



Arkansas Private Option 1115 Demonstration Waiver

Quarterly Report

October 1, 2016-December 31, 2016



Executive Summary:

Enabling legislation for Arkansas Works was signed into law on April 8, 2016. With the passage of the Arkansas Works Act, legislators passed reforms to Arkansas expanded coverage program 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.

While extending healthcare coverage for current enrollees that make up to 138% of federal poverty level (FPL) and continuing the state's individual plan premium approach for most eligible individuals there are some distinct changes. Arkansas Works requires issuer participation in Arkansas's Patient- Centered Medical Home, adds wellness requirements and possible incentive benefits, work referrals and ends retroactive eligibility coverage for eligible individuals (90 days prior to eligible application). It also requires eligible enrollees to take cost-effective employer-sponsored insurance coverage when offered by their small business employers. Additional provisions requires quarterly reporting by the state to the legislature regarding enrollment, reduction of costs, health insurer participation and competition, avoided uncompensated care, and participation in incentivized work requirement.

The Health Independence Account (HIA) component of the Private Option (My Indy Card) ended June 30, 2016, as required by the Arkansas Works Act. The Health Independence Accounts were designed to enable enrollees to be protected from point-of-service cost-sharing by paying an advance monthly contribution for their coverage. The program was costly to administer and had low participation rates. Of the approximate 250,000 people enrolled in the Private Option, only those with incomes above the poverty level (approximately 60,000) were eligible to participate in the HIA program. Further, in order to activate the card, enrollees had to call or go the third party administrator's website. Of the 16,000 who activated the card, only 7,900 participated in the program by ever paying a monthly contribution.

A state fiscal session was held during this quarter. The Department of Human Services budget of \$8.4 billion, which included \$1.7 billion dollars for Arkansas Works, was approved.

Submission of the Arkansas Works 1115 demonstration waiver amendment was submitted to on June 28th 2016. With the Private Option, ending December 31, 2016 submission of the 1115 demonstration waiver for Arkansas Works was critical to continue coverage for the new adult group in Arkansas.

Concurrently with the development of Arkansas Works, the Private Option continued to grow in enrollment over the second quarter. As of December 31, 2016, 330,943 individuals were determined eligible for Private Option.

I. Eligibility and Enrollment

As of December 31, 2016, there were 330,943 newly eligible adults determined eligible for the Medicaid expansion program in Arkansas. Of these, 22,375 were designated as medically frail and were served through fee-for-service Medicaid. The majority of the remaining individuals participated in the Section 1115 Demonstration and received QHP coverage sold through the Health Insurance Marketplace. Others may have been determined eligible but not yet selected a QHP or been determined medically frail.

See graphic below for additional enrollment data.

Private Option Enrollment and Premium Information						
Year Month Paid	Medically Frail	Number Determined Eligible	Premium Count	Premium Expenditures	Advance Cost Share Payments	Wrap Costs
October 2016	23,519	330,488	276,538	\$98,390,203.78	\$37,386,570.94	\$1,146,824.31
November 2016	22,914	333,776	275,789	\$96,953,928.60	\$36,837,029.34	\$1,193,040.86
December 2016	22,375	330,943	276,141	\$97,149,729.14	\$36,918,886.93	\$1,196,028.88

II. Press Reports:

In the fourth quarter, several press articles were published regarding coverage expansion through Medicaid. On October 5, 2016, the Georgia Health News published an article on Georgia lawmakers looking at alternatives to a standard Medicaid expansion, such as those implemented by Arkansas and other states. The article can be found at <http://www.georgiahealthnews.com/2016/10/lawmakers-alternatives-medicaid-expansion/>.

On October 18, 2016, arkansasonline.com published an article discussing updated enrollment numbers for the month of September 2016. The article also mentioned a letter Governor Asa Hutchinson sent to Arkansas DHS Director Cindy Gillespie directing the development of a “five year outlook” and a plan for the “long-term sustainability” of Medicaid. The article can be found at <http://www.arkansasonline.com/news/2016/oct/18/medicaid-program-adds-7-000-to-rolls-20/>.

On October 20, 2016, arkansasonline.com published an article regarding U.S. Health and Human Services Secretary Sylvia Burwell’s comments on the Medicaid expansion successes in Arkansas. The

article can be accessed at <http://www.arkansasonline.com/news/2016/oct/20/burwell-widened-medicaid-will-grow-2016/#/>.

On October 21, 2016, Modern Healthcare published an article on the planned use of provider taxes or fees by Medicaid expansion states, including Arkansas, to fund all or part of the states' share of Medicaid spending. The article can be found at <http://www.modernhealthcare.com/article/20161021/NEWS/161029996>.

On November 9, 2016 arkansasmatters.com published an article titled *Some Question the Future of 'Arkansas Works' After Trump Wins Presidency*. The article can be found at <http://www.arkansasmatters.com/news/local-news/some-question-the-future-of-arkansas-works-after-trump-wins-presidency/607253813>.

On November 22, 2016, arkansasmatters.com published an article and a video discussing a meeting held by the Arkansas Health Reform Legislative Task Force ("Task Force"). Testimony was heard regarding the potential changes to the Arkansas Works program under the Trump Administration. The article can be accessed at <http://www.arkansasmatters.com/news/local-news/what-will-ar-healthcare-look-like-under-a-trump-administration/611634987>.

On November 29, 2016, Arkansas Times Blog discussed the potential impact to Medicaid expansion if U.S. Representative Tom Price is appointed as the Secretary of Health and Human Services. The article can be accessed at <https://www.arktimes.com/ArkansasBlog/archives/2016/11/29/donald-trump-tabs-tom-price-for-hhs-secretary-medicaid-and-medicare-cuts-could-be-next>.

On November 30, 2016, arkansasonline.com published a commentary by John Brummett discussing an interview he conducted with Governor Asa Hutchinson. The article can be found at <http://www.arkansasonline.com/news/2016/nov/30/brummett-online-what-asa-wants/>.

On December 7, 2016, arkansasonline.com reported on Governor Asa Hutchinson's announcement during a news conference that federal officials approved the Arkansas Works 1115 demonstration waiver amendment for Arkansas Works. The article can be accessed at <http://m.arkansasonline.com/news/2016/dec/07/arkansas-governor-says-us-oks-modified-medicaid-ex/>.

On November 15, 2016, Arkansas DHS Director Cindy Gillespie was quoted in the New York Times stating that with the election of President Donald Trump, she "saw a real chance for states to take back a bit of control over Medicaid and other safety net program." The article can be accessed at <https://www.nytimes.com/2016/11/16/us/politics/trump-medicaid-health-care.html>.

On November 22, 2016, arkansasonline.com published an article regarding language in the Arkansas DHS Medical Services Division appropriation bill that prohibits the agency from promoting enrollment in the Health Care Independence Program (HCIP) instead of Arkansas Works. The article can be found at <http://www.arkansasonline.com/news/2016/nov/22/panel-updates-outreach-ban-for-medicaid/#/>. On December 8, the Arkansas Times Blog reported that the state received an official letter from Secretary of

Health and Human Services Sylvia Burwell approving the Arkansas Works 1115 demonstration waiver amendment. The article can be accessed at

<https://www.arktimes.com/ArkansasBlog/archives/2016/12/08/arkansas-receives-official-federal-approval-to-implement-continuation-of-private-option>.

On the same day, swtimes.com also reported on the federal approval received for the Arkansas Works 1115 demonstration waiver amendment. The article can be found

at <http://www.swtimes.com/news/20161208/hutchinson-feds-ok-arkansas-works-with-changes>.

On December 9, 2016, Arkansas Public Media published an article discussing the potential for Arkansas Works to serve as a model for Republicans federally. The article can be found at

<http://arkansaspublicmedia.org/post/arkansas-works-model-may-appeal-washington-republicans-looking-compromise>.

On December 10, 2016, the Houston Chronicle published an article discussing the different approaches taken by Arkansas and Texas in regards to Medicaid expansion. The article can be found at

<http://www.houstonchronicle.com/business/medical/article/Texas-Arkansas-take-opposite-directions-insuring-10788392.php>.

On December 12, 2016, Modern Healthcare also published an article regarding the federal approval of the Arkansas Works 1115 demonstration waiver amendment. The article can be found at

<http://www.modernhealthcare.com/article/20161212/NEWS/161219995>

On December 15, 2016, the Task Force established and tasked by the Arkansas Health Reform Act of 2015 to recommend an alternative healthcare coverage model and ensure the continued availability of healthcare submitted a final report with findings and recommendations. The final report can be accessed at

<http://www.arkleg.state.ar.us/assembly/2017/Meeting%20Attachments/836/I14805/Final%20Approved%20Report%20from%20TSG%2012-15-16.pdf>

On the same day, KUAR published an article highlighting parts of the final report. The article can be found at <http://ualrpublicradio.org/post/plan-medicaid-reform-approved-legislative-task-force#stream/0>

Deep-red Arkansas's Medicaid expansion at Risk under ObamaCare Attack appeared online by The Hill also on December 15, 2016, discussing the uncertain future of the Arkansas Medicaid expansion program if the Affordable Care Act is repealed. The article can be found at

<http://thehill.com/policy/healthcare/310656-deep-red-arkansas-medicaid-expansion-at-risk-under-obamacare-attack>.

On December 27, 2016, KUAR published an article of National Public Radio's dive into the Medicaid expansion in Arkansas titled *NPR Glances At Arkansas For ACA & Medicaid Expansion's Future*. The article can be found at <http://ualrpublicradio.org/post/npr-glances-arkansas-aca-medicaid-expansions-future#stream/0>

III. QHP Operations and Performance

Open Enrollment

Open enrollment in the Health Insurance Marketplace began on November 1, 2016. No problems were reported.

Communication with Carriers

DHS continued close coordination with carriers during this quarter. In this quarter, carriers, the Insurance Department and DHS worked to assess and plan for the needed programmatic changes to the program in order to transition from the Private Option to Arkansas Works. Several of the new features of Arkansas Works will necessitate changes to the operations of the Qualified Health Plans (e.g. charging premiums for enrollees with incomes above 100% of the federal poverty level (FPL) and tracking completion of the wellness requirements).

Audits

There were no audits of the Private Option conducted during the fourth quarter of 2016.

IV. Lawsuits

There were no lawsuits filed during this quarter.

V. Access/Delivery Network

One of the key objectives of Arkansas's evaluation of the Private Option Demonstration is to measure whether the premium assistance service delivery model improves access to needed health care services. Specifically, the evaluation will measure whether Private Option enrollees 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.

The organization selected to complete the evaluation, the Arkansas Center for Health Improvement (ACHI), continued its work to fulfill the requirements of the evaluation. ACHI held several evaluation meetings to discuss items such as the progress of data and findings, Health Independence Accounts, receiving and processing of data, and the provider file. Meetings were also held with members of the National Advisory Committee (NAC) to discuss the final report and with Arkansas DHS regarding data received. ACHI fielded the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey with the Arkansas Foundation for Medical Care (AFMC), the organization subcontracted to conduct the survey.

In addition, ACHI attended an Urban Institute and State-University Partnership Learning Network (SUPLN) meeting in Washington D.C. The meeting was a venue for universities and Medicaid state agencies to learn and share information about state and university partnerships.

ACHI revised the article titled *Evaluation of Arkansas's Medicaid Expansion Using Premium Assistance Demonstrates Improved Access and Clinical Performance at a Higher Cost* for resubmission to the *Health Affairs Journal*.

VI. Quality Assurance

Arkansas's Private Option evaluation will assess the quality of care provided to Private Option enrollees 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:

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

The evaluation will 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:

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

VII. Complaints/Grievances:

Pursuant to the Intergovernmental Cooperation Act of 1968 and under the terms of a Memorandum of Understanding by and between the DHS and the Arkansas Insurance Department (AID), medical necessity appeals are handled by AID. AID data indicated ten complaints from Private Option enrollees during this quarter. All complaints were resolved.

VIII. Utilization

During the second quarter of 2016, the total cost for the newly eligible demonstration population was \$363,100,229.70. Of this amount, \$262,575,071.85 was paid to the issuers for

premiums and \$97,715,427.58 was paid for advanced cost sharing reductions. Wrap costs, including Non-Emergency Medical Transportation and Early and Periodic Screening, Diagnostic and Treatment (EPSDT) totaled \$2,809,730.58

IX. Health Independence Accounts

The Health Independence Account (HIA) component of the Private Option (My Indy Card) ended this quarter, as required by the Arkansas Works Act. The project was wound down during this quarter and outreach and education efforts informing Private Option enrollees of the termination of the HIA began in April, with contributions accepted only through the end of April. Monthly invoices ceased, but the cards remained active until June 30th. Rollover funds were distributed on behalf of qualified participants. 3,723 individuals were current on payments through April. DHS disbursed \$261,429.18 to 2,197 recipients as a part of the rollover fund wind-down.