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FOR YOUR INFORMATION
The Idaho Statesman
Boise, Idaho
Monday March 6, 2017
by **Bill Dentzer**
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IDAHO'S LONGEST-SERVING AGENCY HEAD **Retiring Health and Welfare director led vital change at critical department**

Richard Armstrong, director of Idaho's \$2.9 billion health and human services department, is stepping down in June after more than a decade driving, overseeing and responding to dramatic change at the agency.

Gov. Butch Otter took a moment out of his Jan. 9 State of the State address to announce that Health and Welfare Director Richard Armstrong will retire this June after 11 years. That might give some indication of the impact Armstrong has had and the respect and admiration he has earned at the helm of the state's largest department outside of education.

Armstrong, 68, is the agency's longest-serving head and the longest-serving current director of a state department. He's led dramatic change over 11 years, including creating a streamlined, cost-saving statewide system for determining eligibility and benefits for clients; building the statewide health insurance exchange; and initiating reforms to transition the state from expensive fee-for-service health care to programs that emphasize primary and preventive care.

Despite the backing of governor-appointed work groups, Armstrong was unable to persuade the Legislature to opt in to the Medicaid expansion component of the 2010 Affordable Care Act. As a result, some 78,000 Idahoans still lack the health benefits that full adoption would provide.

When the Statesman began its interview with Armstrong, he was signing a birth certificate for a newborn who is becoming a ward of the state, as he has done countless times. He said it is one of the saddest tasks he routinely performs as director.

He has signed adoption papers — a cheerier task — more than 2,000 times, and says that he never dwells on setbacks, seeing them as opportunities for course-correction and new ideas.

How he came to be director

"I had no plan," Armstrong said. "I didn't come into this position with an understanding of what this department did, nor an understanding of what happened in the legislative environment. I didn't know anything about it because I'd never been engaged in it."

“I think I was like so many citizens. We cruise through our lives within our circle of relationships and influence and I just never had any reason to bounce into much of what the department did or didn’t do.”

Armstrong worked more than 30 years at Blue Cross of Idaho. He was preparing to retire when Jim Risch became governor, succeeding Gov. Dirk Kempthorne when he became secretary of the Interior in May 2006. Armstrong, a friend of Risch’s law partner, got a call from the new governor asking him to come talk about a “project.”

Risch had drafted an executive order to reorganize the department. Armstrong would have no obligation beyond the remaining seven months on Risch’s term.

“I didn’t have anything else on my mind, so seven months is pretty easy to do,” Armstrong said.

When Otter took office in January 2007, Armstrong thought the governor might appoint someone new. Instead, the governor told him, “Well, I don’t know you, you don’t know me, so why don’t we just kind of watch each other for a while and see if we get along?” And I said, ‘Sounds fair to me.’ And so that’s what we did and we got along just fine.”

Early challenges

What Armstrong didn’t know when he started was that the Legislature had commissioned performance studies of the department that revealed high turnover, low morale and lack of confidence in senior leadership.

“They were pretty harsh,” he said.

One of the department’s problems: miserable performance with its food stamp program that had resulted in federal fines. As he had done at Blue Cross, Armstrong looked to the “people at the ground level” for advice on turning things around.

“What I discovered was the managers on the front line actually had a pretty darn good action plan about how to fix it,” he said. “They had already mapped this out.”

Armstrong reorganized, made management changes and went looking for resources. He’d never encountered the state budget process.

“I mean, this is the oddest way of running anything,” he said. “And that was a real steep learning curve. It was drinking from a firehose.”

When the food stamp problems were fixed, the department’s program was recognized with a bonus check from the federal government. Armstrong used it to pay off the fines. Dealing with that specific problem had a broader benefit because it sparked a new idea.

“And that idea was a single eligibility system for all welfare programs, which was, I now understand, absolutely unheard of in any state,” Armstrong said.

The department found a processing system operating in Southern California. Since it was built with federal money, Idaho got it for free, paying only to customize it for Idaho.

“We moved our decision-makers to the lobby and gave them the tools to do their eligibility online in real time, and today we probably deliver 89 percent of our applications at the point of interview,” he said.

Another benefit: The system fostered “a culture of embracing change” and of employees not threatened by change, he said.

It would also play a major role in building the state’s health insurance exchange.

Your Health Idaho and health care reform

The state’s health insurance exchange, one on the best-running in the nation and the only one created under a Republican governor, set another enrollment record this year. Part of its efficiency: It uses the state’s existing benefits eligibility system.

“We had consultants coming in and they had an idea of what should happen, and none of it included using our eligibility system,” he said. “We had to fight with them tooth and nail. But we knew that this was the right thing to do if you’re going to have efficiency and low costs.”

The exchange has cut state and county costs for indigent and catastrophic care, in addition to promoting better health.

Another success: The state won a competitive four-year, \$40 million federal grant to reform health care, reducing costs with community-based programs that emphasize comprehensive care, not service volume. Idaho is one of 24 states that got the grant, and the only one operating statewide. It runs through 2019.

Medicaid expansion: A ‘missed opportunity’

The closest Idaho came to expanding Medicaid to cover lower-income adults was in 2016, when a bill died in the House at the end of the session. Armstrong never stewed about the years of disappointments.

“It’s a missed opportunity for Idaho, but I guess I’m an optimist and I don’t dwell on what you might call failure,” he said. “I see it as, ‘Well that didn’t work, so let’s redesign it.’ ”

At the outset, Armstrong thought expansion would be an easy sell, with 100 percent federal funding for three years then a gradual drop to 90 percent. But the Legislature’s Republican majority nixed it.

“And at that point I said, ‘OK, it has nothing to do with the math. It has to do with a party that is very hesitant to expand entitlements and that’s the root of this,’ ” he said. “And that is ideology, that’s a philosophy, that’s something that you cannot change with math or really with compassionate pleas on the fate of people.”

Today, the entire future of Obamacare is up in the air. Idaho, Armstrong said, still needs to take some action for its uninsured population that could preserve the state’s eligibility for federal funds down the road.

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“Pieces (of Obamacare) will be adjusted. But somewhere along the way they’ve got to reconcile (funding for) the 31 states that expanded (Medicaid) and the (19) states that didn’t,” he said. “I think it’s incumbent on this Legislature to set aside some money.”

Retirement? Really?

The governor’s office said the search for Armstrong’s successor is in the early discussion phase. His own future plans might include part-time or advisory work in his field.

“When I left Blue Cross, I guess I was feeling that I’d been successful, but it wasn’t as fulfilling as maybe I’d wanted. We’d made a lot of money but did we make a difference?” he said. “The opportunity over here was just endless as to how you can actually make a difference.”

He said he believes in moving on “when you’re at the top of your game.”

“It’s not a good idea to wait until something bad happens,” he said. “In this department, you’re just one step ahead of something that could be bad, because we deal with the worst kinds of situations. Most of the time nobody goes away really happy, but we get the best we can out of the circumstances.”

With a strong team to leave behind, the timing “just seemed right,” he said. “If there ever was a time for me to be able to hand the baton to someone else, we’re in about as good a shape as I could imagine.”

And there is also the wish to “enjoy the things I like to do” while he can. His friends, he says, “have a terrible habit of calling me as they’re going up the ski lift and saying, ‘Hey, whatcha doing?’ ”

Richard Armstrong

Appointed: June 2006 by Gov. Jim Risch. Reappointed in January 2007 by Gov. Butch Otter.

Responsibilities: Executive and administrative head of one of state’s largest departments, with nearly 2,900 employees and a \$2.9 billion annual budget.

Prior position: Senior vice president of sales and marketing, Blue Cross of Idaho. Began at Blue Cross as management trainee after college. Employed there 36 years.

Health & Welfare: Department serves state’s most vulnerable citizens — children, the mentally ill, the elderly — in addition to providing short-term support for families and others in crisis. Also assists with birth and marriage certificates, medical assistance and substance abuse treatment.

“This just seemed right. I have a great team. I’m very comfortable with them. They’re very competent.”

— Richard Armstrong, on his decision to retire this year

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“Almost one in four Idaho residents received a service or benefit through the department in the past year. I don’t dwell on the fact that we’ve run into these barriers, because I just see it as an opportunity to say, ‘OK, let’s keep looking.’”

— Armstrong, on seeking health care funding for the uninsured

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