



Arkansas Works Section 1115 Demonstration Waiver

QUARTERLY REPORT

January 1, 2018 – March 31, 2018

❖ Executive Summary

At the beginning of this quarter, Arkansas Governor Asa Hutchinson and Arkansas Department of Human Services (DHS) Director Cindy Gillespie held a press conference to announce that agency efforts to improve the integrity of the rolls by removing ineligible recipients; DHS implementation of suggested task force changes, and individuals being able to find work and increase their economic incomes to move off the program had led to the reduction of Medicaid rolls by about 117,000 individuals since 2017. That, combined with other efforts, meant Arkansas would need approximately half a billion dollars less than projected in federal and state funds to operate Medicaid in the next state fiscal year.

The 91st General Assembly Fiscal Session for 2018 convened and on January 30, 2018, the Arkansas Legislature approved the DHS Division of Medical Services (DMS) budget for the biennium. DMS is the division overseeing Arkansas Works. On March 5, 2018, Centers for Medicare and Medicaid Services (CMS) Administrator Seema Verma approved and signed the Arkansas Works waiver extension amendment at the Arkansas State Capitol in Little Rock.

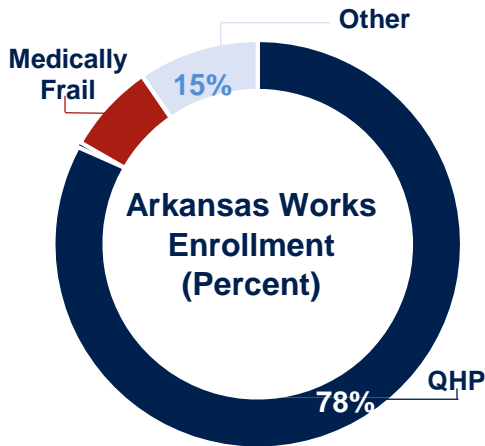
The waiver amendment establishes a work and community engagement requirement for non-disabled, childless adults who are between 19 and 49 years old and are below the 100 percent of the Federal Poverty Line (FPL). In 2018, the work requirement will apply to those people ages 30-49. In 2019, the work requirement will apply to individuals 19-29 years old. In describing the work and community engagement requirement, Governor Hutchinson said “It’s about giving people the opportunity to work. It’s to give them training that they need. It’s to help them move out of poverty and up the economic ladder.”

Enrollment in Arkansas Works was 301,745 in January; 297,980 in February; and 293,991 in March. The program continues to operate below the budget neutrality cap, which is \$597.32 for each individual covered by Arkansas Works in 2018.

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 293,991 individuals were enrolled in Arkansas Works in March 2018. Of these individuals:



- **Seventy-eight percent** received Arkansas Works coverage through qualified health plans (QHPs) purchased from plans offered on the Healthcare Insurance Marketplace.
- **Seven percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Fifteen percent** had an interim status, which include pending a QHP or Alternative Benefit Plan designation.

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

Arkansas Works Enrollment and Premium Information (January – March 2018)						
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	301,745	20,256	235,437	\$112,870,836.96	\$24,221,653.98	\$926,401.80
February	297,980	19,748	225,056	\$107,589,352.16	\$22,798,645.07	\$870,559.85
March	293,991	19,095	237,684	\$110,390,898.75	\$23,354,022.63	\$913,747.85

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total cost for Arkansas Works beneficiaries with a paid premium was \$401,225,409.55. Of this amount:

- \$330,851,087.87 was paid to the issuers for premiums.
- \$70,374,321.68 was paid for advanced cost sharing reductions.

- \$2,710,709.50 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) 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 (January – March 2018)					
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 Cost Per Individual with a Paid Premium	Budget Neutrality Cap
January	\$479.41	\$102.88	\$3.93	\$586.22	\$597.32
February	\$478.06	\$101.30	\$3.87	\$583.23	\$597.32
March	\$464.44	\$98.26	\$3.84	\$566.54	\$597.32

❖ Operational Updates

PRESS REPORTS

Local and national media outlets published articles about Arkansas Works during this quarter, including (see links in References section):

- On January 4, 2018, Governor Asa Hutchinson and Department of Human Services (DHS) Director Cindy Gillespie held a press conference highlighting that the state would seek half a billion dollars less in the budget as a result of reduced rolls in Arkansas Works and traditional Medicaid. The roll reductions of approximately 117,000 people and decreased budget request came in large part due to ongoing efforts to ensure accuracy in the eligibility rolls, closing cases of individuals who were no longer residents of Arkansas, and other integrity measures. *U.S. News, The Associated Press, The Arkansas Democrat-Gazette*, and various other news outlets covered the press conference. (1)
- On January 11, 2018, several Arkansas news outlets reported President Trump’s administration had released guidance indicating alignment with work and community engagement requirements similar to those sought by Arkansas in its waiver submission. Articles explained what the work requirement would require, who it would impact, and the anticipated operation and administration of a work requirement were it to be approved. (2)

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- On February 22, the *Arkansas Democrat-Gazette* reported that a legislative panel rejected an Arkansas State Senator's proposal to transform Arkansas Works into a fee-for service program. (3)
 - On March 5, the Centers for Medicare & Medicaid Services (CMS) approved Arkansas's request to implement a work requirement for Arkansas Works enrollees. Administrator Seema Verma announced the approval during a visit to Arkansas. The work requirement applies in 2018 to 30-49 year olds who receive coverage through Arkansas Works. Those individuals would be rolled into the requirement between June and September of 2018. They must either work, attend school or volunteer for 80 hours a month or have an exemption from the requirement. Several news outlets covered Ms. Verma's visit and the work requirement announcement. (4)
 - On March 8, the *Arkansas Democrat-Gazette*, and various other news outlets, reported that the Arkansas legislature had approved the spending bill that authorizes funding for traditional Medicaid and Arkansas Works. The \$ 8.2 billion spending bill included authorization to spend for coverage of 930,000 Arkansans between both Medicaid programs. (5)
 - On March 28, 2018, The *Arkansas Times* reported on a *Modern Healthcare* story that Congressional Democratic leaders in Washington, D.C., were demanding administrative cost documentation regarding work requirements like those Arkansas was approved to implement for the Arkansas Works population. (6)

PUBLIC FORUMS

No DHS DMS public post award forums were conducted during this quarter.

LAWSUITS

No lawsuits were filed during this quarter.

❖ Evaluation Progress and Activities

The Arkansas Center for Health Improvement (ACHI) was selected to complete the Arkansas Works evaluation, an extension of the HCIP evaluation. The Arkansas Works evaluation (7) will assess the demonstration goals of improving access, improving care and outcomes, reducing churn, and lowering costs by measuring whether:

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- 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

- Conducted two (2) Full Evaluation Team Meetings.
- Conducted six (6) internal meetings with members of the Evaluation Data Team to discuss the progress of data and indicators for the final report.
- Conducted three (3) internal ACHI planning meetings to plan the final report.
- Conducted eleven (11) internal meetings with the ACHI data team to discuss the receiving and processing of data.
- Conducted one (1) conference call with the National Advisory Committee to discuss mortality findings for the draft of the final report.
- Conducted seven (7) internal meetings with members of the qualitative studies team to begin planning the secret shopper survey and the one-on-one, individual interviews for the Arkansas Works Interim Report.
- Continued work on completing the final data and indicators analysis for the draft of the final report.
- Began editing draft sections of the final report.

Key Milestones Accomplished

Planning, policy, and system development; partner and stakeholder engagement, and resource availability assessment began in January 2017 and have been ongoing.

Upon approval of the work and community engagement amendment, Arkansas began finalizing plans and testing of the process to implement the requirement on June 1, 2018. Based on data as of March 2, 2018, there were 171,449 Arkansas Works beneficiaries ages 19–49. Approximately 69,000 beneficiaries have no initial exemption identified through system data. Due to the number of beneficiaries affected, Arkansas will phase in work requirements by age group. From June through September 2018, beneficiaries ages 30–49 who are at or below federal poverty level will be phased in to the work requirement. Beneficiaries ages 19 – 29 who are at or below federal poverty level will be phased in between January and April 2019.

Based on the same data, there were 125,242 Arkansas Works beneficiaries ages 30–49. Of those, 38,321 have no exemption identified through system data. Arkansas has chosen to phase in this group over four months based on when their coverage is due for renewal. The chart below depicts the month the work requirement begins, the corresponding renewal months, and the number of beneficiaries included in each period.

Month Work Requirement Begins	Renewal Months	Approximate # of beneficiaries required to report work activities
June 2018	Jan., Feb., Mar.	9,152
July 2018	April, May, June	9,341
August 2018	July, August, Sept.	8,682
September 2018	Oct, Nov, Dec	11,146
<i>Data date: 3/2/2018</i>	TOTAL	38,321

The planning, testing, implementation, and monitoring timeline is provided below:

- **March 15, 2018** – Mass notices issued to all Arkansas Works beneficiaries informing them of the change in the program and upcoming implementation of work and community engagement requirements. The notice instructed beneficiaries that no additional action was required at that time and encouraged individuals to provide an email address to DHS if they had not already provided an email address.
- **March 30, 2018** – The Arkansas Works online portal went live. Beneficiaries were able to begin linking their secure online accounts and reporting exemptions.

❖ Quality Assurance

The evaluation will assess the quality of care provided to Arkansas Works beneficiaries 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 beneficiaries 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. Demillo, A. (2018, January 4). Arkansas Governor: Medicaid Rolls Dropped by 117K Last Year. *U.S. News*. <https://www.usnews.com/news/best-states/arkansas/articles/2018-01-04/arkansas-governor-medicaid-rolls-dropped-by-117k-last-year>; Hardy, B. (2018, January 4) Governor points to declining Medicaid rolls in seeking renewal of Arkansas Works from legislature. *Arkansas Nonprofit News Network*. <https://www.arktimes.com/arkansas/governor-points-to-declining-medicaid-rolls-in-seeking-renewal-of-arkansas-works-from-legislature/Content?oid=13350200>; Davis, A (2018, January 5). Budget request falls \$478M for Medicaid. *Arkansas Democrat-Gazette*. <http://www.arkansasonline.com/news/2018/jan/05/budget-request-falls-478m-for-medicaid-/?f=news-politics>
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3. Wickline, M. (2018, February 22). Arkansas panel rejects senator's plan for Medicaid. *Arkansas Democrat-Gazette*. <http://www.arkansasonline.com/news/2018/feb/22/panel-rejects-senator-s-plan-for-medicaid/>.
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5. Field, H. (2018, March 8). Medicaid expansion gets nod as Arkansas House passes \$8.2B spending bill. *Arkansas Democrat-Gazette*. <http://www.arkansasonline.com/news/2018/mar/08/medicaid-expansion-gets-nod-20180308/7>.

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6. Ramsey, D. (2018, March 28). Democratic leaders call on Trump administration to release costs of Medicaid work requirements. *Arkansas Times*. <https://www.arktimes.com/ArkansasBlog/archives/2018/03/28/democratic-leaders-call-on-trump-administration-to-release-administrative-costs-of-medicaid-work-requirements#more>.
7. Arkansas Center for Health Improvement. (2017, June 8). Arkansas Works program proposed evaluation for section 1115 demonstration waiver, revised [Report].