



Arkansas Works Section 1115 Demonstration Waiver

FINAL REPORT

January 1, 2017 – December 31, 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.

In 2017, the Department of Human Services (DHS) received legislative budget approval during the Arkansas 91st General Assembly. After the regular session ended on May 1, 2017, Governor Asa Hutchinson called a special session 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).

The Arkansas General Assembly passed legislation directing 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.

Under the leadership of Governor Asa Hutchinson, DHS drafted amendments to the Arkansas Works waiver extension and submitted the application to Centers for Medicare and Medicaid (CMS) on June 30, 2017. As of December 31, 2017, the Arkansas waiver amendments are still pending approval.

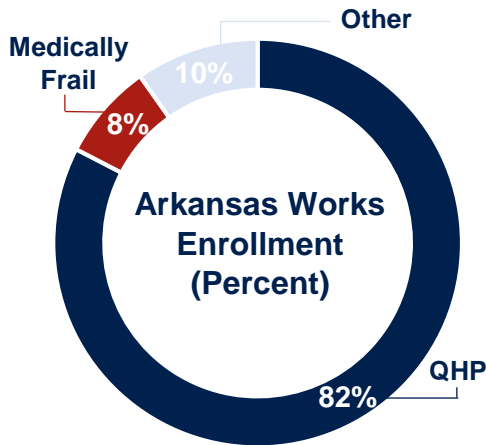
DHS brought on board Rose Murray Naff as the new Director of the Division of Medical Services on August 14, 2017.

In October 2017, the Arkansas Insurance Department (AID) approved new 2018 rate increases for carriers in response to President Trump's decision to end cost-sharing reductions. The increases ranged from 14.2 percent to nearly 25 percent, higher than the previously approved rates that ranged from 7.8 to 9.9 percent.(1)

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of the year, 302,655 individuals were enrolled in Arkansas Works in December 2017. Of these individuals:



- **Eighty-two percent** received Arkansas Works coverage through qualified health plans (QHPs) purchased from the Health Insurance Marketplace (HIM); and
- **Eight percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Ten 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 in 2017:

Arkansas Works Enrollment and Premium Information (January – December 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
January	334,113	22,889	273,008	\$105,304,821.53	\$39,644,688.50	\$1,162,958.28
February	332,231	23,633	275,466	\$105,998,221.72	\$39,892,425.44	\$1,107,910.16
March	322,472	22,977	268,623	\$102,177,189.93	\$38,714,358.95	\$1,113,835.97
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
July	307,155	23,180	257,694	\$96,623,965.59	\$36,617,952.49	\$1,035,940.64
August	308,783	23,864	257,579	\$97,152,564.55	\$36,806,110.34	\$1,094,044.66
September	307,592	23,922	256,523	\$96,437,071.43	\$36,546,600.00	\$1,003,204.75
October	309,719	22,851	259,350	\$96,789,621.97	\$36,676,551.45	\$1,041,107.17
November	306,849	23,065	256,013	\$95,911,217.60	\$36,085,810.05	\$1,102,285.10
December	302,655	23,123	249,977	\$91,778,141.91	\$34,536,222.92	\$1,052,171.59

❖ Utilization and Budget Neutrality

UTILIZATION

In 2017, the total payments made to Qualified Health Plans (QHPs) on behalf of Arkansas Works individuals was \$1,643,736,913.34. Of this amount:

- \$1,183,532,438.81 was paid to the issuers for premiums.
- \$447,430,159.75 was paid for advanced cost sharing reductions.
- \$12,774,314.78 was the total for wrap costs, including Non-Emergency Medical Transportation and Early and Periodic Screening, Diagnostic and Treatment (EPSDT).

BUDGET NEUTRALITY WORKBOOK

In 2017, 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:

(January – December 2017)					
Month	Premium Costs Per Individual with a Paid Premium	Advance Cost Share Payment Per Individual with a Paid Premium	Wrap Costs Per Individual with a Paid Premium	Total Payments Per Individual with a Paid Premium	Budget Neutrality Cap
January	\$385.72	\$145.21	\$4.26	\$535.19	\$570.50
February	\$384.80	\$144.82	\$4.02	\$533.64	\$570.50
March	\$380.37	\$144.12	\$4.15	\$528.64	\$570.50
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
July	\$374.96	\$142.10	\$4.02	\$521.07	\$570.50
August	\$377.18	\$142.89	\$4.25	\$524.32	\$570.50
September	\$375.94	\$142.47	\$3.91	\$522.32	\$570.50
October	\$373.20	\$141.42	\$4.01	\$518.63	\$570.50
November	\$374.63	\$140.95	\$4.31	\$519.89	\$570.50
December	\$367.15	\$138.16	\$4.21	\$509.51	\$570.50

❖ Operational Updates

PRESS REPORTS

Various press articles were published throughout the year regarding Arkansas Works. Articles for quarter one through three can be found in the previous reports. In the fourth quarter, the following articles were published (see links in References section):

- On October 17, 2017, the Associated Press published an article on Governor Asa Hutchinson addressing the impact of the rate increases on Arkansas Works as a result of President Donald Trump's decision to end cost-sharing reductions.(2)
- On December 1, 2017, Arkansas Times published an article discussing the pending approval for the Arkansas Works waiver amendment.(3)
- On December 18, 2017, Arkansas Online reported that Arkansas Works enrollees with unpaid premiums and who are owed a state income tax refund in 2019 will have their tax refund garnished.(4)
- On December 19, 2017, Arkansas online reported that as a result of eligibility verification efforts, Arkansas Works enrollment decreased by 3,000 individuals to 307,000 in November 2017.(5)

PUBLIC FORUMS

In 2017, the following public forums were held by DHS DMS:

- A post award forum at the Hilary Rodham Clinton Children's Library and Learning Center on Monday, March 27, 2017.
- A public hearing during the Arkansas Works waiver amendment comment period at the Central Arkansas Main Library in Little Rock on May 25, 2017.
- A second public hearing during the Arkansas Works waiver amendment comment period at Arkansas State University in Jonesboro on June 6, 2017.

LAWSUITS

No lawsuits were filed in 2017.

❖ Evaluation Progress and Activities

ACHI was selected to complete the Arkansas Works evaluation, an extension of the HCIP evaluation. The Arkansas Works evaluation(6) 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.
- The employer-sponsored insurance program will produce greater system efficiencies and individual outcomes than QHP premium assistance program.
- Beneficiaries will effectively participate in an incentive benefits program.

Evaluation Activities

Throughout the year, the following evaluation activities were completed:

- Receiving and scoring the final Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey data from the AFMC, the organization subcontracted to conduct the survey.
- Conducting several evaluation meetings each quarter to discuss items such as the progress of data and findings, supplemental payments, the receiving and processing of data, and the HCIP final report draft.
- Conducting meetings with the National Advisory Committee to discuss findings for the draft of the HCIP final report.
- Conducting a mortality analysis.

Key Milestones Accomplished

In 2017, the following key evaluation milestones were achieved:

- Submission of the Arkansas Works Evaluation Program Proposed Evaluation for Section 1115 Demonstration Waiver to the Centers for Medicare and Medicaid (CMS).
- Finalized the analysis of data and indicators for the final report.
- Developed a draft of the final report and presented the findings to DHS.

❖ 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

1. Associated Press. (2017, October 13). Arkansas OKs new rate increases for marketplace insurers. Retrieved from <https://www.washingtontimes.com/news/2017/oct/13/arkansas-oks-new-rate-increases-for-marketplace-in/>
2. Associated Press. (2017, October 17). Governor: rate hikes don't threaten Arkansas Medicaid plan. Retrieved from <https://www.usnews.com/news/best-states/arkansas/articles/2017-10-17/governor-rate-hikes-dont-threaten-arkansas-medicaid-plan>
3. Ramsey, D. (2017, December 1). Arkansas still waiting on federal approval for Medicaid changes. *Arkansas Times*. Retrieved from <https://www.arktimes.com/arkansas/arkansas-still-waiting-on-federal-approval-for-medicaid-changes/Content?oid=12247923>
4. Davis, A. (2017, December 18). Arkansas Works enrollees with unpaid premiums will have tax refund garnished. *ArkansasOnline*. Retrieved from <http://www.arkansasonline.com/news/2017/dec/18/arkansas-works-enrollees-unpaid-premiums-will-have/>
5. Davis, A. (2017, December 19). Enrollment in state's expanded Medicaid program falls by about 3,000 people in 1 month. *ArkansasOnline*. Retrieved from <http://www.arkansasonline.com/news/2017/dec/19/enrollment-states-expanded-medicaid-program-falls-/>
6. Arkansas Center for Health Improvement (ACHI). (2017, June 8). Arkansas Works program proposed evaluation for section 1115 demonstration waiver, revised [Report].