



Arkansas Works Section 1115 Demonstration Waiver

QUARTERLY REPORT
April 1, 2017 – June 30, 2017

❖ Executive Summary

The Arkansas Works Program, an extension of the Health Care Independence Program (HCIP), began on January 1, 2017. The program is 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.

During this quarter, the 91st General Assembly continued through May 1, 2017. Governor Asa Hutchinson called a special session from May 1 through May 3, 2017 to address the following Medicaid reform efforts:

- Work requirement for healthy individuals under 50 years of age without dependent children; and
- Limit eligibility Arkansas Works to 100 percent of the federal poverty level (FPL).

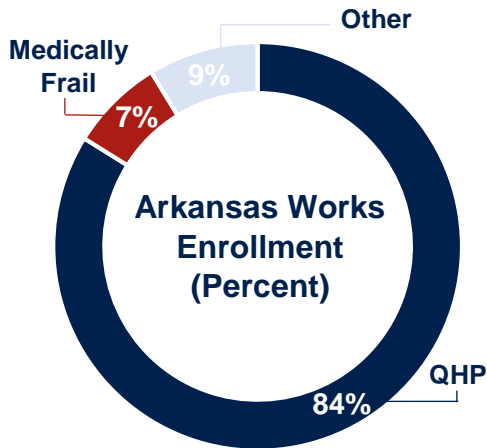
Legislation addressing the Medicaid reform efforts was passed by the Arkansas General Assembly and signed into law by Governor Asa Hutchinson on May 4, 2017. The legislation directed the state to seek a state plan amendment or waiver changes to cap eligibility at 100 percent of the FPL and establish work requirements for Arkansas Works. The legislation also allowed greater state flexibility in determining whether to be an assessment or determination state, eliminated the employer-sponsored insurance (ESI) premium assistance program, and required a small employer health insurance coverage study.

On June 30, 2017, the Arkansas Department of Human Services (DHS) submitted an application for the Arkansas Works waiver amendments to the Centers for Medicare and Medicaid (CMS).

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 308,672 individuals were enrolled in Arkansas Works in June 2017. Of these individuals:



- **Eighty-four percent** received Arkansas Works coverage through qualified health plans (QHPs) purchased from the Health Insurance Marketplace (HIM); and
- **Seven percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Nine percent** had an interim status, which may include pending a QHP selection or a medically frail designation.

The table below shows the total enrollment numbers and premium information by month for Arkansas Works individuals this quarter:

| Arkansas Works Enrollment and Premium Information (April – June 2017) | | | | | | |
|--|--------------------------------|---------------------------------------|---|----------------------|-----------------------------|----------------|
| Month | Number of Individuals Enrolled | Number of Medically Frail Individuals | Number of Individuals with a Paid Premium | Premium Expenditures | Advance Cost Share Payments | Wrap Costs |
| April | 321,595 | 23,362 | 266,248 | \$101,385,929.66 | \$38,407,467.43 | \$1,031,029.77 |
| May | 316,636 | 23,169 | 264,613 | \$100,364,350.84 | \$38,026,350.08 | \$1,027,292.21 |
| June | 308,672 | 22,886 | 258,871 | \$93,609,342.08 | \$35,475,622.10 | \$1,002,534.48 |

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total payments made to Qualified Health Plans (QHPs) on behalf of Arkansas Works individuals was \$410,329,918.65. Of this amount:

- \$295,359,622.58 was paid to the issuers for premiums.
- \$111,909,439.61 was paid for advanced cost sharing reductions.

- \$3,060,856.46 was the total for wrap costs, including Non-Emergency Medical Transportation and Early and Periodic Screening, Diagnostic and Treatment (EPSDT).

BUDGET NEUTRALITY WORKBOOK

During this quarter, the cost for each individual who received Arkansas Works coverage through qualified health plans (QHPs) purchased from the Health Insurance Marketplace (HIM) remained below the budget neutrality cap. The table below shows the breakdown of costs for each individual with a paid premium and compares the total cost for each individual to the budget neutrality cap:

| Arkansas Works Budget Neutrality Information for Each Individual with a Paid Premium (April – June 2017) | | | | | |
|--|--|--|---|--|------------------------------|
| Month | Premium Payments Per Individual with a Paid Premium | Advance Cost Share Payment Per Individual with a Paid Premium | Wrap Payments Per Individual with a Paid Premium | Total Payments Per Individual with a Paid Premium | Budget Neutrality Cap |
| April | \$380.80 | \$144.25 | \$3.87 | \$528.92 | \$570.50 |
| May | \$379.29 | \$143.71 | \$3.88 | \$526.88 | \$570.50 |
| June | \$361.61 | \$137.04 | \$3.87 | \$502.52 | \$570.50 |

❖ Operational Updates

PRESS REPORTS

Various press articles were published during this quarter regarding Arkansas Works, including (see links in References section):

- On April 24, 2017, the Arkansas Times Blog reported that Governor Asa Hutchinson is expected to call a special session to receive legislative approval of his proposed Arkansas Works changes, such as implementing a work requirement, lowering the income eligibility to 100 percent of the FPL, and modifying the employer-sponsored health insurance component. (1)
- On May 1, 2017, KTHV-TV reported that a special session began mainly to address the proposed changes by Governor Asa Hutchinson to Arkansas Works.(3)

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- On May 4, 2017, Arkansasmatters.com reported that Arkansas state lawmakers gave initial approval for the Arkansas Works changes, which would move 60,000 Arkansans off the program.(4)
 - On May 5, 2017, 5News reported that Governor Asa Hutchinson signed legislation approving the Arkansas Works changes on Thursday, May 4.(5)
 - On May 25, 2017, the Arkansas Times published an article discussing how the Arkansas Works changes and the American Health Care Act (AHCA) will impact health care policy in Arkansas.(7)
 - Also on May 25, 2017, the Arkansas Times reported on the positive impact Medicaid expansion has had on individuals in Mountain Home, Arkansas and Baxter County Regional Medical Center. It also discussed the impact the AHCA will have on the hospital.(8)
 - On June 22, 2017, the Arkansas News reported on DHS's efforts to improve the integrity of Medicaid rolls through checks of Arkansans enrolled in traditional Medicaid or Arkansas Works using Public Assistance Reporting Information System (PARIS). At the end of May—after mail sent to addresses on file was returned to DHS from individuals who had moved— 7,736 Arkansas Works individuals were removed from the program.(9)
 - On June 24, 2017, Arkansasmatters.com reported on the impact the Better Care Reconciliation Act (BCRA) will have on traditional Medicaid and Arkansas Works.(10)
 - On June 30, 2017, the Arkansas Nonprofit News Network reported on a press conference held by Governor Asa Hutchinson on Thursday, June 29, 2017. Governor Asa Hutchinson discussed needed changes to critical elements of the BCRA, including the provision to continue declining the enhanced Medicaid match rate in 2021 and subsequent years until it matches the traditional Medicaid match rate.(11)
 - Also on June 30, 2017, the Associated Press reported that Governor Asa Hutchinson submitted the proposed Arkansas Works changes to the federal government.(12)

PUBLIC FORUMS

On May 19, 2017, DHS DMS provided a notice of its intent to submit a written request to amend the Arkansas Works waiver to CMS and to hold public hearings to receive comments on the amendments. Two public hearings were held this quarter at the following locations and dates:

- The Central Arkansas Main Library in Little Rock on May 25, 2017.
- Arkansas State University in Jonesboro on June 6, 2017.

LAWSUITS

No lawsuits were filed during this quarter.

❖ Evaluation Progress and Activities

The Arkansas Works evaluation(13) will assess of the demonstration goals of improving access, improving care and outcomes, reducing churn, and lowering costs by measuring whether:

- Beneficiaries will 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.
- Beneficiaries will have equal or better care and outcomes compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Beneficiaries will have better continuity of care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Services provided to beneficiaries will prove to be cost effective.

Evaluation Activities

Evaluation activities conducted within this quarter include:

- Scoring the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey.
- Conducting several evaluation meetings to discuss items such as the progress of data and findings, supplemental payments, and the receiving and processing of data.
- Conducting two meetings with the National Advisory Committee (NAC).

Key Milestones Accomplished

There are no updates to report for this quarter.

❖ Quality Assurance

The evaluation will assess the quality of care provided to Arkansas Works individuals 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:

- Use of preventive and health care services.
- Experience with the care provided.
- Use of emergency room services (including emergent and non-emergent use).
- Potentially preventable emergency department and hospital admissions.

The evaluation will also 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:

- Gaps in insurance coverage.
- Maintenance of continuous access to the same health plans.
- Maintenance of continuous access to the same providers.

❖ References

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5. Meyers, S. (2017, May 5). Arkansas Governor Signs Bill Scaling Back Eligibility For Arkansas Works Program. *5News*. Retrieved from <http://5news.com/2017/05/05/arkansas-governor-signs-bill-scaling-back-eligibility-for-arkansas-works-program/>
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9. Lyon, J. (2017, June 22). DHS removes nearly 18,000 from Arkansas Medicaid rolls. *Arkansas News*. Retrieved from <http://www.arkansasnews.com/news/20170622/dhs-removes-nearly-18000-from-arkansas-medicaid-rolls>
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11. Hardy, B. (2017, June 30). Governor: Senate health care bill must do more to help Arkansans. *Arkansas Nonprofit Network*. Retrieved from

<http://arknews.org/index.php/2017/06/30/governor-senate-health-care-bill-must-do-more-to-help-arkansans/>

12. (2017, June 30). Arkansas submits request for hybrid medicaid plan changes. *Associated Press*. Retrieved from <https://www.usnews.com/news/best-states/arkansas/articles/2017-06-30/arkansas-submits-request-for-hybrid-medicaid-plan-changes>
13. Arkansas Center for Health Improvement (ACHI). (2017, June 8). Arkansas Works program proposed evaluation for section 1115 demonstration waiver, revised [Report].