



Office of the Director



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April 10, 2013

The Honorable David Sanders
Arkansas State Senate
State Capitol, Room 320
Little Rock, AR 72201

Dear Senator Sanders:

This is to confirm the Department of Human Services commitment to contract with *Emrick Consulting, LLC* for a review of the Medicaid program and its interaction with the broader Arkansas health care market.

Arkansas Medicaid leads the Arkansas Payment Improvement Initiative (APII), a multi-payer health system transformation aimed at moving away from a purely fee-for-service system to one that offers each patient a medical home and that incentivizes efficient, high-quality coordinated care. APII is a comprehensive approach to health care reform that is proving to be a model for the nation.

While early indicators are promising, we believe there is room for improvement and enhancement. For example, as we create medical homes and episodes of care, we are open to ideas for improving the underlying payment system which now consists of a combination of fee-for-service, per diems and cost-based reimbursement.

In addition, as we consider using public funds to purchase health coverage through the private sector, we also look for additional opportunities for increased cooperation and collaboration between the public and private health care markets.

We believe that *Emrick Consulting* is uniquely qualified to perform this work based on the following combination of attributes:

- extensive knowledge of, and experience in, the Arkansas health care market;
- proven ability to develop and implement innovations on topics such as centers of excellence, cost and quality transparency, value-based purchasing and tele-health;
- experience bringing private sector reforms to public programs; and
- a focus on innovative approaches to serving outliers and high cost populations.

We welcome your input and involvement in the review, as well as that of other members of the legislature.

Sincerely,

A handwritten signature in black ink, appearing to read "John Selig".

John Selig

cc: Andy Allison, Director, DHS Division of Medical Services