



Arkansas Works Section 1115 Demonstration Waiver

Quarterly REPORT
July-September 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.”ⁱ 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, work requirement remains suspended.

Enrollment in Arkansas Works was 282,179 in July 2020; 285,505 in August 2020; and 290,450 in September 2020 (data pulled on 10/13/2020). The program operated below the budget neutrality cap

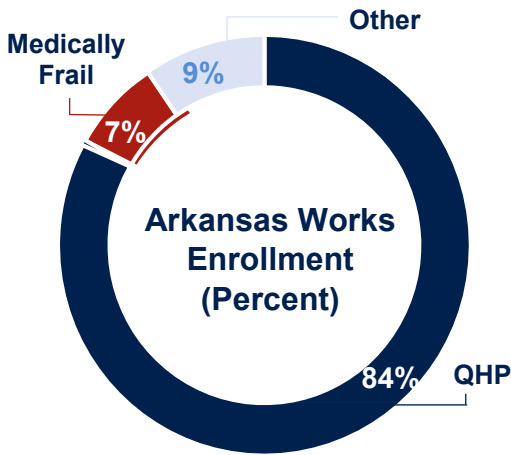
during this quarter, which is \$654.79 for each client covered by Arkansas Works in 2020.¹

¹ Does not include total CSR payments, which are settled the subsequent year.

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 290,450 individuals were enrolled in Arkansas Works. Of those enrolled:



- **Eighty-four 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.
- **Nine 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 (July-September 2020)							
Month	Number of Individuals Enrolled	Number of Individuals Awaiting Assignment	Number of Medically Frail Individuals	Number of Individuals with a Paid Premium	Premium Expenditures	Advance Cost Share Payments	Wrap Costs
July	282,179	23,321	20,474	238,384	\$108,096,831.59	\$28,583,639.65	\$804,938.37
August	285,505	13,877	20,293	251,335	\$106,239,084.94	\$27,855,536.80	\$847,291.14
September	290,450	25,476	20,409	244,565	\$110,101,574.42	\$29,123,632.64	\$978,380.98

UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$412,630,910.49. Of this amount:

- \$324,437,490.91 was paid for premiums

- \$85,562,809.09 was paid for advanced cost-sharing reductions
- \$2,630,610.49 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 (July – September 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	Total Cost Per Individual with a Paid Premium (Less CSR Reconciliation)	Budget Neutrality Cap
July	\$453.46	\$119.91	\$3.38	\$576.74	\$654.79
August	\$422.70	\$110.83	\$3.37	\$536.90	\$654.79
September	\$450.19	\$119.08	\$4.00	\$573.28	\$654.79

❖ Operational Updates

PRESS REPORTS

July 2020

July 1-6, 2020: Arkansas's WCE requirement remained on hold after a federal appeals court panel upheld a lower court's decision to halt the requirement. Local and national coverage from KRCG and the *St. Louis American* reported opinions in favor of Medicaid expansion. (1)

July 13-16, 2020: A national discussion about Medicaid expansion continued as President Trump's administration and Arkansas officials asked the Supreme Court to reinstate Arkansas's WCE. Coverage included the *Missouri Times*, the *Arkansas Times*, and Fierce Healthcare. (2)

July 23-31, 2020: Coverage included Leader Publications and the Kansas City Business Journal, which focused on the upcoming ballot amendment in Missouri citing results in Arkansas. The amendment would allow voters to decide whether Medicaid should be expanded for the state. (3)

August 2020

August 3-9, 2020: National coverage examined the voters' approval to expand Medicaid in Missouri, comparing the state's plans to positive outcomes in Arkansas. Coverage included the *Missouri Times* and the *Arkansas Democrat Gazette*. (4)

August 10, 2020: DHS released the [May Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (5)

August 15-24, 2020: Talk Business & Politics analyzed a report by Arkansas Advocates for Children and Families, which showed that Arkansas Works helped to reduce the state's uninsured population, and the impact of that coverage for Arkansans during the national pandemic. Media outlets, including *The Hill*, *The Tennessean*, and Pharmacy Times, analyzed Medicaid expansion's positive effect in states who had expanded, especially during the pandemic. (6)

August 27, 2020: DHS released the Monthly Enrollment and Expenditures Reports for both [June](#) and [July](#) 2020 for Arkansas Medicaid, which included statistics on Arkansas Works. (7)

August 27-31, 2020: Local coverage on Medicaid expansion in Mississippi continued from the *Arkansas Democrat Gazette*. (8)

September 2020

September 8-14, 2020: A newly published Harvard study analyzing the impacts of Arkansas's WCE on health care coverage, employment, and affordability of care brought local and national coverage from Health Affairs, Benefits Pro, and KATV. The Arkansas Center for Health Improvement also reported a rise in Medicaid enrollment that its analysis showed due to the ongoing pandemic. (9)

September 15, 2020: DHS released the [August Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (10)

September 23-28, 2020: To end the month, the Center on Budget and Policy Priorities focused on coverage during the pandemic, correlating a rise in Medicaid enrollment to the need for coverage. It said states with expanded Medicaid, like Arkansas, were prepared to provide this coverage. The

Centers for Medicare & Medicaid Services (CMS) also released its Federal Fiscal Year 2019 Medicaid and Children’s Health Insurance Program report. (11)

OUTREACH EFFORTS

DHS and its partner vendor, 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 them to job training and community opportunities. DHS’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:

Vendor Outreach to Arkansas Work Clients (July – September 2020)				
Month	Clients in Target Audience	Number of Calls Placed	Clients Successfully Educated	Referrals to Community Resources
July	0	1111	514	81
August	0	836	391	33
September	0	653	263	33

The reduction in number of calls placed and clients who were successfully educated in May and June was due to the COVID-19 pandemic. 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 Requirement.

A Writ of Certiorari was filed with the United States Supreme Court on July 13, 2020. On October 16, 2020, opposing counsel filed its Brief in Opposition to the Petition for Writ of Certiorari in the Arkansas Works case.

A decision on the Writ of Certiorari remains pending.

❖ Evaluation Progress and Activities

DHS has procured a new vendor to evaluate the ongoing Arkansas Works program. 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
- Administering client engagement satisfaction survey and protocols
- Submitting CMS draft evaluation design document to DHS
- Submitting CMS draft evaluation design feedback response to DHS
- Creating and Reviewing CMS draft evaluation design feedback and responses
- Completing tentative final draft evaluation design document
- Submitting tentative final draft evaluation design document to DHS
- Reviewing preliminary data analyses
- Amending the timeline for evaluation design and interim & final report submissions
- Conducting three full Evaluation Team meetings that include key stakeholders from DHS and 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

- Reviewing recurring monthly closure list distribution from DHS to 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
 - Administration of the client engagement satisfaction survey details
 - Review of and submission plan for response to CMS regarding initial draft evaluation design feedback
 - Meeting with CMS regarding initial draft evaluation design feedback
- Other Meetings Held:
 - Eight DHS/GDIT Evaluation Design Meeting

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, 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.

❖ 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

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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>)