



# Arkansas Works Section 1115 Demonstration Waiver

## **QUARTERLY REPORT**

January 1, 2017 – March 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.

During this quarter, the 91<sup>st</sup> General Assembly convened on January 9, 2017. The Legislature voted to approve the Department of Human Services (DHS) Division of Medical Services (DMS) budget, the division overseeing Arkansas Works, for the biennium.

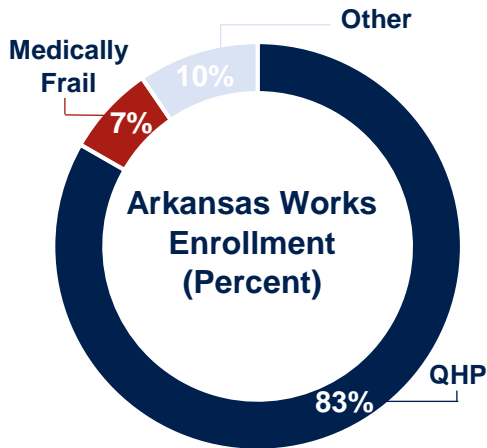
On March 5, 2017, Governor Asa Hutchinson held a press conference directing DHS to seek amendments to the Arkansas Works waiver extension approved on December 8, 2016. The waiver amendments will focus on “meaningful work requirements, emphasizing employer-based insurance, and reducing the numbers in Arkansas Works to create a stronger and more sustainable program.” Specifically, the requested waiver amendments will cap income eligibility at 100 percent of the FPL, add a work requirement for non-disabled adults, replace the current employer-sponsored health insurance component with a more targeted program, and transition Arkansas from a determination state to an assessment state.(1)

Under the leadership of Governor Asa Hutchinson, DHS began drafting amendments to the Arkansas Works waiver extension.

## ❖ Eligibility and Enrollment

### ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 322,472 individuals were enrolled in Arkansas Works in March 2017. Of these individuals:



- **Eighty-three 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.
- **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 this quarter:

| Arkansas Works Enrollment and Premium Information<br>(January – March 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 |

## ❖ Utilization and Budget Neutrality

### UTILIZATION

During this quarter, the total payments made to Qualified Health Plans (QHPs) on behalf of Arkansas Works individuals was \$435,116,410.48. Of this amount:

- \$313,480,233.18 was paid to the issuers for premiums.
- \$118,251,472.89 was paid for advanced cost sharing reductions.

- \$3,384,704.41 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<br>(January – March 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 |
| 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              |

## ❖ Operational Updates

### PRESS REPORTS

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

- On January 13, 2017, Arkansas News reported that Arkansas will implement a pilot program to review the assets of individuals enrolled in both Arkansas Works and the Supplemental Nutrition Assistance Program (SNAP) for any unreported income. The assets of 15,000 individuals will be reviewed in February, March, and April (5,000 individuals each month). In addition, all Arkansas Works individuals will be referred to the Department of Workforce Services for job training and work searches, instead of the requirement mandated under the Arkansas Works Act of 2016. The act required workforce services referrals to Arkansas Works individuals with incomes up to 50% of the FPL.(2)
- On February 22, 2017, the Commonwealth Fund published an issue brief describing the main features and impact of the HCIP program. One of the key findings showed that compared to Texas, a non-expansion state, the HCIP program “improved access to primary care and prescription medications, reduced reliance on the emergency department, increased use of

---

preventive care, and improved perceptions of quality and health among low-income adults in the state.”(3)

- On March 5, 2017, Governor Asa Hutchinson appeared in a news conference and released a press release directing DHS to file waiver amendment requests focused on “meaningful work requirements, emphasizing employer-based insurance, and reducing the numbers in Arkansas Works to create a stronger and more sustainable program.” The requested waiver amendments will cap income eligibility at 100 percent of the FPL, add a work requirement for non-disabled adults, replace the current employer-sponsored health insurance component with a more targeted program, and transition Arkansas from a determination state to an assessment state.(1)
- On March 30, 2017, KUAR reported that the Arkansas House of Representatives passed and sent to Governor Asa Hutchinson the appropriation bill for DHS DMS.(6)

## **PUBLIC FORUMS**

During this quarter, DHS DMS held a post award forum at the Hilary Rodham Clinton Children’s Library and Learning Center on Monday, March 27, 2017.

## **LAWSUITS**

No lawsuits were filed during this quarter.

---

## **❖ Evaluation Progress and Activities**

The Arkansas Works evaluation(7) 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 concluded within this quarter include:

- Receiving final Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey data from the Arkansas Foundation for Medical Care (AFMC), the organization subcontracted to conduct the 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.
- 

## Key Milestones Accomplished

During this quarter, the following 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).
- 

## ❖ 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 Arkansas Works individuals 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. Office of the Governor. (2017, March 6). Governor Hutchinson to seek changes to Arkansas Works waiver, legislation needed [Press Release]. Retrieved from <https://governor.arkansas.gov/press-releases/detail/governor-hutchinson-to-seek-changes-to-arkansas-works-waiver-legislation-ne>
2. Lyon, J. (2017, January 13). State to check assets of some in Arkansas Works. *Arkansas News Bureau*. Retrieved from <http://www.arkansasnews.com/news/20170113/state-to-check-assets-of-some-in-arkansas-works>
3. Maylone, B., & Sommers, B. D. (2017, February 22). Evidence from the private option: the Arkansas experience. *The Commonwealth Fund*. Retrieved from <http://www.commonwealthfund.org/publications/issue-briefs/2017/feb/private-option-arkansas-experience>
4. Lyon, J. (2017, March 1). Arkansas House oks bill to halt Medicaid expansion enrollment. *Arkansas News Bureau*. Retrieved from <http://www.arkansasnews.com/news/20170301/arkansas-house-oks-bill-to-halt-medicaid-expansion-enrollment>
5. Demillo, A. (2017, March 11). Analysis: Arkansas governor's medicaid plans uncertain. *Associated Press*. Retrieved from <https://www.usnews.com/news/best-states/arkansas/articles/2017-03-11/analysis-arkansas-governors-medicaid-plans-uncertain>
6. Hickey, C. (2017, March 30). Medicaid funding gets final legislative approval, after several attempts. *KUAR*. Retrieved from <http://ualrpublicradio.org/post/medicaid-funding-gets-final-legislative-approval-after-several-attempts>
7. Arkansas Center for Health Improvement. (2017, June 8). Arkansas Works program proposed evaluation for section 1115 demonstration waiver, revised [Report].