



Arkansas Private Option 1115 Demonstration Waiver

Quarterly Report

April 1, 2016-June 30, 2016



Executive Summary:

Enabling legislation for Arkansas Works was signed into law on April 8, 2016. With the passage of the Arkansas Works Act, legislators passed reforms to Arkansas expanded coverage program aimed at: empowering individuals to improve economic security and promoting self-reliance; enhancing private insurance market competition and value-based insurance purchasing models; strengthening the ability of employers to retain and recruit productive employees; and achieving comprehensive and innovative healthcare reforms to reduce state and federal obligations for entitlement spending.

While extending healthcare coverage for current enrollees that make up to 138% of federal poverty level (FPL) and continuing the state's individual plan premium approach for most eligible individuals there are some distinct changes. Arkansas Works requires issuer participation in Arkansas's Patient- Centered Medical Home, adds wellness requirements and possible incentive benefits, work referrals and ends retroactive eligibility coverage for eligible individuals (90 days prior to eligible application). It also requires eligible enrollees to take cost-effective employer-sponsored insurance coverage when offered by their small business employers. Additional provisions requires quarterly reporting by the state to the legislature regarding enrollment, reduction of costs, health insurer participation and competition, avoided uncompensated care, and participation in incentivized work requirement.

The Health Independence Account (HIA) component of the Private Option (My Indy Card) ended June 30, 2016, as required by the Arkansas Works Act. The Health Independence Accounts were designed to enable enrollees to be protected from point-of-service cost-sharing by paying an advance monthly contribution for their coverage. The program was costly to administer and had low participation rates. Of the approximate 250,000 people enrolled in the Private Option, only those with incomes above the poverty level (approximately 60,000) were eligible to participate in the HIA program. Further, in order to activate the card, enrollees had to call or go the third party administrator's website. Of the 16,000 who activated the card, only 7,900 participated in the program by ever paying a monthly contribution.

A state fiscal session was held during this quarter. The Department of Human Services budget of \$8.4 billion, which included \$1.7 billion dollars for Arkansas Works, was approved.

Submission of the Arkansas Works 1115 demonstration waiver amendment was submitted to on June 28th 2016. With the Private Option, ending December 31, 2016 submission of the 1115 demonstration waiver for Arkansas Works was critical to continue coverage for the new adult group in Arkansas.

Concurrently with the development of Arkansas Works, the Private Option continued to grow in enrollment over the second quarter. As of June 30, 2016, 301,973 individuals were determined eligible for Private Option.

I. Eligibility and Enrollment

As of June 30, there were 301,973 newly eligible adults determined eligible for the Medicaid expansion program in Arkansas. Of these, 23,129 were designated as medically frail and were served through fee-for-service Medicaid. The majority of the balance participate in the Section 1115 Demonstration and receive coverage through QHPs sold through the Health Insurance Marketplace. Others may have been determined eligible but not yet selected a QHP or been determined medically frail.

See graphic below for additional enrollment data.

Private Option Enrollment and Premium Information						
Year Month Paid	Medically Frail	Number Determined Eligible	Premium Count	Premium Expenditures	Advance Cost Share Payments	Wrap Costs
April 2016	22,989	283,396	238,050	\$85,373,310.24	\$31,767,287.33	\$905,494.57
May2016	23,010	290,734	243,269	\$86,995,957.05	\$32,378,069.90	\$923,863.01
June 2016	23,129	301,973	250,885	\$90,205,804.25	\$33,570,070.35	\$980,373.00

II. Press Reports:

The public’s awareness that the “Private Option” would end on December 31, 2016 created concern during the Arkansas General Assembly’s Second Extraordinary Session held during this quarter as to whether insurance coverage for over 267,000 Arkansas would be continued. With the passage of the Arkansas Works Act and the passage of the DHS budget during this quarter, continued coverage was approved and funding was appropriated by the Arkansas General Assembly.

On March 7th, 2016, the Health Reform Legislative Task Force recommended that the state implement “Arkansas Works”, the governor’s plan to continue the private option Medicaid expansion with conservative tweaks. The policy will still need approval from the full legislature – a simple majority at a special session in April and a 75% supermajority in the fiscal session to follow. The full article can be found at <http://www.arktimes.com/Arkansas Blog/archives/2016/03/07task-force-recommends-com>.

Arkansas Advocates for Children & Families provided Arkansans in March with an in depth analysis of the proposed changes to Medicaid expansion. They also provided impact information for the consumer. The complete analysis titled Arkansas Works on Changes to Health Care can be found at <http://www.aradvocates.org>.

Governor Asa Hutchinson held a town hall meeting on Private Option March, 22, 2016 where he proposed continuing the policy with a few alterations approved by the Obama Administration.

Comments appeared on the Arkansas Blog, which is located at

<http://www.arktimes.com/ArkansasBlog/archives/2016/03/22/gov-asa-hutchinson-holds-town-hall>.

Arkansas Works and the Private Option: What's all the fuss about? appeared on line at

Independentarkansas.com on April 1, 2016. An overview of the pros and cons of Private Option and the reality of what will happen if nothing takes its place along with public comments can be found at

<http://independentarkansas.com/?p=1498>.

THV11 provided a follow-up article on line to their newscast April 3, 2016 regarding What you need to know about "Arkansas Works". The public was encouraged to leave comments. The article is located at

<http://www.thv11.com/news/health/what-you-need-to-know-about-arkansas-works/11780>.

On April 7, 2016, Governor Asa Hutchinson released a statement informing the public that the House and Senate had passed Arkansas Works. The complete statement is located at

<http://governor.arkansas.gov>.

Governor Hutchinson held a public Arkansas Works bill signing and media availability on April 8, 2016. A video of this event may be viewed on <http://governor.arkansas.gov>.

On April 14, 2016 Arkansas Republicans blocked funding for the state's hybrid Medicaid expansion by a vote of 25-10 in favor; two votes short of the 27 majority needed to pass it. A video of the vote can be viewed at <http://5newsonline.com/2016/04/14/arkansas-senate-blocks-mediad-funding-legislature>.

April 20th, 2016 the 2017 budget for DHS was approved 27-10 and included approval of \$1.7 Billion for Arkansas Works. The Arkansas Education Association's (AEA) weekly legislative update documented the approval, which can be found at <http://www.aeaonline.org/new/arkansas-works-funding-approved>.

In May, 2016 Arkansas Center for Health Improvement (ACHI) released a detailed fact sheet regarding Program Eligibility and proposed new features of Arkansas Works. The fact sheet in its entirety can be found at <http://www.achi.net>.

III. QHP Operations and Performance

Communication with Carriers

DHS continued close coordination with carriers during this quarter. In this quarter, carriers, the Insurance Department and DHS worked to assess and plan for the needed programmatic changes to the program in order to transition from the Private Option to Arkansas Works. Several of the new features of Arkansas Works will necessitate changes to the operations of the Qualified Health Plans (e.g. charging premiums for enrollees with incomes above 100% of the federal poverty level (FPL) and tracking completion of the wellness requirements).

Audits

There were no audits of the Private Option conducted during the second quarter of 2016.

IV. Lawsuits

There were no lawsuits filed during this quarter.

V. 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.

The 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, the Arkansas Foundation for Medical Care (AFMC) was subcontracted to conduct a survey. During this quarter the survey was mailed and responses were compiled. In addition to the survey being mailed, telephone calls were made to follow up with individuals that did not return their survey via mail. Lastly, ACHI received an electronic archive from AFMC with all surveys administered for future analytical purposes.

Meetings were held to analyze the Consumer Assessment of Healthcare Providers and Systems (CAHPS) data and to begin creating the interim report. Members of the evaluation team sent the Center for Advanced Spatial Technologies (CAST) group files for decoding, which were returned with geocoded information.

The Arkansas Health Care Independence Program Section 1115 Demonstration Waiver Interim Report was released June 16, 2016 by the Arkansas Center for Health Improvement. The study found that a comparison of Medicaid and commercial QHP beneficiary results revealed a number of positive outcomes from coverage through the Private Option. The interim report can be accessed here:

<http://www.achi.net/Content/Documents/ResourceRenderer.ashx?ID=357>.

A major assumption grounded in Arkansas's establishment of premium assistance through the Marketplace to effectuate the Medicaid expansion was that by utilizing the delivery system

available to the privately enrolled individuals in the Marketplace, the availability and accessibility of both primary care providers (PCPs) and specialists would exceed that of a more traditional Arkansas Medicaid expansion.

The geographic proximity of available primary and specialty providers were similar for those served by Medicaid and the commercial networks and met network adequacy requirements of the Arkansas Insurance Department. However, marked differences in the self-reported accessibility of both primary care and specialty providers were reported with commercial QHP enrollees experiencing increased ability to get needed “care, tests and treatment” and receiving “an appointment for a check-up or routine care as soon as needed.”

Limitation of care occurred more rapidly for enrollees in the QHPs than for those in the Medicaid program following enrollment. For Emergency Room (ER) use, Medicaid enrollees not only had a higher number of visits but their visits were approximately 60 percent more likely to be for non-emergent conditions potentially reflecting the access barriers reported above.

Although limited in the first year of program experience, differences in case and clinical service delivery were observed with commercial QHP enrollees more likely to receive clinical preventive services (e.g., flu prophylaxis or clinical screenings, and HbA1c assessment for diabetics) than Medicaid enrollees.

VI. Quality Assurance

Arkansas’s Private Option evaluation will assess the quality of care provided to Private Option enrollees by analyzing whether enrollees have equal or better care and outcomes over time compared with what they would have had otherwise in the Medicaid fee-for-service system. 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

VII. 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 Arkansas Insurance Department (AID), medical necessity appeals are handled by AID. AID data indicated ten complaints from Private Option enrollees during this quarter. All complaints were resolved.

VIII. Utilization

During the second quarter of 2016, the total cost for the newly eligible demonstration population was \$363,100,229.70. Of this amount, \$262,575,071.85 was paid to the issuers for premiums and \$97,715,427.58 was paid for advanced cost sharing reductions. Wrap costs, including Non-Emergency Medical Transportation and Early and Periodic Screening, Diagnostic and Treatment (EPSDT) totaled \$2,809,730.58

IX. Health Independence Accounts

The Health Independence Account (HIA) component of the Private Option (My Indy Card) ended this quarter, as required by the Arkansas Works Act. The project was wound down during this quarter and outreach and education efforts informing Private Option enrollees of the termination of the HIA began in April, with contributions accepted only through the end of April. Monthly invoices ceased, but the cards remained active until June 30th. Rollover funds were distributed on behalf of qualified participants. 3,723 individuals were current on payments through April. DHS disbursed \$261,429.18 to 2,197 recipients as a part of the rollover fund wind-down.