden recognized Alex Adams, Administrator for the Division of Financial Management (DFM), to give a report on the state's Medicaid budget. Mr. Adams provided a history of the total expenditures for Medicaid compared to expenditures from the previous three decades and budget predictions for the 2024 and 2025 fiscal years. He also detailed the challenges of Medicaid budgeting and previewed the Cost Containment Report from Sellers Dorsey.

- Representative Tanner asked what options the state had to control the cost of Medicaid, especially during a potential recession. Mr. Adams commented that while many sources predicted a mild recession, DFM still projected that the state would continue to see revenue growth. He added that it was important to continue managing the growth of costs of Medicaid in relation to the state's revenue growth. Representative Tanner expressed concern about the increasing number of people on Medicaid despite the state's healthy economy and added that solutions to cut costs of Medicaid should be discussed.
- Senator Wintrow asked what the biggest takeaway from Mr. Adams's presentation should be. Mr. Adams commented that the members think about how to prepare for bad times during the good times and to ask whether or not a managed care system would be the most beneficial for the state. Senator Wintrow commented that it was important to find ways to keep Medicaid efficient and improve the quality of care.
- Cochair Vander Woude asked what would happen when the Federal Medical Assistance Percentage (FMAP) funds are cut. Mr. Adams explained that this cut was anticipated and built into the 2024 fiscal year budget. Cochair Vander Woude asked if the state would only get the FMAP funds for the first six months of the fiscal year. Mr. Adams explained that the deduction of FMAP was expected in fiscal year 2025, but the fiscal year 2024 budget included savings in the amount of that deduction.

- Representative Roberts asked about rising personal wealth rates in the state. Mr. Adams explained that low unemployment, a surge in population, and increased retirements were pushing up wages in the state.
- Senator Cook referred to a quote from the Sellers Dorsey report and asked if there was more stability in managed care. Mr. Adams commented that he would defer to representatives from Sellers Dorsey when they present to the task force during the next meeting.

Cochair VanOrden commented that the task force will be hearing from the National Conference of State Legislatures (NCSL), which will be assisting the task force in its work. Senator Wintrow asked if NCSL could assist with comparisons of different models used by other states. Cochair VanOrden confirmed that it could.

The task force recessed for lunch at 11:42 a.m. Cochair VanOrden called the meeting back to order at 1:18 p.m.

Reports on Medicaid Rates, Direct Care Workforce, and Medicaid Hospital Rates

Cochair VanOrden recognized Ryan Langrill, Principal Evaluator at the Office of Performance Evaluations (OPE), to present on reports from OPE regarding Medicaid. He explained that OPE has performed five reports on Medicaid since 2011 and detailed the findings and recommendations. He also detailed a report OPE is currently working on regarding Medicaid hospital rates.

- Senator Wintrow commented that different political ideologies have created tensions in the Division of Medicaid, which has led to reluctance from the division to communicate its needs to the Legislature.
- Cochair Vander Woude asked if hospitals are ever audited to find out if costs are what they should be. Mr. Langrill stated that it was good suggestion.
- Representative Healey asked if there was a cost analysis of skilled nursing facilities. Mr. Langrill detailed the current numbers for the amount spent on long-term care versus home and community-based services in the Medicaid budget and explained that there has not been a cost comparison between nursing homes and home care.
- Representative Redman asked if a report on the total amount spent on Medicaid by each hospital within the last four years could be provided. Mr. Langrill stated that he could provide that information.
- Senator Wintrow wondered if there was already an analysis detailing home and community-based care costs. Mr. Langrill explained that federal requirements stipulate that home and community-based care be cheaper than institutional care, so a cost analysis for that is available; but it would not detail the comparisons between skilled nursing facilities.
- Cochair Vander Woude asked if the Medical Care Advisory Committee had legislative members. Mr. Langrill explained that as of 2022, the chairmen of the legislative Health and Welfare committees were on the Medical Care Advisory Committee but members on the committee do not always attend. Mr. Langrill added that the relationship between the Legislature and the Division of Medicaid was important for the creation of solutions.
- Representative Redman asked if information on reimbursement rates from Medicaid in comparison to a commercial plan was available. Cochair VanOrden commented that DHW could probably provide that information.
- Representative Healey asked about 17 positions in the Division of Medicaid that were lost between 2009 and 2023. Mr. Langrill explained that job descriptions and needs within the division have changed during that time, so it would be difficult to say which exact positions were lost.

- Representative Tanner asked if Mr. Langrill could further detail his point about new initiatives being given priority over established and successful initiatives. Mr. Langrill explained that Medicaid staff often felt they were being pulled off successful initiatives to work on new initiatives. Representative Tanner asked that Mr. Langrill email him about which previous initiatives were successful.
- Senator Cook asked if the jump in costs starting in 2001 could be attributed to anything else. Mr. Langrill explained that the only change that OPE identified was the elimination of the benefit managers. Senator Cook asked if Mr. Langrill would suggest taking the treatment plan away from providers and giving it to bureaucrats. Mr. Langrill explained that a key principle to prior authorization is to have structural independence from those who approve and monitor the plan and those who are getting paid to carry out the plan. Senator Cook wondered if there is a different way so that providers can carry out best practices.
- Senator Wintrow commented that it's important to have qualified personnel to carry out the chosen plan.
- Cochair Vander Woude asked if the task force could request the same information that JLOC has requested but on a quicker timeline. Mr. Langrill explained that the full reports go through extensive quality control but a smaller report with less detail and analysis could be provided sooner. Rakesh Mohan, Director of OPE, requested that the task force highlight the specific information needed.

Discussion

Cochair VanOrden explained that Juliet Charron would be the DHW representative on the task force and Sara Stover would be the representative from the Office of the Governor. Cochair Vander Woude explained that the task force has the ability to appoint ad hoc members to the task force from different industries and the cochairs asked for input from the members.

- Cochair VanOrden expressed concern about the perception of bias.
- Representative Redman stated that he would like representatives from related industries so that the task force could have industry knowledge available. Cochair VanOrden expressed concern that one representative from each industry would not accurately represent the whole industry. Representative Redman offered to come up with a list of industries to share with the task force members.
- Senator Cook stated that if the task force got too big, it would never get anything done. He added that it was beneficial that the members of the task force do not have prior knowledge of each industry so that the members have the opportunity to reach out to each industry to learn more.
- Senator Wintrow commented that clients and patients should be included in the consideration of ad hoc members. She wondered what capabilities were available for participation of stakeholders without being ad hoc members on the task force.
- Representative Tanner preferred that the task force remain small but added that it would be helpful to have a list of stakeholders who would be willing to provide information to the task force.
- Elizabeth Bowen, Principal Drafting Attorney for LSO, explained that LSO staff can set up a public feedback forum on the Legislature's website and the task force could also create subcommittees. She cautioned that if the task force appoints members from industries, it should not allow those members to bid on contracts in order to avoid the perception of bias.
- Senator Wintrow read from the resolution authorizing the task force and commented that those who give input should follow the guidelines highlighted in the resolution.
- Cochair Vander Woude stated that information should be shared with all task force members. Ms. Bowen added that LSO staff could present at each meeting the information staff had received

from stakeholders so that all members have the same information. Senator Wintrow encouraged that these presentations include specific information regarding the different plan options.

- Senator Cook asked if the task force should travel the state for public input. Cochair VanOrden explained that due to the limited amount of time, the cochairs had decided against that. Cochair VanOrden added that she felt the task force members provided a good representation of the state.
- Representative Redman asked that if someone from a VCO presented to the task force, could they still act as a VCO. Ms. Bowen explained that they could and that opening up the dialogue to everyone avoids bias.
- The task force members discussed future meeting dates.

The meeting was adjourned at 2:56 p.m.