



Arkansas Works Section 1115 Demonstration Waiver

QUARTERLY REPORT

July 1, 2017 – September 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.

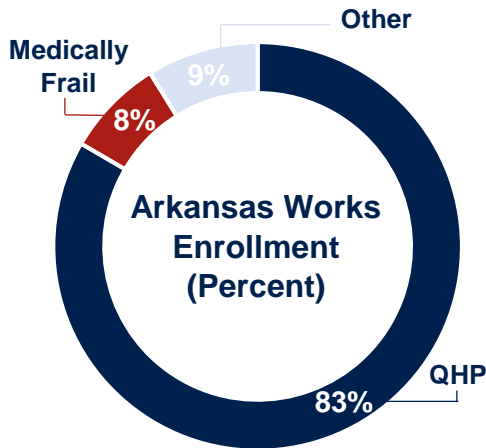
During this quarter, the Arkansas Insurance Department (AID) released proposed and approved 2018 rate increases for carriers. The approved rates ranged from 14.2 to 25 percent.(1)

On August 14, 2017, Rose Murray Naff started as the new Director of the Division of Medical Services at the Department of Human Services (DHS).

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 307,592 individuals were enrolled in Arkansas Works in September 2017. Of these individuals:



- **Eighty-three 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.
- **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 (July – September 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
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

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total payments made to Qualified Health Plans (QHPs) on behalf of Arkansas Works individuals was \$403,317,454.45. Of this amount:

- \$290,213,601.57 was paid to the issuers for premiums.
- \$109,970,662.83 was paid for advanced cost sharing reductions.

- \$3,133,190.05 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 (July – September 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 Cost Per Individual with a Paid Premium	Budget Neutrality Cap
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

❖ Operational Updates

PRESS REPORTS

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

- On July 12, 2017, Modern Healthcare reported that the Centers for Medicare and Medicaid (CMS) confirmed receipt of the Arkansas Works waiver amendment and discussed the impact of some of the requested changes.(2)
- On July 22, 2017, the Associated Press reported that the number of Arkansas Works individuals was down by 8,000 in June, likely due to DHS efforts to end coverage for individuals no longer eligible for services.(3)
- On July 26, KATV reported that AID released proposed 2018 health insurance rate increases, ranging from eight to 22 percent.(4)
- On August 3, 2017, Region 8 News reported that DHS will restructure the Division of Medical Services (DMS) and hire Rose Murray Naff as the new Division Director to start on August 14.(5)

-
- On August 16, 2017, the Henry J. Kaiser Family Foundation published an issue brief that discussed policy findings of key themes and state specific Section 1115 Medicaid expansion waiver provisions in Arizona, Arkansas, Indiana, Iowa, Michigan, Montana, and New Hampshire.(6)

PUBLIC FORUMS

No public forums were held during this quarter.

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 conducted within this quarter include 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 analysis of data was finalized for the evaluation.

❖ 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. Dickson, V. (2017, July 12). Arkansas waiver would drop 60,000 from Medicaid and place work requirements on those remaining. *Modern Healthcare*. Retrieved from <http://www.modernhealthcare.com/article/20170712/NEWS/170719969>
3. (2017, July 22). Enrollment down in Arkansas' expanded Medicaid plan. *Associated Press*. Retrieved from <https://www.usnews.com/news/best-states/arkansas/articles/2017-07-22/enrollment-down-in-arkansas-expanded-medicaid-plan>
4. Associated Press. (2017, July 26). Insurers propose rate increases for Arkansas marketplace. *KATV*. Retrieved from <http://katv.com/news/local/insurers-propose-rate-increases-for-arkansas-marketplace>
5. (2017, August 3). DHS Medical Services reorganization planned, new director hired. *Region 8 News*. Retrieved from <http://www.kait8.com/story/36060376/dhs-medical-services-reorganization-planned-new-director-hired>
6. Musumeci, M., Hinton, E., & Rudowitz, R. (2017, August 16). Section 1115 Medicaid expansion waivers: a look at key themes and state specific waiver provisions. *The Henry J. Kaiser Family Foundation*. Retrieved from <https://www.kff.org/medicaid/issue-brief/section-1115-medicaid-expansion-waivers-a-look-at-key-themes-and-state-specific-waiver-provisions/view/print/>
7. Arkansas Center for Health Improvement (ACHI). (2017, June 8). Arkansas Works program proposed evaluation for section 1115 demonstration waiver, revised [Report].