



# COMMONWEALTH of VIRGINIA

*Hal E. Greer*  
*Director*

*Joint Legislative Audit and Review Commission*  
*201 North 9<sup>th</sup> Street, General Assembly Building, Suite 1100*  
*Richmond, VA 23219*

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JLARC Meeting – Minutes  
December 14, 2015

## Attending

### JLARC Members:

Senator John C. Watkins, Chairman; Senator Charles J. Colgan, Delegate M. Kirkland Cox, Senator Janet Howell, Delegate Johnny Joannou, Delegate Chris Jones, Delegate R. Steven Landes, Delegate James P. Massie III, Senator Thomas K. Norment, Delegate John M. O'Bannon, Delegate Lionell Spruill, Sr., Senator Walter Stosch, Ms. Martha Mavredes, Ex Officio.

### JLARC Staff:

Hal Greer, Director; Nathalie Molliet-Ribet, Senior Associate Director; Justin Brown, Associate Director; Kimberly Sarte, Assistant Director; Lauren Axselle, Erik Beecroft, Sarah Berday-Sacks, Jamie Bitz, Drew Dickinson, Kathy DuVall, Nicole Gaffen, Nick Galvin, Mark Gribbin, Nia Harrison, Paula Lambert, Jeff Lunardi, Liana Major, Michael Mehen, Ellen Miller, Nathan Skreslet, Tracey Smith, Nichelle Williams.

### Others:

Commissioner John Newby, Andrew Schwartz, and Brandi Jancaitis (Department of Veterans Services); Scott Crawford and Cynthia Cors (DMAS staff); Eric Link (VITA); Patricia Bishop and Curt Mattson (Virginia Retirement System); Vivian Shields (Virginia College Savings Plan); Sarah Herzog, Mike Tweedy, Adam Rosatelli (Senate Finance Committee staff); David Reynolds (House Appropriations Committee staff); George Strudgeon (Auditor of Public Accounts); Mary Jo Fields (Virginia Municipal League); David Clark (Lobbyist, Eckert Seamans); Ed Rhoades (Fire/EMS Lobbyist); Massey Whorley (The Commonwealth Institute); Jim Regimbal (Fiscal Analytics, Ltd.); Michael Martz and Louis Llovio (Richmond Times Dispatch); Alana Austin (NBC29 WVIR Charlottesville); Anne-Marie Morgan and Mallory Noe-Payne (Virginia Public Radio); Travis Fain (Daily Press); and Saraya Wintersmith (WCVE-FM).

The meeting was called to order at 10:00 a.m. by Senator Watkins, Chairman. Senator Watkins then recognized Hal Greer, JLARC staff Director, who provided an overview of the meeting agenda.

Mr. Greer then recognized Delegate Joannou, Senator Colgan, Senator Stosch, and Senator Watkins for their upcoming departures from the General Assembly and thanked

them for their years of dedication and service to JLARC and the Commonwealth. Each member was also presented with a framed resolution and award.

Subsequently, Mr. Greer introduced Drew Dickinson who presented a briefing of the *Operation and Performance of the Department of Veterans Services* report. Mr. Dickinson answered several questions of the Commission towards the end of his presentation. Delegate Spruill asked if JLARC staff follow up with agencies to determine the implementation status of recommendations. Mr. Dickinson explained that JLARC staff prepare a Report to the General Assembly every two years that provides a status update of JLARC report recommendations. Delegate Joannou asked whether it was an obligation of the federal government to provide benefits and services to veterans. Mr. Dickinson noted that the federal government is responsible for defense but that it has a different definition of veteran. Justin Brown, JLARC Associate Director, explained that there is a gap between the services provided by the federal government and the needs of veterans. Delegate Cox also provided some comments to address Delegate Joannou's question pertaining to legislation that he has introduced in recent years to provide additional state support to veterans. Senator Howell then stated that many practices were not in place at DVS more than ten years ago and asked Mr. Dickinson if DVS is moving in the right direction. Mr. Dickinson noted that DVS has made notable progress in the last two years, particularly with regard to electronic claims processing. Senator Stosch underscored the importance of improving the coordination between CSBs and DVS. He continued by explaining that DVS cannot control CSB employees so it is unclear as to how a coordination plan would be implemented. Delegate Jones then asked how the legislature has not had any oversight to ensure that program objections have been implemented the way the General Assembly had originally intended. Mr. Greer stated that the program has lacked the leadership it needed. Delegate O'Bannon noted that the DVS Commissioner and the Secretary of Veterans and Defense Affairs requested the JLARC review of DVS. He encouraged the Commission members to read the letter from the Commissioner and commented that he hopes DVS will be better off going forward. Delegate Jones stated that the General Assembly needs to ensure that the DVS programs will be fixed before allocation or appropriating more resources. Senator Watkins commented that DVS should also reach out to local governments when creating a working group.

Following Mr. Dickinson's presentation, Senator Watkins invited Mr. John Newby, Commissioner of the Department of Veteran Services, to provide the Commission with his remarks in response to the JLARC report. The Commission members asked several questions throughout Mr. Newby's remarks. Delegate Landes asked the Commissioner if he disagrees with any of the report recommendations. Mr. Newby stated that all recommendations have some level of merit but he feels that DVS should not wait until the end of 2016 to address the concerns about the Virginia Veteran and Family Support program. Senator Colgan asked how long it takes to process a veteran's application. Mr. Newby explained that it took as long as 12 to 18 months in the past, but it now takes between six and eight months because the U.S. Department of Veterans Affairs has improved its processing over the last couple of years. Delegate Massie asked Mr. Newby to provide the Commission with information regarding whether DVS agrees or disagrees with each recommendation, and how DVS plans to implement each one or why DVS disagrees

with a recommendation. Mr. Greer stated that he appreciates Mr. Newby's desire to accelerate the workgroup implementation but he feels that more time may be needed. Delegate Jones stated that he agrees with Mr. Greer that DVS may need to spend more time on workgroup deliberations. Delegate Spruill asked how much time DVS should allow for this. Mr. Newby explained that the CSB contract expires in June 2016, so he would like to have a report from the workgroup by then, if not earlier.

At the conclusion of Mr. Newby's remarks, Senator Watkins requested a motion to receive the report and authorize printing. A motion was made by Delegate O'Bannon, seconded by Delegate Massie, and approved unanimously by the Commission.

Mr. Greer introduced Jeff Lunardi who presented a briefing of the *Performance and Pricing of Medicaid Non-Emergency Transportation* report. Mr. Lunardi answered several questions of the Commission throughout his presentation. Delegate O'Bannon asked if the performance standard that was removed from the contract by DMAS in September 2014 will be added to the next contract. Mr. Lunardi stated that DMAS staff indicated that this would be added to the next non-emergency transportation service contract. Delegate Jones asked about the length of the existing contract. Mr. Lunardi explained that the contract has a three year term with the option to renew for one additional year three times. The current contract is on a month-to-month extension until the rates are finalized. Delegate Massie asked if LogistiCare is the only qualified broker to provide these transportation services. Mr. Lunardi noted that they are not the only qualified broker but the market of companies that provide these services to Medicaid recipients is limited. Delegate Massie then asked DMAS staff to explain why they are paying the broker based on the number of enrollees each month. Scott Crawford from DMAS approached the podium to address Delegate Massie's question. Delegate Massie also asked Mr. Crawford to provide the Commission with comments regarding whether DMAS agrees or disagrees with JLARC's recommendations and how they plan to implement the recommendations with which they agree. Mr. Crawford then explained that DMAS does not pay the broker on a per trip basis, but instead pays them a capitated rate so that the broker bears the risk of increased costs. Delegate Massie stated that DMAS should pay for the cost of the services, not for the number of trips made. Delegate Landes asked about the timeframe for the new contract. Mr. Crawford stated that DMAS hopes to have a second renewal finalized by January 1, 2016, which would expire by September or December 2016. The end of the contract is October 2017, which is when DMAS would need to have a new contract in place. Senator Watkins asked whether any local governments are requesting reimbursement from LogistiCare. Mr. Crawford noted that CSBs could request reimbursement for transportation services provided to their clients. Senator Watkins then asked Mr. Greer if the team could look into which entities are being paid for transportation services and who the competitors are. Delegate O'Bannon asked if the team looked into how other states are providing non-emergency transportation services to Medicaid recipients. Mr. Lunardi explained that 17 other states have a private broker model similar to Virginia. He further explained that DMAS does not work directly with entities that provide transportation services, and that it is the broker's responsibility. Due to the lack of state involvement, the team therefore did not focus on entities that provide transportation services at the local level (i.e. taxis, buses, etc.) and how much competition exists between them. The study focused on the contract with the broker and how the limited

market for brokers is challenging for the state. Delegate Joannou asked how the team defined a trip. Mr. Lunardi explained that if an individual is transported from their home to a doctor's office and back home after their appointment, this would be counted as two trips.

At the conclusion of Mr. Lunardi's presentation, Senator Watkins requested a motion to receive the report and authorize printing. A motion was made by Senator Colgan, seconded by Delegate Jones, and approved unanimously by the Commission.

Mr. Greer then introduced Mark Gribbin who presented a briefing of the *VRS Oversight Report: December 2015*. Mr. Gribbin responded to several questions of the Commission throughout his presentation. Delegate Landes asked if JLARC has looked at whether peer institutions in other states provide bonus payments to retirement plan investors. Mr. Gribbin explained that JLARC staff has not looked at this in the past but that it could be included in the July 2016 VRS oversight report. Mr. Greer noted that this research could be included under JLARC's oversight of VRS.

At the conclusion of Mr. Gribbin's presentation, Delegate Jones thanked Senator Watkins and Senator Stosch for their efforts in recent years regarding VRS and the various retirement plans. Subsequently, Senator Watkins requested a motion to receive the report and authorize printing. A motion was made by Delegate Jones, seconded by Delegate Cox, and approved unanimously by the Commission.

Subsequently, Mr. Gribbin provided the Commission with a brief presentation on the consultant's recommendations for central IT services. Mr. Gribbin responded to several questions of the Commission throughout his presentation. Delegate Massie asked if other states currently do the other options presented by the consultant, Integris Applied. Eric Link approached the podium to address Delegate Massie's question and explained that Texas and Georgia are the only two states that outsource the services that Virginia does currently. Delegate O'Bannon asked how much VITA will expand under the first option. Mr. Link stated that the change would be incremental and that VITA would not experience a significant increase in staffing. Senator Watkins noted that the General Assembly will have some budget considerations this year as a result of these proposed options. He also stated that no action was required by the Commission at this time regarding the options.

Following Mr. Gribbin's presentation, Mr. Greer turned the podium over to Justin Brown who presented a briefing of the *State Spending on the K-12 Standards of Quality: FY 2015* report. Delegate Landes asked if JLARC staff has performed an in-depth review of the changes in SOQ-related technology and online instruction. Mr. Brown explained that the last time JLARC staff completed an in-depth review of SOQ was in the early-2000s.

At the conclusion of Mr. Brown's presentation, Senator Watkins requested a motion to receive the report and authorize printing. A motion was made by Delegate Cox, seconded by Delegate O'Bannon and Delegate Landes, and approved unanimously by the Commission.

There being no further business, the Commission rose at 12:15 p.m.

Approved by: Hal E. Greer  
Hal E. Greer, Director

Date: 12/15/15

Prepared by: Paula C. Lambert  
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