

**Minutes**  
**Commonwealth Competition Council**  
**Monday, October 20, 2008, 10AM**  
**General Assembly Building,**  
**3 East Conference Room**  
**Richmond**

**Members present:**

Senator Emmett W. Hanger, Jr., Chairman  
Geoffrey Segal, Vice Chairman  
Christopher Andreano  
Robert A. Archer  
Lana Ingram Digges  
Barry R. Green  
Samuel Hayes, III  
Daniel R. Odio-Páez  
Roger Ortega, Sr.

**Members absent:**

Senator R. Edward Houck  
Delegate Timothy D. Hugo  
Kim Y. Farrar  
Marian M. Pegram  
Delegate Thomas Davis Rust  
David A. Von Moll

Notice of the meeting appeared on the Commonwealth Calendar on the Internet. A quorum was present and Senator Hanger called the meeting to order at 10:10 AM. He presided over the meeting.

**Public Comment**

None

**Minutes**

The minutes of the January 7, 2008, meeting of the Council were presented for approval. Senator Emmett W. Hanger, Jr. made a motion to accept the minutes as presented and the motion was seconded by Mr. Robert A. Archer and passed unanimously. In addition, draft minutes appear on the Internet as soon as possible but not later than ten working days following the meeting in accordance with § 2.2-3707.1 of the Code of Virginia. In addition, Commonwealth Competition Council minutes are being posted in accordance with the above to the Council web page at <http://www.egovcompetition.com>.

**Welcome and Introduction**

Senator Hanger welcomed everyone, stating that it has been some time since the last meeting. He commented that the Council needs to determine how much they want to be engaged. He remarked that the Council once had dedicated full-time staff and are now housed in the Department of Planning & Budget (DPB). Senator Hanger added that the Council is no longer pushed to develop an agenda due to the lack of full-time staff so they need to determine if the Council wants to push the agenda themselves. He stated that he thinks that the Council can serve

a purpose with what they are doing. He said that although cost-savings has always been the goal, there was a point in time when this Council was the only entity pushing cost-savings. He added that in tight budget times, the Council still has a role to play.

Senator Hanger welcomed new members: Mr. Samuel Hayes, III and Mr. Daniel R. Odio-Páez. All members introduced themselves.

Mr. Jerry Gentile, Executive Director, stated that there was a change in the agenda. Mr. Aneesh P. Chopra, Secretary of Technology was to present on “making the state more productive” (via conference call from Denver). He was not able to present as planned due to a conflict. Additionally, Mr. Daniel Timberlake, Director of the Department of Planning & Budget is planning to present on the “State of the Budget overview” if his schedule permits.

### **Update on prison treatment centers and efforts to privatize them**

Mr. Fred Schilling provided an update on prison treatment centers and efforts to privatize them. Mr. Schilling is the Health Service Director for the Virginia Department of Corrections (DOC). Mr. Schilling began his presentation by stating that DOC has implemented a number of privatization efforts in the last fourteen years due primarily to staffing concerns. He said that DOC was not able to offer a competitive salary structure or shift differentials for the hiring and retention of experienced health care providers when compared to the private sector. Mr. Schilling stated that DOC has used the private sector for the following:

- 1) mail-order pharmacy
- 2) third-party claims
- 3) utilization manager
- 4) physician staffing
- 5) nurse staffing
- 6) comprehensive health management

DOC has used the private sector for mail-order pharmacy because they could not keep up with the workload statewide. Additionally, they could not keep up with the salary structure for pharmacists who expect annual salaries around \$100,000.

DOC has also used the private sector for third-part claim administration. He provided an example where daily medical costs for a non-insured person that cost \$36,000 could only be billed for \$5,000 for a state employee and \$2,500 for an inmate under this plan.

He stated that in regards to contracting for physician staffing, Department of General Services (DGS) Procurement Policy does not allow them to consider the salary of applicants before non-monetary qualifications. He stated that this presents some difficulty for DOC when procuring for physician staffing.

DOC contracts with Prison Health Services and Armor Correctional Services, Inc. Of DOC’s \$134 million health care budget, \$50 million is contracts with Prison Health Services and Armor Correctional Services, Inc. Additionally, these contracts serve 11,000 of DOC’s 30,000 inmates. Other additional privatization efforts include the mail-order pharmacy which is budgeted at \$13 million.

Senator Hanger requested a summary document of DOC’s privatization efforts. Additionally, he asked Mr. Schilling to let the Council know how the Council can help. Senator Hanger stated that he has made note of Mr. Schilling’s concerns regarding DGS procurement policies for

physician staffing. Additionally, the Council asked, “what is your rate and does the health care budget include mental health and dental services?” Mr. Schilling responded that the budget includes mental health and dental services but does not include psychologists or treatment for substance abuse. Mr. Schilling said that DOC paid \$5 million in catastrophic care last year (cases that cost more than \$25,000 daily). He explained that inmates have had a constitutional right to health care since the case of *Estelle versus Gamble* in 1976. He stated that when DOC is sued, judges want to see that inmates have received the community standard of care.

The Council requested that Mr. Jason Powell, a staff member of the Senate of Virginia (who was in the audience awaiting his presentation to the Council), provide a link to the DOC Health care presentation provided at the Senate Finance Public Safety Subcommittee meeting at Powhatan Correctional Facility to Mr. Gentile.

The Council asked how billing for medical services compared to that of the private industry, and Mr. Schilling stated that doctors are paid an hourly rate and are encouraged to leave when they are done. Doctors sign in and out, and they bill DOC an hourly rate.

Mr. Christopher Andreano said that offering tax credits for pharmacists to work in this area may improve the hiring and retention of pharmacists.

### **Effectiveness of past cost-savings initiatives**

Mr. Jason Powell, a legislative analyst for the Commonwealth of Virginia Senate Finance Committee, was invited to present on the effectiveness of past cost-savings initiatives. He began his presentation by stating that his remarks do not represent the opinion of the Senate of Virginia. He provided a review of the *Special Report: Review of Virginia’s Cost Savings Initiatives* that was prepared by the Joint Legislative Audit and Review Commission (JLARC) in April 2006 with the Council (it is attached and made part of the minutes). Following the overview of the report, he stated that although there are about 60 unimplemented recommendations, two of these include giving the public the right to decide if it wants to be able to reelect the Governor for consecutive terms and changing the budget cycle. Senator Hanger asked if Mr. Powell could put together a list of the un-implemented recommendations. Senator Hanger also remarked that the Council has talked about the privatization of the Virginia Department of Alcoholic Beverage Control (ABC) in prior meetings. Mr. Green stated that the argument regarding privatization of the ABC has shifted due to the mark-up on ABC products. He said that what you could have made a strong argument for ten years ago no longer exists. Additionally, Virginia is now using a portion of sales from the ABC to fund substance abuse efforts, etc. The Council also discussed the recommendation to abolish the compensation board and the recommendation to privatize welcome centers. Mr. Roger Ortega, Sr. stated that privatization of welcome centers has been partly implemented. Senator Hanger thanked Mr. Powell for his presentation.

### **How Virginia’s businesses can cut costs when dealing with the Commonwealth**

Mr. Daniel R. Odio-Páez, a CCC member, presented to the Council on *How Virginia’s businesses can cut costs when dealing with the Commonwealth* using innovations in technology. His presentation is attached and made part of the minutes. It is also available on his blog at <http://idisk.mac.com/drodio-Public/danielodio/Commonwealth%20Competition%20Council%20Presentation.pdf>.

Mr. Odio-Páez began his presentation by stating that the future is already here and we just need to determine how to apply the concepts. He then provided information regarding five technology tools that could possibly be used to increase efficiency for the Commonwealth:

- Callwave - \$15 to \$50 per month; translates voicemail to e-mail  
<http://www.callwave.com/landing/mobile/SelectService.aspx>
- eFaxing & eSignatures – eFaxing sends a fax from your e-mail; eSignatures places electronic signatures into documents
  - eFax.com and MaxEmail.com (703) 123-4567 or (703)1234567@maxemail.com
- Blogging & Transcription
  - Answer The Question Once! (FAQ) – blog provide an opportunity to post the questions and answers once instead of repetitively responding to the same question
  - Google Spidering Blogs
  - Published area of expertise
  - Blog meetings & sessions – may consider using instead of teleconferences; also active blogging during meetings to supplement the taking of minutes
- Twitter & Facebook
  - Twitter & Facebook provide ambient awareness
  - Twitter is a “scaled-down” version of Facebook
- CMS & CRM
  - Content Management System (CMS)
    - Drupal / Joomla / Open Source
  - Customer Relationship Management (CRM)
    - Salesforce.com / Open Source
    - People use Excel and Outlook as though they are CRM systems although they are not CRM systems

Mr. Ortega asked if Callwave translates other languages other than English and Mr. Odio-Páez stated that to his knowledge, it does not. Mr. Jason Siegel with Qorvis Communications assisted Mr. Odio-Páez in his presentation as a subject matter expert. Senator Hanger thanked Mr. Odio-Páez for his presentation.

### **State of the Budget overview**

Mr. Daniel Timberlake, Director of the Department of Planning & Budget was invited to present on the State of the Budget. Due to a scheduling conflict, he was unable to present to the Council.

### **New Business**

Senator Hanger encouraged members to review Governor Kaine’s reduction plan ([http://www.governor.virginia.gov/tempcontent/FinalPlan\\_10-8.pdf](http://www.governor.virginia.gov/tempcontent/FinalPlan_10-8.pdf)). He also expressed that the Council has an opportunity to engage more significantly and recommended that the Council consider a work session in November or December 2008. The work session would enable a discussion about where the Council thinks that Virginia government could experience additional savings. The Council unanimously agreed to hold the work session in November or December 2008.

Senator Hanger discussed the Virginia Information Technologies Agency (VITA) and remarked on how we [Virginia government] have followed the lead of the federal government with this agency. He stated that the he would like to know “why VITA is a good thing.”

Senator Hanger suggested that the Council review the following documents before the work session:

- The DOC Health Care presentation made to the Senate Finance Public Safety Subcommittee (Jason Powell will provide the Council with a link to this presentation)
- The list of un-implemented recommendations from the *Special Report: Review of Virginia's Cost Savings Initiatives(2006)* (Jason Powell will provide the Council with an electronic copy of the recommendations from this report)  
<http://jlarc.state.va.us/Meetings/May06/SavingsStatus.pdf>
- Governor Kaine's reduction plan  
[http://www.governor.virginia.gov/tempcontent/FinalPlan\\_10-8.pdf](http://www.governor.virginia.gov/tempcontent/FinalPlan_10-8.pdf)

Mr. Green remarked that the reductions in Governor Kaine's plan are serious reductions to services. He said that some savings may have to be added back later (e.g. savings by holding 800 newly built prisons vacant even though the prison population is still projected to grow). The Council asked to review the large fiscal items in the Governor's reduction plan i.e. \$2 million to \$5 million and determine how to restore those that are necessary services when the economy improves.

#### **Adjournment**

Senator Hanger asked if there was any other business. Since there was no response, he thanked everyone for their attendance and the meeting was adjourned at 12:20 PM.

#### **Next meeting**

The next meeting of the Council will be a work session in November or December 2008, date and time to be determined. A meeting is also scheduled for Wednesday, January 7, 2009.

Jerry J. Gentile  
Department of Planning and Budget