

**ARKANSAS WORK SECTION 1115 DEMONSTRATION
FACT SHEET**

March 5, 2018

Name of Section 1115 Demonstration:	Arkansas Works (Originally called Arkansas Health Care Independence Program or the Private Option)
Waiver Number:	11-W-00287/6
Date Proposal Submitted:	August 6, 2013
Date Proposal Approved:	September 27, 2013,
Date Implemented:	October 1, 2013
Date Expired:	December 31, 2016
Date Extension Application Submitted:	July 7, 2016
Date Extension Application Approved:	December 8, 2016
Date Implemented:	January 1, 2017
Date Expires:	December 31, 2021

SUMMARY

Arkansas was the first state to expand Medicaid using a section 1115 demonstration. In September 2013, CMS approved Arkansas' request for a three-year Medicaid premium assistance demonstration entitled "Arkansas Health Care Independence Program (HCIP)," commonly referred to as the "Private Option." The demonstration allowed Arkansas to support the purchase of coverage by most newly eligible adults of qualified health plans (QHPs) offering coverage on the Marketplace with premium assistance from Medicaid, effective January 1, 2014 through December 31, 2016.

The goals of the demonstration include:

- Providing continuity of coverage for individuals,
- Improving access to providers,
- Improving continuity of care across the continuum of coverage,
- Furthering quality improvement and delivery system reform initiatives, and
- Leveraging employer contributions for insurance coverage to enhance Medicaid coverage.

As of January 1, 2017, beneficiaries will receive coverage through the Arkansas Works demonstration. Through Arkansas Works, the state will continue using premium assistance to purchase QHPs offered through the individual market in the Marketplace for those eligible for expanded coverage under Title XIX, in addition to creating a mandatory employer sponsored insurance (ESI) program and instituting premiums for individuals with incomes over 100 percent FPL. The state also received conditional authority to waive retroactive eligibility, subject to state coming into compliance with statutory and regulatory requirements related to the determination of eligibility.

On March 5, 2018, CMS approved the authority for Arkansas to implement community engagement activities under its demonstration beginning June 1, 2018. Arkansas Works beneficiaries ages 19 through 49 are required to participate in community engagement activities, such as employment, education, job skills training or community service. Beneficiaries must complete 80 hours of community engagement activities per month in order to maintain eligibility for Arkansas Works. Upon amending Arkansas' demonstration and adding the implementation of the community engagement program, Arkansas updated and added several new demonstration goals. These goals include:

- Requiring beneficiaries to pay a monthly premium to promote more efficient use of health care services,
- Improving health outcomes and promoting independence through employment and community engagement; and
- Furthering quality improvement and delivery system reform initiatives that are successful across population groups.

Arkansas also phased out its mandatory employer sponsored coverage premium assistance program. Beginning January 1, 2018, beneficiaries enrolled in this program are transitioned to QHP coverage under the demonstration.

ELIGIBILITY

The new adult group, specifically, adults up to and including 133 percent of the FPL who meet the other criteria specified in Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act are covered through this demonstration.

ENROLLMENT

Through this demonstration, Arkansas estimates that approximately 272,000 individual will be enrolled in Arkansas Works by 2021.

DELIVERY SYSTEM

The state will continue to use this demonstration to provide coverage for 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.

COST SHARING

Individuals with incomes at or below 100 percent of the FPL will not be subject to premiums or cost sharing. Arkansas Works enrollees with incomes above 100 percent of the FPL will be required to pay monthly premiums of up to 2 percent of household income. Individuals who do not pay their premiums in a timely manner (within a 90-day grace period) will incur a debt to the state.

Individuals with incomes above 100 percent of the FPL will continue to be subject to point-of-service cost sharing consistent with Medicaid limits (premiums and cost sharing will be no more

than 5 percent of quarterly household income). The state will wrap any cost sharing beyond Medicaid limits.

AMENDMENTS

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

Amendment 1 provided 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 did not make monthly Independence Account contributions were charged cost sharing, in a manner consistent with federal regulation. This amendment enabled 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. This authority expired December 31, 2016 and was not extended under the Arkansas Works demonstration.

Date Amendment #2 Submitted:	June 30, 2017
Date Amendment #2 Approved:	March 5, 2018
Date Amendment #2 Effective:	March 5, 2018; June 1, 2018 (Community engagement)

Amendment 2 authorizes Arkansas to require community engagement as a condition of eligibility for certain Arkansas Works beneficiaries. Non-exempt beneficiaries ages 19 through 49 are required to engage in qualifying activities for at least 80 hours per month to remain covered under Arkansas Works. The community engagement program is required to align with the requirements of the state's Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) work and community engagement programs. Amendment 2 also allows Arkansas to effectuate its retroactive eligibility waiver. The requirement to provide retroactive coverage to beneficiaries in the new adult group is waived (including medically frail beneficiaries covered through fee-for-service and American Indians/Alaska Natives).

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