Arkansas Private Option 1115 Demonstration Waiver

Quarterly Report

July 1, 2015-September 30, 2015

ARKANSAS DEPARTMENT OF HUMAN SERVICES

Executive Summary:

During the third quarter of 2015, DHS continued to provide information regarding the Private Option to the State's Health Care Reform Taskforce. DHS also focused on conducting eligibility redeterminations for Private Option enrollees and continued preparations for plan year 2016.

In July, the Director of Arkansas Department of Human Services (DHS) sent a letter to the Centers for Medicaid and Medicare Services (CMS) requesting technical corrections to the Special Terms and Conditions (STCs) for the Arkansas Health Care Independence Program. In that letter, several modifications were requested to align the STCs with the Health Independence Accounts (HIA) Operational Protocol.

On August 19, 2015, Arkansas's Governor, Asa Hutchinson, spoke to the Arkansas Health Care Reform Taskforce. In his speech, he explained his support for continuing coverage for the new adult group and also described seven changes to the current program that he would like to see incorporated into the program that succeeds the current Private Option. The transcript of the speech can be found here: http://www2.arkansasmatters.com/media/lib/183/4/6/3/463d1018-9cfb-4768-816c-2d2eb05e9da2/Transcript_of_Governor_Asa_Hutchinson_s_Health_Care_Speech.pdf

On August 25, 2015, carriers submitted rates for the individual market for the 2016 plan year to Arkansas Insurance Department (AID). A press release indicated that Blue Cross and Blue Shield requested a rate increase of 7.15%; Ambetter requested a rate increase of .08% and QualChoice requested a rate decrease of 8.20%. Additionally, AID announced that a new insurance carrier, United Healthcare, would enter the individual marketplace beginning in plan year 2016. The press release can be found here: http://www.insurance.arkansas.gov/index_htm_files/pr2015-8-25.pdf

In May, DHS began eligibility redeterminations for individuals enrolled in healthcare coverage in 2014, including those enrolled in the Health Care Independence Program, as required by federal rules.

During this quarter, the Health Independence Account (HIA) compliance report was submitted to CMS.

The HCIP evaluation team finalized the analytic plan during this quarter. Additionally, a server was purchased to house the evaluation data and CAHPS surveys were distributed and analyzed.

In late September, Governor Hutchinson wrote to Secretary Burwell informing her that he had requested that the Arkansas Health Insurance Marketplace (AHIM) pause the development of the State-Based Marketplace. The letter can be viewed here: http://ee-governor-2015.ark.org/images/uploads/Burwell_Letter_9_23_15.pdf

I. Eligibility and Enrollment

As of September 30, there were 243,168 newly eligible adults determined eligible, of these, 21, 634 were medically frail and served through fee-for-service Medicaid; all others participate in the Demonstration.

See graphic below for additional enrollment data.

Private Option Enrollment and Premium Information

Budget Cap approved by CMS for CY2015= $500.08

	Number Determined Eligible as of last day of Month*	Number of Premiums Paid**	Medically Frail	Cost-sharing reduction payments (CSR)	Premium	Wraparound Costs	Average CSR Per Person	Average Premium Per Person	Average Wraparound Cost Per Person	Total Average Cost Per Person
January	233,518	195,783	23,516	$25,508,151.10	$68,503,807.95	$973,426.24	$130.29	$349.90	$4.97	$485.16
February	239,350	200,884	23,857	$26,248,599.58	$70,489,194.23	$988,378.53	$130.67	$350.90	$4.92	$486.49
March	242,103	205,882	24,347	$26,896,652.57	$72,250,018.41	$1,037,256.55	$130.64	$350.93	$4.94	$486.51
April	250,799	209,896	24,793	$27,418,676.74	$73,651,889.01	$910,738.93	$130.63	$350.90	$4.25	$485.78
May	254,749	214,461	25,196	$28,017,823.73	$75,268,019.34	$922,949.26	$130.64	$350.96	$4.23	$485.83
June	259,335	218,376	25,815	$28,474,137.68	$76,492,301.12	$931,810.99	$130.39	$350.28	$4.27	$484.94
July	263,387	223,067	25,838	$ 29,532,988.36	$79,374,085.18	$953,686.25	$132.4	$355.83	$4.28	$492.50
August	237,921	199,327	22,992	$ 26,309,933.26	$70,668,816.97	$945,106.27	$131.99	$354.54	$4.74	$491.27
September	234,168	187,246	21,634	$24,747,988.4	$66,496,542.46	$848,573.94	$132.17	$355.13	$4.53	$491.83

*Includes medically frail

**At the beginning of each month premiums are paid for people who have completed enrollment by the 15th of the prior month. In August, for example, 199,327 individuals had completed enrollment (or were already enrolled) by July 15. Premiums for August coverage were paid in August.

II. Press Activities for the Quarter:

Governor Hutchinson spoke to the Health Reform Legislative Taskforce on August 19, 2015. During this speech, the Governor outlined seven principles that he would like incorporated in the program that succeeds the Private Option. The principles he outlined included: (1) strengthening the employer sponsored insurance market; (2) eliminating non-emergency medical transportation; (3) creating work incentives; (4) applying premiums to the participants of the program; (5) limiting access to coverage via the Qualified Health Plans through premium assistance to a subset of newly eligible adults; (6) increasing program integrity; and (7) identifying efficiencies and savings in the administration of Medicaid programs. This speech generated considerable press coverage. See: http://www.nytimes.com/2015/08/20/us/arkansas-governor-wants-to-keep-medicaid-expansion-but-with-changes.html?_r=0.

To address disruption related to conducting eligibility redeterminations with a new eligibility and enrollment system and under new federal rules, Governor Hutchinson requested DHS to temporarily pause the redetermination process during this quarter. This pause enabled DHS to address the backlog of eligibility verification documentation and provided enrollees with 30 days to provide their verification documents. Several articles focused on the redetermination process. See http://talkbusiness.net/2015/08/governor-says-private-option-terminations-to-be-paused-10-day-turnaround-not-the-problem/.

The last event of the quarter that received notable press coverage was the Governor's request that the Arkansas Health Insurance Marketplace (AHIM) halt all activities relating to development of a State Based Marketplace for the individual market. Governor Hutchinson expressed uncertainty about whether the State Based Marketplace model would be needed to implement health reforms under consideration by the legislature. See: http://arkansasnews.com/news/arkansas/hutchinson-state-based-insurance-exchange-pause.

III. Transition to Market Issues

Assessment of Curam

In June, the Arkansas Governor's Office announced that an outside vendor, The Gartner Group, would assess the functionality of the state's new Eligibility and Enrollment system. This assessment will determine if the state continues to use the Curam product or whether other alternatives would be preferable. The final report is due by the end of the year. See: http://posting.arktimes.com/media/pdf/letter_to_general_assembly.pdf

IV. QHP Operations and Performance

Open Enrollment

Interaction with the Qualified Health Plan (QHP) carriers primarily focused on the eligibility redetermination process and on preparing for the upcoming open enrollment period, which Open begins November 1 and ends January 31st. DHS updated the insureark.org portal to insure that necessary information was available for plan selection for plan year 2016.

DHS also worked closely with the Arkansas Insurance Department (AID) to coordinate notice language to be included in carriers' notices to Private Option enrollees concerning open enrollment.

Communication with Carriers

DHS has been working to coordinate closely with carriers during the eligibility redetermination process. A bi-weekly phone call is scheduled to address the concerns and to provide updates regarding the HCIP and the eligibility renewal process. This call occurs bi-weekly, with email communication in the interim.

V. Audits

There were no audits of the Private Option conducted during the first quarter of 2015.

VI. Lawsuits

There have been no lawsuits filed related to the Health Care Independence Program.

VII. Access/Delivery Network

One of the key objectives of Arkansas's evaluation of the Private Option Demonstration is to measure whether the premium assistance service delivery model improves access to needed health care services. Specifically, the evaluation will measure whether Private Option enrollees have equal or better access to health care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.

Arkansas Center for Health Improvement (ACHI) was selected to complete the evaluation for the Private Option program. During this quarter, much work has been conducted to fulfill the requirements of the evaluation. ACHI has held several evaluation meetings, mainly focusing on cost effectiveness. These meetings included members of the National Advisory Committee (NAC).

Additionally, provider addresses and enrollee phone numbers were verified through Acxiom, a third party data services firm. CAPHS surveys and reminder cards were mailed during this quarter. Responses were gathered and data from the surveys are in the process of being analyzed.

Meetings were also held to discuss data gathered from the CAPHS report and begin planning and formatting the interim report. Members of the evaluation team met with representatives from the Center for Advanced Spatial Technologies (CAST) to discuss the geocoding of providers and enrollees.

VIII. Quality Assurance

Arkansas's Private Option evaluation will assess the quality of care provided to Private Option enrollees by evaluating whether enrollees have equal or better care and outcomes compared with what they would have otherwise had in the Medicaid fee-for-service system over time. Health care and outcomes will be evaluated using the following measures:

a. Use of preventive and health care services

b. Experience with the care provided

c. Use of emergency room services* (including emergent and non-emergent use)

d. Potentially preventable emergency department and hospital admissions*

The evaluation will explore whether enrollees have better continuity of care compared with what they would have otherwise had in the Medicaid fee-for-service system over time. Continuity will be evaluated using the following measures:

a. Gaps in insurance coverage

b. Maintenance of continuous access to the same health plans

c. Maintenance of continuous access to the same providers

*At this time, data is not available to measure the Private Option's impact on quality, but this information will be included in the evaluation for the Private Option program.

IX. Complaints/Grievances:

Pursuant to the Intergovernmental Cooperation Act of 1968 and under the terms of a Memorandum of Understanding by and between the DHS and the AID, Arkansas has delegated medical necessity appeals to AID. AID received fourteen complaints from Private Option enrollees during this quarter. Two complaints have been resolved with the carrier's position upheld; two complaints were settled. One complaint did not have sufficient information and nine were pending disposition.

Utilization

Year to date (1/1-9/30), total cost for the newly eligible population was $1,069,790,142.22. Of this amount, $653,194,674.67 was paid to the issuers for premiums and $243,154,951.42 was paid for advanced cost sharing reductions. Wrap costs, including Non-Emergency Medical Transportation and Early and Periodic Screening, Diagnostic and Treatment (EPSDT) totaled $8,511,926.96.

X. Health Independence Accounts

The Arkansas Health Independence Account (HIA) is a program available for Private Option enrollees with incomes above 100% of the FPL. The HIAs allow participating enrollees to pay in advance to cover cost-sharing requirements, which include co-pays and coinsurance and, further, provide a unique educational opportunity for low-income participants to learn about commercial health insurance principles through the use of financial incentives and a low-risk cost sharing program. DHS has established uniform standards and expectations for the HIA's operation through operational protocols and by contract as appropriate.

The 2015 Arkansas General Assembly suspended the application of any additional cost sharing requirements that were to be effective on or after January 31, 2015, under the Health Care Independence Program to Medicaid beneficiaries with incomes up to 100% of the federal poverty level. As a result, STCs and operational protocols have been amended to reflect the legislative mandates.

HIA Payments

HCIP enrollees with incomes greater than 100% FPL pay their Qualified Health Plans (QHP) copayments and coinsurance obligations through the HIA. There are 3 payment levels depending on the HCIP participant's income. The levels are outlined below.

INCOME RANGE	>100% -115% FPL	>115%-129% FPL	>129%-133% FPL
CONTRIBUTION	$10	$15	$15

The Third Party Administrator (TPA) provides multiple options for HCIP participants to remit monthly contributions. These options include online payments, check, cashier's check, money orders and credit cards. There are no restrictions on who can make the monthly payment into the HIA or how many payments can be made at one time.

Monthly statements mailed to the HCIP enrollees inform the participant that payments are due by the 20th of the following month. This information can also be obtained online by checking the HIA or by phone contact with the TPA. The TPA operates a call center from 8am to 4:30pm and receives on averaged 66 calls a day this quarter.

As of September 30, 2015 there are 51,468 HIA cards issued with 12,232 cards activated. Of the cards activated, there have been a total of 21,937 contributions made for a total amount of $291,647.58 and 34,625 successful transactions totaling $308,948.95.