



# Arkansas Works Section 1115 Demonstration Waiver

**Quarterly REPORT**  
January– March 2020

## ❖ Eligibility and Enrollment

In 2016, the Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) took action to end the Private Option and create Arkansas Works as an amendment to its 1115 demonstration project.

In January 2017, DMS referred all individuals enrolled in Arkansas Works to the Arkansas Department of Workforce Services (DWS), now known as the Arkansas Division 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% of clients acted upon the referral and used the services offered by DWS. Of that number, 23% became employed through this process. In July 2017, DMS submitted an amendment to the waiver requiring certain able-bodied adults without dependents (ABAWD) to participate in work and community engagement (WCE) requirements. Specifically, DMS required all non-disabled, childless adults who were 19-49 years old (ABAWD) to participate in work or community engagement, which included both education and training activities, as well as actual employment. Following CMS approval on March 5, 2018, DMS began the reporting on the WCE requirement on June 1, 2018. In 2018, the WCE requirement applied to those people ages 30-49. In 2019, the WCE requirement also applied to individuals ages 19-29.

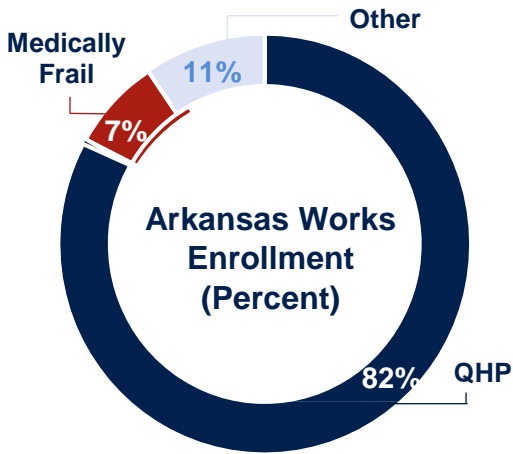
With the implementation of the Arkansas Works WCE requirements, Arkansas sought to begin testing whether a “stronger incentive model is more effective in encouraging participation.”<sup>i</sup> Requirements such as the WCE requirement promote the objectives of Title XIX and encourage the beneficiary to actively participate in their own care. However, 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 WCE reporting requirement for Arkansas Works clients was suspended as a result of that ruling, which was appealed to the U.S. Court of Appeals. Oral arguments took place in Washington, D.C. on October 11, 2019. On February 14, 2020, the U.S. Court of Appeals for the D.C. Circuit affirmed the lower court’s ruling. As of the date of this report, that decision has not been appealed and the work requirement remains suspended at this time.

Enrollment in Arkansas Works was 260,698 in January 2020; 258,546 in February 2020; and 258,130 in March 2020. The program operated below the budget neutrality cap during this quarter, which is \$625.39 for each client covered by Arkansas Works in 2020.

## ❖ Eligibility and Enrollment

### ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 258,130 individuals were enrolled in Arkansas Works. Of those enrolled:



- **Eighty-two percent** received Arkansas Works coverage through a qualified health plan (QHP) purchased from plans offered through the Healthcare Insurance Marketplace.
- **Seven percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Eleven percent** had an interim status, which include a pending QHP assignment 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 (January-March 2020)						
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
January	260,698	20,000	210,109	\$95,046,945.69	\$24,826,130.22	\$746,047.31
February	258,546	19,848	211,101	\$96,004,654.90	\$24,658,874.49	\$749,693.50
March	258,130	19,749	212,497	\$96,920,087.16	\$25,277,961.45	\$753,724.42

## ❖ Utilization and Budget Neutrality

### UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$364,984,119.14. Of this amount:

- \$287,971,687.75 was paid for premiums
- \$74,762,966.16 was paid for advanced cost-sharing reductions
- \$2,249,465.23 was the total amount for wrap costs, which includes 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. It should be noted that these payments do not include the final cost share reduction (CSR) reconciliation that is made at the conclusion of each waiver year; however, the current Memorandum of Understanding (MOU) with the carriers limits the total cost per individual by the budget neutrality PMPM 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 (Jan. – March 2020)					
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
January	\$452.37	\$118.16	\$3.55	\$574.08	\$625.39
February	\$454.78	\$116.81	\$3.55	\$575.14	\$625.39
March	\$456.10	\$118.96	\$3.55	\$578.60	\$625.39

## ❖ Operational Updates

### PRESS REPORTS

#### January 2020

January 7, 2020: As the year began with Arkansas's WCE requirement on hold pending an appeal of judge's decision, national coverage focused on a newly released study that found Medicaid expansion improves health for clients in southern states. Coverage included *The Hill* and WKNO. (1)

January 12-16, 2020: *Truthout* reported on states who were reconsidering their WCE requirements, while *Michigan Health Watch* and *Modern Healthcare* examined other states' plans to implement WCE requirements, citing Arkansas's work and community engagement requirement as an example. (2)

January 22, 2020: DHS released the [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (3)

January 30, 2020: To end the month, outlets examined how the new "Healthy Adult Opportunity" released by CMS would affect Medicaid expansion, including that Arkansas indicated it would explore the option. National coverage included a discussion of the Arkansas WCE within the context of Wisconsin's request to delay implementation of its work requirement. Coverage included articles from *Talk Business and Politics*, *Los Angeles Times*, *Wisconsin State Journal*, and *Associated Press*. (4)

#### February 2020

February 14, 2020: The U.S. Court of Appeals for the D.C. Circuit affirmed the District Court's ruling regarding Arkansas's WCE requirement. Local and national coverage included *The Hill*, the *New York Post*, *Kaiser Health News*, KATV, and KASU, among others. (5)

February 19, 2020: DHS released the [Monthly Enrollment and Expenditure Report](#) for Arkansas Medicaid, including data on Arkansas Works. (6)

February 19-25, 2020: National coverage continued on the U.S. Court of Appeals' decision to affirm a lower court's ruling regarding Arkansas's WCE requirement. (7)

#### March 2020

March 3-6, 2020: Coverage from national outlets including *Enid News & Eagle*, *The Hawk Eye*, and *Jurist* shifted to other states work requirement plans, while Kaiser Family Foundation examined the appeals court's decision on Arkansas's work and community engagement requirement. (8)

March 7-31, 2020: Coverage then turned to focus on the nation's public health emergency related to the COVID-19 pandemic. (9)

## OUTREACH EFFORTS

DHS and its partner, AFMed vendor G, targeted new enrollees to the Arkansas Works program between the ages of 19 and 49 to educate them about general program information, ensure their contact information was current, discuss the importance of choosing a carrier or primary care provider, and refer clients to job training and community opportunities. AFMC's Vendor'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:

<b><u>AFMC Vendor</u> Outreach to Arkansas Work Clients</b> (Jan. – March 2020)				
<b>Month</b>	<b>Clients in Target Audience</b>	<b>Number of Calls Placed</b>	<b>Clients Successfully Educated</b>	<b>Referrals to Community Resources</b>
<b>January</b>	7,273	19,064	3,104	839
<b>February</b>	6,540	24,206	2,639	754
<b>March</b>	6,721	14,369	2,980	490

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, the benefits of working, contributing to their community, continuing their education, and getting assistance from the Arkansas Division of Workforce Services (DWS).

## PUBLIC FORUMS

No public forums were held this quarter.

## LAWSUITS

On February 14, 2020, the United States Court of Appeals for the District of Columbia Circuit upheld the D.C. Federal District Court's decision vacating the waiver approving the Arkansas Works Work and Community Engagement (WCE) Requirement.

## ❖ Evaluation Progress and Activities

DHS has procured a new vendor to evaluate the ongoing Arkansas Works program. ~~General-Dynamics Information Technology (GDIT), the evaluation contractor,~~The evaluation contractor continues to focus on the Arkansas Works (Arkansas Works) program evaluation objectives and timeline. The evaluation will review whether Arkansas Medicaid clients received the same, better, or worse care under Arkansas Works compared to under traditional Fee-For-Service (FFS) Medicaid by looking at these key objectives:

- Clients 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.
- Clients 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.
- Clients will have equal or better continuity of care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Services provided to clients would prove to be cost effective.

### **Evaluation Activities**

- Planning and implementing data integrations
- Configuring data metrics
- Preparing client engagement satisfaction survey and protocols
- Finalizing preliminary evaluation design documents
- Submitting preliminary evaluation design documents to DHS
- Drafting full detailed evaluation design
- Reviewing preliminary data analyses
- Inputting evaluation section material of 2019 annual demonstration report
- Conducting three full Evaluation Team meetings that include key stakeholders from DHS and ~~GDIT~~contractor. Meetings were held monthly during the quarter and included the following topics:
  - Obtaining data from the qualified health plans (QHPs) and stating the risks to deliverables if not received
  - Obtaining QHP nomenclature represented on client coverage cards and stating risks to deliverables if not received

- Setting up recurring monthly closure list distribution from DHS to ~~GDIT~~the contractor
  - Obtaining data from the Arkansas Insurance Department (AID) and stating the risks to deliverables if not received
  - Obtaining data from the former program evaluator
  - Obtaining rate sheets from calendar years 2017-2020
  - Finalizing the client engagement satisfaction survey details
  - Submitting preliminary evaluation design documents including a crosswalk and diagram to CMS for initial design guidance
  - Continuing to draft full evaluation design
  - Refining comparison population aid categories
- Other Meetings Held:
    - DHS/AID/~~GDIT~~Contractor Meeting
    - Nineteen (19) ~~GDIT~~Contractor Key Staff Meetings

## **Evaluation Vendor Procurement**

DMS awarded the overall 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.

DMS announced on June 2019, that the contract was awarded ~~to General Dynamics Information Technology (GDIT). GDIT~~and the contractor -began the Arkansas Works Waiver Evaluation demonstration analysis on August 1, 2019.

Arkansas Medicaid will seek a separate evaluation of the WCE requirement demonstration. The evaluation for the WCE requirement will cover the implementation efforts, outcomes and effects (short-term and long-term, tangible and intangible), and sustainability of the WCE requirements and activities as part of a lasting improvement to the social fabric and population health of all Arkansans. This WCE requirement evaluation design is in addition to the evaluation of the overall Arkansas Works program referenced above. 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. Oral arguments took place in Washington, D.C. on October 11, 2019. On February 14, 2020, the U.S. Federal D.C. Circuit Court of



Appeals affirmed the district court's findings.

## ❖ Quality Assurance

The Arkansas Works overall 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 otherwise received 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 overall evaluation will also explore whether Arkansas Works clients have equal or 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

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