



Arkansas Works Section 1115 Demonstration Waiver

QUARTERLY REPORT

April 1, 2019 – June 30, 2019

❖ Executive Summary

In 2016, the Arkansas Department of Human Services (DHS) ended the Private Option and created Arkansas Works as an amendment to the demonstration program.

In January 2017, DHS referred all individuals enrolled in Arkansas Works to the Arkansas Department of Workforce Services (DWS). The referral allowed enrollees to voluntarily seek assistance with job training and job placement. However, from January 2017 to January 2018, only 4.7 percent of beneficiaries acted upon the referral and used the services offered by DWS. Of that number, 23 percent became employed through this process. In July 2017, DHS submitted an amendment to the waiver requiring certain able-bodied adults without dependents (ABAWD) to participate in work and community engagement (WCE) requirements. Following CMS approval in March 5, 2018, DHS began the reporting requirement on June 1, 2018.

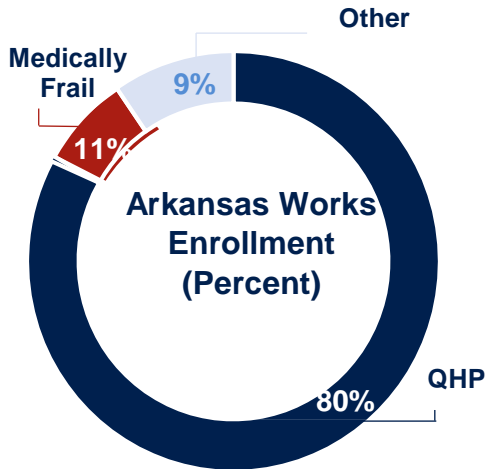
In 2018, with the implementation of the Arkansas Works WCE requirements, Arkansas sought to begin testing whether a “stronger incentive model is more effective in encouraging participation.”ⁱ The approved Arkansas Works amendment required abled-bodied individuals to engage in work and community engagement activities, which included education and training. Such requirements promote the objectives of Title XIX. The waiver amendment established a WCE requirement for non-disabled, childless adults who were 19-49 years old. In 2018, the WCE requirement applied to those people ages 30-49. In 2019, the WCE requirement also applied to individuals ages 19-29. On March 27, 2019, the D.C. Federal District Court vacated the U.S. Department of Health and Human Services waiver approving the Arkansas Works WCE requirement. The legal proceedings are ongoing, and the WCE reporting requirements for Arkansas Works clients have been suspended while those proceedings continue.

Enrollment in Arkansas Works was 250,573 in April 2019; 249,025 in May 2019; and 250,129 in June 2019. The program continues to operate below the budget neutrality cap, which is \$625.39 for each client covered by Arkansas Works in 2019.

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 250,129 individuals were enrolled in Arkansas Works in June 2019. Of these individuals:



- **Eighty percent** received Arkansas Works coverage through a qualified health plan (QHP) purchased from plans offered through the Healthcare Insurance Marketplace.
- **Eleven percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Nine 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 clients this quarter:

Arkansas Works Enrollment and Premium Information (April – June 2019)						
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
April	250,573	27,228	201,439	\$88,410,798.71	\$42,895,107.29	\$702,276.71
May	249,025	27,308	200,098	\$91,582,756.88	\$33,169,447.12	\$713,633.74
June	250,129	27,198	201,283	\$89,643,792.92	\$35,740,114.08	\$718,589.98

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$383,576,537.43 of this amount:

- \$269,637,348.51 was paid to the issuers for premiums
- \$111,804,688.49 was paid for advanced cost-sharing reductions

- \$2,134,500.43 was the total amount for wrap costs, including Non-Emergency Medical Transportation (NET) and Early and Periodic Screening, Diagnostic, and Treatment (EPSDT).

BUDGET NEUTRALITY WORKBOOK

During this quarter, the payments for each client who received Arkansas Works coverage through QHPs remained below the budget neutrality cap. The table below shows the breakdown of payments for each client with a paid premium, and the table compares the total cost to the budget neutrality cap:

Arkansas Works Budget Neutrality Information for Each Individual with a Paid Premium (April-June 2019)					
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
April	\$438.90	\$212.94	\$3.49	\$655.33	\$625.39
May	\$457.69	\$165.77	\$3.57	\$627.02	\$625.39
June	\$445.36	\$177.56	\$3.57	\$626.49	\$625.39

❖ Operational Updates

PRESS REPORTS

April 2019

April 1-8, 2019: Local media and national media continued coverage following a federal judge's decision that placed the work and community engagement requirement on hold. A state lawmaker also introduced legislation during the legislative session regarding reinstating benefits for those whose coverage ended due to not meeting the requirement. The Arkansas House of Representatives approved the state Medicaid expansion budget. Local media coverage includes KATV, the *Arkansas-Democrat Gazette*, and the *Arkansas Times*. (1)

April 9-17, 2019: Local and national outlets, including CNN, KATV, KARK, the *Arkansas Democrat-Gazette*, and *The Arkansas Times* continued coverage of Arkansas Works as the Trump Administration considered appeals of the Medicaid work and community engagement requirement decision. Coverage included statements from Arkansas Governor Asa Hutchinson regarding the Federal Appeals Court's plans to expedite the appeal. (2)

April 15, 2019: DHS released the [monthly enrollment and expenditure report](#) for Arkansas Medicaid, including statistics on Arkansas Works. Coverage included articles by *Arkansas Times* and *Talk Business & Politics*. (3)

April 20-30, 2019: Local and national outlets continued coverage regarding the Arkansas Works work and community engagement requirement when the Department of Justice appealed the District Court rulings that placed the requirement on hold. Coverage included articles and stories by KATV, KAIT, the *National Law Review*, the *Arkansas Democrat-Gazette*, and the *Arkansas Times*. (4)

May 2019

May 1-13, 2019: Local media outlets speculated about what could happen next for Medicaid expansion in Arkansas, while a new study analyzed the Arkansas Works requirement effort to reduce Arkansans' need for public assistance and to help them gain employment. (5)

May 16, 2019: DHS released the [monthly Medicaid enrollment and expenditure report](#), which provides data on Arkansas Medicaid including Arkansas Works. (6)

May 15-24, 2019: Local and national media covered the Trump Administration's announcement it would attempt to reverse the ruling that halted the Medicaid work and community requirements for Arkansas and Kentucky. Coverage also focused on an appellate brief filed by the State, which claimed the judge misinterpreted Medicaid law. Local media coverage includes the *Arkansas Democrat-Gazette* and the *Arkansas Times*, while national coverage includes *Insider Louisville*. (7)

June 2019

June 10-21, 2019: Media outlets debate the merits of the Arkansas Works work and community engagement requirement and the findings of a new study released that examined whether the requirement helped to boost employment. Coverage included the *Arkansas Democrat-Gazette*, the *Arkansas Times*, *The Federalist*, the *Becker Hospital Review*, and the *Kaiser Family Foundation*. (8)

June 18, 2019: DHS distributed the [Medicaid monthly enrollment and expenditure report](#), which includes statistics on Medicaid programs including Arkansas Works.(9)

June 22-30, 2019: Reviews of the work and community engagement requirement continued, and media coverage included articles regarding documents filed by attorneys for two Medicaid recipients in the U.S. Court of Appeals for the District of Columbia Circuit asking the court to uphold the ruling by a federal judge to halt the requirement. Local media coverage includes the *Arkansas-Democrat Gazette* and the *Arkansas Times*. (10)

OUTREACH EFFORTS

AFMC and DHS targeted new enrollees to the Arkansas Works program between the ages of 19 and 39 to educate them about general program information, ensured their contact information was current, discussed the importance of choosing a carrier or primary care provider and referred clients to job training and community opportunities. AFMC's primary goals were to (1) ensure the client was aware of his or her status, (2) help answer client questions, and (3) educate the client on the reporting process for changes to his or her information. Those efforts are summarized below:

AFMC Outreach Clients Required to Report WCE Activities Following Month (April-June 2019)				
Month	Beneficiaries in Target Audience	Number of Calls Placed	Beneficiaries Successfully Educated	Referrals to WCE activity resources
April	5,928	9,930	1,083	2,202
May	13,539	19,610	3,951	1,136
June	6,127	26,136	2,788	920

DHS has also continued targeted outreach to Arkansas Works clients in social media posts and online website content regarding the importance of preventive services, developing a relationship with their PCP, working in a job they enjoy, contributing to their community, continuing their education, and getting assistance from the Arkansas Department of Workforce Services (DWS).

PUBLIC FORUMS

No public forums were done this quarter.

LAWSUITS

On March 27, 2019, the D.C. Federal District Court vacated the U.S. Health and Human Services waiver approving the Arkansas Works Work Requirement.

The decision in that case is now on appeal before the D.C. Federal Circuit Appeals Court.

A motion to expedite has been granted, briefs have been filed, and oral arguments are scheduled for October 11, 2019.

❖ Evaluation Progress and Activities

Beginning on July 1, 2015, the Arkansas Center for Health Improvement (ACHI) entered into a contract with DHS/DMS to provide an evaluation of the Arkansas Works demonstration. This contract looked at whether Arkansas Medicaid Beneficiaries received the same, better or worse care under Arkansas Works than under traditional FFS (Fee-For-Service) Medicaid.

The scope of the evaluation included an assessment of the demonstration goals of improving access, improving care and outcomes, reducing churn, and lowering costs. This was accomplished 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.
- 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 four (4) internal meetings with members of the Evaluation's Data Team to discuss the progress of data and indicators for the final report
- Conducted eight (8) internal ACHI Planning Meetings to plan the final report
- Conducted five (5) internal meetings with the ACHI data team to discuss the receiving and processing of data
- Conducted one (1) meeting with DHS to review the Health Care Independence Program 'Private Option' final report
- Conducted seven (7) internal meetings with members of the qualitative studies team to discuss the simulated patient 'secret shopper' survey and the one-on-one individual interviews for the Arkansas Works interim report
- Completed the final analyses of data and construction of indicators for the Health Care Independence Program 'Private Option' final report
- Completed and submitted the final report to Arkansas Medicaid
- At the request of Arkansas Medicaid, submitted final report to CMS
- Began scheduling participants and conducting one-on-one interviewing Completed primary data collection for the simulated patient 'secret shopper' survey
- Began data cleaning and preliminary analysis for the simulated patient 'secret shopper' survey

ACHI's contract for the Evaluation ended on December 31, 2018. Thereafter, ACHI submitted its final report to DHS/DMS. In its report, ACHI described:

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- Qualitative Telephone Interviews with Arkansas Works and Medicaid Enrollees in 2018;
 - Simulated 'Secret Shopper' and Provider Practice Surveys conducted;
 - Enrollment and Uninsured Low-Income Adults Profile; and
 - Continuity of Coverage Analysis.

Each of these areas of activities supported ACHI's evaluation and subsequent analytical activities.

Evaluation Vendor Procurement

DHS/DMS has awarded the Arkansas Works Waiver Evaluation contract to a successful bidder. The awarded vendor will continue analysis of data from January 1, 2019, forward, so that there are no gaps in data gathered and analyzed in the demonstration analysis.

The awarded vendor is required to use the Evaluation submitted to, and approved by, CMS in 2017. The final IFB has been posted, and DHS/DMS has responded to questions from potential bidders. DHS/DMS announced in June 2019, that the contract was awarded to General Dynamics Information Technology (GDIT). GDIT will begin the Arkansas Works Waiver Evaluation, demonstration analysis on August 1, 2019.

❖ Quality Assurance

The Arkansas Works evaluation will assess the quality of care provided to Arkansas Works clients by analyzing whether clients 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 Arkansas Works evaluation will also explore whether Arkansas Works clients 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.

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ⁱ Seema Verma's approval -- 3/5/18, pg. 2 (<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-works-ca.pdf>)