

**ARKANSAS HEALTH CARE INDEPENDENCE PROGRAM  
(PRIVATE OPTION) SECTION 1115 DEMONSTRATION  
FACT SHEET**

<b>Name of Section 1115 Demonstration:</b>	Arkansas Health Care Independence Program (Private Option)
<b>Waiver Number:</b>	11-W-00287/6
<b>Date Proposal Submitted:</b>	August 6, 2013
<b>Date Proposal Approved:</b>	September 27, 2013, Amended January 1, 2015
<b>Date Implemented:</b>	October 1, 2013
<b>Date Expires:</b>	December 31, 2016

**SUMMARY**

The Private Option demonstration was authorized under section 1115(a) of the Social Security Act (the Act) through December 31, 2016. The Private Option demonstration represented the first federal-state partnership for a premium assistance demonstration to enroll individuals in the new adult group into the Marketplace.

Under the Private Option demonstration, the state will ensure newly eligible adults enroll in coverage from QHPs offered in the individual market through the Marketplace by ensuring premium assistance for beneficiaries eligible for the new adult group under the state plan.

The demonstration also allows for the collection of premiums for adults under 133 percent of the federal poverty level (FPL). Arkansas will establish Independence Accounts (IA) to collect monthly contributions from beneficiaries with incomes from 50 percent up to and including 133 percent of the FPL will be asked to contribute a monthly amount based on income. Beneficiaries will not lose or be denied eligibility for the Private Option if they do not contribute to the Independence Accounts. Beneficiaries who do not make monthly Independence Account contributions will be charged cost sharing in a manner consistent with federal regulations.

**ELIGIBILITY**

In Arkansas, individuals eligible for coverage under the new adult group are either (1) childless adults ages 19 through 64 with incomes at or below 133 percent of the FPL or (2) parents and other caretaker relatives between the ages of 19 through 64 with incomes between approximately 17 and 133 percent of the FPL (collectively Private Option beneficiaries).

**ENROLLMENT**

Through this demonstration, Arkansas predicted an enrollment of approximately 200,000 in the first year of the demonstration. Enrollment activities for the new adult population began on October 1, 2013 for the Private Option QHPs with eligibility effective January 1, 2014.

**ARKANSAS HEALTH CARE INDEPENDENCE (PRIVATE OPTION) SECTION  
1115 DEMONSTRATION  
FACT SHEET**

**DELIVERY SYSTEM**

Arkansas currently delivers Medicaid largely through fee-for-service with some primary care case management. Arkansas will provide coverage for the new adult group through a different delivery system. The state will use this demonstration to provide coverage for Private Option eligible Medicaid beneficiaries through QHPs offered in the individual market instead of the fee-for-service delivery system that serves the traditional Medicaid population. The state will pay premiums for QHPs in the Marketplace for Private Option beneficiaries. Beneficiaries enrolled in the QHP will be offered benefits through the QHP with wrap around provisions by the state Medicaid agency including non-emergency medical transportation (NEMT), family planning at non-network providers, and for individuals aged 19 and 20, early and periodic screening and diagnostic treatment (EPSDT).

**COST SHARING**

This amendment to the demonstration allows for a waiver of comparability, applicable to the extent necessary to enable the state to impose targeted cost sharing on individuals in the eligibility group found at Section 1902(a)(10)(A)(i)(VIII) of the Act. All individuals who are statutorily required to be exempt from cost sharing will be exempt from cost sharing under the Demonstration, including pregnant women and American Indians/Alaskan Natives. Cost sharing levels will be consistent with federal regulations.

**AMENDMENTS**

Date Amendment #1 Submitted: September 15, 2014  
Date Amendment #1 Approved: December 31, 2014  
Date Amendment #1 Effective: January 1, 2015

**Description:** This amendment provides a waiver of section 1902(a)(14) of the Social Security Act for Arkansas to establish Independence Accounts (IA) to collect monthly contributions from beneficiaries with incomes from 50 percent up to and including 133 percent of the Federal Poverty Level (FPL). With a few exceptions, beneficiaries with incomes starting from 50 percent up to 133 percent of the FPL will be asked to contribute a monthly amount based on income. Beneficiaries will not lose or be denied eligibility for the Private Option if they do not contribute to the Independence Accounts. Beneficiaries who do not make monthly Independence Account contributions will be charged cost sharing, in a manner consistent with federal regulations. This amendment will enable the State to test the impact of Independence Accounts in smoothing beneficiary transitions out of the Private Option and into private market plans or Medicare.

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