



Arkansas Works Section 1115 Demonstration Waiver

Quarterly REPORT
April-June 2021



❖ Eligibility and Enrollment

In 2016, the Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) replaced the Private Option with Arkansas Works through 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, 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 to participate in work or community engagement, which included both education and training activities, as well as actual employment. CMS approved the demonstration amendment on March 5, 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.” (1) Arkansas Works requirements, such as the WCE requirement, promote the objectives of Title XIX and encourage beneficiaries 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 the state 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, the WCE requirement remains suspended. In February 2021, CMS provided the state notice that it will decide whether to withdraw its authority for Arkansas’s WCE requirements.

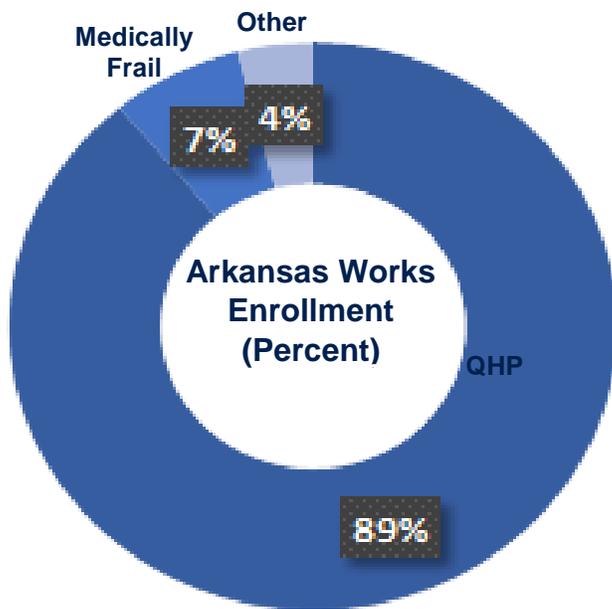
Enrollment in Arkansas Works continued to grow this quarter as the public health emergency continued and DHS was prohibited from disenrolling most beneficiaries. In April enrollment was 321,747; 322,655 in May 2021; and 323,627 in June 2021. The program operated below the budget neutrality cap during this quarter, which is \$685.56 for each client covered by Arkansas Works in 2021.¹

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, 323,627 individuals were enrolled in Arkansas Works. Of those enrolled:



- **Eighty-nine percent** received Arkansas Works coverage through a qualified health plan (QHP) purchased through the Arkansas Health Insurance Marketplace.
- **Seven percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Four percent** had an interim status, which includes 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 (Apr-June 2021) | | | | | | | |
|--|--------------------------------|---|---------------------------------------|---|----------------------|-----------------------------|--------------|
| 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 |
| April | 321,747 | 24,116 | 21,285 | 276,346 | \$122,420,704.40 | \$49,687,855.37 | \$974,332.76 |
| May | 322,655 | 21,219 | 21,345 | 280,091 | \$120,161,064.13 | \$48,924,745.75 | \$988,714.81 |
| June | 323,627 | 13,150 | 21,389 | 289,088 | \$129,024,535.63 | \$51,850,485.05 | \$997,862.93 |

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$525,030,30.83. Of this amount:

- \$371,606,304.16 was paid for premiums.
- \$150,463,086.17 was paid for advanced cost-sharing reductions.
- \$2,960.910.50 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 all clients 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 to the budget neutrality per member per month (PMPM) cap. The table below shows the breakdown of payments for clients with a paid premium, compared with the budget neutrality cap:

| Arkansas Works Budget Neutrality Information for Each Individual with a Paid Premium (Apr-June 2021) | | | | | |
|---|--|---|---|---|-----------------------|
| 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 | \$443.00 | \$179.80 | \$3.53 | \$626.33 | \$685.56 |
| May | \$429.01 | \$174.67 | \$3.53 | \$607.21 | \$685.56 |
| June | \$446.32 | \$179.36 | \$3.45 | \$629.13 | \$685.56 |

❖ Operational Updates

Arkansas Senate Bill 410 was introduced on March 1st, 2021 into the Senate. This bill was introduced to create the Arkansas Health and Opportunity for Me (ARHOME) Program, which replaces the Arkansas Works program in state statute and requires DHS to apply for any federal waivers or Medicaid state plan amendments necessary to implement the program. SB410 is now Act 530 as of April 1st, 2021.

DHS drafted the waiver application for ARHOME and posted it for state public comment. Two public hearings were held on June 21, 2021 and June 22, 2021. DHS submitted the ARHOME waiver application to CMS on July 20, 2021.

PRESS REPORTS

April 2021

April 5: DHS released the February [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (1)

April 8, 2021: National coverage from *U.S. News & World Report* focused on the challenge to the court's decision to block the work requirement under Arkansas Works, as well as forthcoming changes to Arkansas's Medicaid program planned under the new Arkansas Health and Opportunity for Me (ARHOME). (2)

April 12: DHS released the March [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (3)

April 14-21: State media coverage focused on efforts in the Arkansas legislature to pass the appropriation bill with Medicaid funding for the new fiscal year beginning July 1, 2021. This included funding for the new ARHOME program. The bill passed the state House in March, and it was approved in April by the Arkansas Senate after several votes. Coverage included the *Arkansas Democrat-Gazette*, *Talk Business & Politics*, The Associated Press and KATV. (4)

May 2021

May 24: KUAR Public Radio published an interview with a former Arkansas Medicaid Director who called the changes to the state's Medicaid program encouraging and said they will have a positive impact on health outcomes. (5)

May 30: The chancellor for the University of Arkansas for Medical Sciences heralded the passage of ARHOME in an interview with *Talk Business & Politics*. (6)

June 2021

June 15-20: Coverage continued to focus on ARHOME, including pieces focused on the waiver that was set to be submitted and the public comment period on the plan. Stories appeared in the *Arkansas Democrat-Gazette*, on KATV and in the *Arkansas Times*. (7)

June 21: DHS released the [April](#) and [May](#) Monthly Enrollment and Expenditures Reports for Arkansas Medicaid, which included statistics on Arkansas Works. (8)

June 28: A piece in the national Health Affairs blog examined how the ARHOME program will balance enrollees in qualified health plans versus fee-for-service Medicaid, and whether this constitutes “equal access.” (9)

OUTREACH EFFORTS

DHS and its partner vendor assisted the Arkansas Works program recipients between the ages of 19 and 64 with general program information, ensured their contact information was current, discussed the importance of choosing a carrier or primary care provider, provided choice counseling, and made referrals 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 (April – June 2021) | | | |
|---|--------------------------|--------------------------------|----------------------------------|
| Month | Number of Calls Received | AR Works Member Education Call | Referred to Another State Agency |
| April | 631 | 204 | 392 |
| May | 658 | 246 | 361 |
| June | 743 | 381 | 309 |

PUBLIC FORUMS

No public forums were held this quarter.

LAWSUITS

The ARWorks lawsuit before the US Supreme Court is currently on hold while CMS considers Arkansas' Administrative Appeal of CMS' decision to void work rules.

APPEALS

| Month | Appeals Processed | Granted | Denied | Dismissed | Pending | Withdrawn |
|--------------|--------------------------|----------------|---------------|------------------|----------------|------------------|
| <i>April</i> | 2 | 0 | 2 | 0 | 0 | 0 |
| <i>May</i> | 2 | 0 | 2 | 0 | 0 | 0 |
| <i>June</i> | 1 | 1 | 0 | 0 | 0 | 0 |

❖ Evaluation Progress and Activities

General Dynamics Information Technology (GDIT), the evaluation contractor, continues to focus on the Arkansas Works program evaluation objectives and timeline. The evaluation reviews whether Arkansas Medicaid clients received the same, better, or worse care under Arkansas Works than under traditional Fee-For-Service 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 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.

GDIT completed the Arkansas Works Interim Evaluation and DMS submitted it to CMS for review and feedback on June 30.

Evaluation Activities

- Planning and implementing data integrations
- Configuring and calculating data metrics
- Completing final Evaluation Design document
- Submitting final Evaluation Design document on 5/5/21

- Receiving final Evaluation Design approval from CMS on 6/17/21
- Running and reviewing Interim Evaluation metrics
- Weighting and modeling metric outcomes for Interim Evaluation
- Preparing Interim Evaluation
- Submitting Interim Evaluation to CMS on 6/30/21
- Preparing 2021 non-emergency transportation survey
- Analyzing 2020 client engagement satisfaction survey data
- Conducting three Full Evaluation Team meetings that include key stakeholders from DHS and GDIT
 - Monthly Meeting Main Topics
 - Receiving quarterly data from the qualified health plans (QHPs) and issues noted
 - Working with a QHP issuer on receiving 2014-2016 pharmacy claims
 - Reviewing closure list
 - Clarifying QHP data sent from DSS
 - The pending response from CMS regarding Evaluation Design
 - Reviewing initial Interim Evaluation metrics
 - Planning Interim Evaluation preview dates

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