



# Arkansas Works Section 1115 Demonstration Waiver

**Quarterly REPORT**  
January-March 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. Following CMS approval on March 5, 2018, DMS began 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.” (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 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, the WCE requirement remains suspended. In February 2021, CMS provided the state notice that will decide whether to withdraw its authority for Arkansas’s WCE requirements.

Enrollment in Arkansas Works was 312,200 in January 2021; 315,218 in February 2021; and 318,525 in March 2021 (data pulled on April 16, 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.<sup>1</sup>

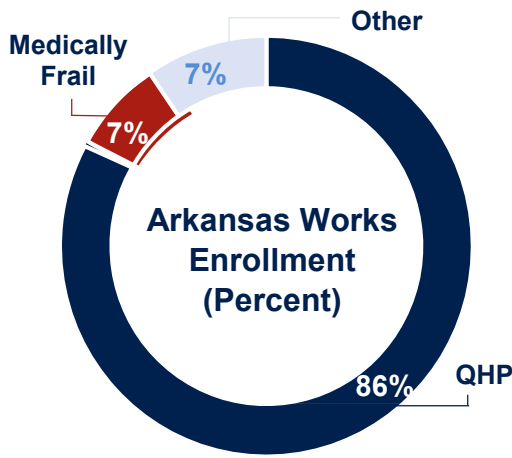
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<sup>1</sup> Does not include total CSR payments, which are settled the subsequent year.

## ❖ Eligibility and Enrollment

### ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 318,525 individuals were enrolled in Arkansas Works. Of those enrolled:



- **Eighty-six 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.
- **Seven 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 (Jan.-March 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		
January	312,200	25,764	23,269	20,474	\$136,953	\$50,448	\$935,879		
February	315,218	26,793	20,783	20,293	\$126,953	\$49,805	\$948,982		
March	318,525	22,100	20,953	20,474	\$136,953	\$50,448	\$935,879		
Quarter	945,943	74,657	65,005	61,241	\$400,859	\$150,701	\$2,820,740		

## ❖ Utilization and Budget Neutrality

### UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$533,061,441  
Of this amount:

- \$378,593,813 was paid for premiums
- \$151,614,394 was paid for advanced cost-sharing reductions
- \$2,853,234 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 (Jan-March 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
January	\$478.05	\$189.97	\$3.52	\$671.54	\$685.56
February	\$462.84	\$186.09	\$3.55	\$652.47	\$685.56
March	\$463.81	\$186.44	\$3.52	\$653.77	\$685.56

## ❖ Operational Updates

Two new staff members were added to the Division of Medical Services in January 2021 and were assigned to the Arkansas Works program. Nell Smith was appointed as the Assistant Director for Population Health. Hilton Taylor was appointed as the Business Operations Manager.

Arkansas Senate Bill 410 was introduced on March 1<sup>st</sup>, 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 1<sup>st</sup>, 2021.

### PRESS REPORTS

#### January 2021

January 6 – 12: As the year began, local and national news focused on the COVID-19 pandemic, the pandemic's effect on healthcare delivery, and the enrollment increase in the Arkansas Works program. A federal law restored Medicaid coverage for the state's adult Marshallese residents, who had been prohibited from Medicaid eligibility since 1996. The regular session of Arkansas's 93rd General Assembly began with expectations of changes to the state's version of Medicaid expansion. Other news coverage examined upcoming U.S. Supreme Court activities concerning its decision to hear the federal government's appeal on the WCE requirements in Arkansas and New Hampshire. Local and national coverage included *Talk Business and Politics*, the *Arkansas Democrat-Gazette*, and *The Common Wealth Fund*. (2)

January 20: DHS released the [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (3)

January 21 - 29: Local reports analyzed a brief submitted by Arkansas Attorney General Leslie Rutledge to the U.S. Supreme Court and filings of support by 18 states. Coverage also included newly-elected President Biden's intent to reopen enrollment for the federal Affordable Care Act exchanges and reexamine Medicaid policies allowing work and community engagement requirements nationwide. Coverage included the *Arkansas Democrat-Gazette*, *Arkansas Times*, *Deltaplex News*, and the *Associated Press*. (4)

## February 2021

February 5 – 8: News coverage from *Mississippi Today* and *HealthInsurance.org* evaluated Arkansas's implementation of WCE requirements, noting some benefits of expansion. (5)

February 12 – 21: National reports covered letters from CMS to states, including Arkansas, giving notice that WCE authorizations were being reexamined, as local reports focused on Arkansas's plan to shift to a new incentive program called ARHOME. Coverage included *Bloomberg Law*, the *Arkansas Times*, and *Arkansas Non-profit News Network*. (6)

February 23: DHS released its [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, including enrollment for Arkansas Works. (7)

February 24: A motion filed by the Department of Justice asked the U.S. Supreme Court to remand the Arkansas and New Hampshire WCE cases and remove oral arguments scheduled in March due to WCE changes being considered by the Department of Health and Human Services (HHS). Coverage included the American Hospital Association. (8)

## March 2021

March 2 – 7: Local reports from KAIT8 and KATV released information about Arkansas's new plan for Medicaid expansion that would continue placing eligible recipients on private health insurance. The reports noted new program features including incentives to work or go to school and provisions that call for enrollees who choose not to participate in the incentive program to be moved to the traditional fee-for-service program. (9)

March 9 – 24: News coverage followed Arkansas Senate Bill 410 for ARHOME, Health & Opportunity for Me as the bill made its way through the legislature. Reports examined the new program's design to incentivize work and education and the removal of the previous work and community engagement requirement. News coverage also focused on the program's intent to address longstanding health issues in Arkansas, such as health for mothers, newborns, veterans, and individuals formerly in foster care; support for substance use issues; and healthcare delivery in rural areas. The bill passed in the Senate 26-3, passed in the House Public Health, Welfare, and Labor Committee and advanced to the House floor. Local coverage included the *Arkansas Democrat-Gazette*, KNWA, KUAF, *Texarkana Gazette*, and UALR Public Radio. (10)

March 26 - 30: As ARHOME progressed in the state legislature, coverage from *JDSupra* focused on HHS's notification that it was determining whether to withdraw approval for Arkansas's work and community engagement requirement. Local coverage of ARHOME included *The Sun Times*. (11)

## 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. These activities are described as “clients successfully educated” in the table below. 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 (Jan.-March 2021)			
Month	Calls Received	Clients Successfully Educated	Referrals to Community Resources
January	877	406	477
February	608	285	312
March	598	277	312

DHS has continued targeted outreach to Arkansas Works clients through 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

The oral argument regarding Arkansas Works was removed from the U.S. Supreme Court docket’s March schedule.

The recent passage of the ARHOME legislation by the Arkansas state legislature has likely obviated the need to continue any Arkansas Works appeals.

## APPEALS

Month	Appeals Processed	Granted	Denied	Dismissed	Pending	Withdrawn
<i>January</i>	3	1	2	0	1	0
<i>February</i>	2	0	0	0	2	0
<i>March</i>	0	0	0	0	0	0

### ❖ Evaluation Progress and Activities

DMS awarded the overall Arkansas Works Waiver Evaluation contract to a successful bidder, General Dynamics Information Technology (GDIT), in June 2019, and the contractor began the demonstration analysis on August 1, 2019. GDIT will continue analysis of data so there are no gaps in data gathered and analyzed in the demonstration analysis.

GDIT, the evaluation contractor, continues to focus on the 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 than under traditional Fee-For-Service FFS Medicaid by looking at these key objectives:

- Clients have equal or better access to health care compared with what they would have otherwise had in the Medicaid FFS system over time.
- Clients have equal or better care and outcomes compared with what they would have otherwise had in the Medicaid FFS system over time.
- Clients have better continuity of care compared with what they would have otherwise had in the Medicaid FFS system over time.
- Services provided to clients are proven to be cost effective.

### Evaluation Activities

During this quarter, GDIT performed the following evaluation activities:

- Planned and implemented data integrations
- Configured data metrics
- Reviewed CMS third round draft evaluation design feedback
- Created CMS third round draft evaluation design feedback response
- Submitted CMS third round draft evaluation design feedback response to DHS

- Reviewed CMS fourth round draft evaluation design feedback
- Met with CMS and DHS regarding fourth round draft evaluation design feedback
- Created CMS fourth round draft evaluation design feedback response
- Submitted CMS fourth round draft evaluation design feedback response
- Completed final draft evaluation design document
- Submitted final draft evaluation design document to DHS and CMS
- Ran and reviewed preliminary metrics
- Weighed and modeled metric outcomes
- Prepped Interim Report framework
- Conducted three Full Evaluation Team meetings that included key stakeholders from DHS and GDIT
  - January Monthly Meeting Main Topics
    - Received data from the qualified health plans (QHPs) and noted issues
    - Reviewed closure list
    - Obtained NET data and reference files from DSS
    - Received premium payment data from DHS
    - Completed administration of client engagement satisfaction survey
    - Reviewed and submitted plan for response to CMS regarding draft evaluation design feedback
    - Met with CMS regarding draft evaluation design feedback
  - February Monthly Meeting Main Topics
    - Received data from the qualified health plans (QHPs) and noted issues
    - Reviewed closure list
    - Obtained NET data and reference files from DSS
    - Submitted updated evaluation design to CMS
  - March Monthly Meeting Main Topics
    - Received data from the QHPs and issues noted
    - Reviewed closure list
    - Obtained NET data and reference files from DSS
    - Submitted updated timelines and deliverables to CMS
    - CMS pending approval of evaluation design
- Other Meetings Held:
  - DHS/GDIT/CMS Evaluation Design discussion on 1/25/21
  - DHS/GDIT Evaluation Design meeting on 2/4/21
  - DHS/GDIT Interim Report update discussion on 3/19/21
  - DHS/GDIT Interim Report timeline meeting on 3/31/21
  - Forty-six (46) GDIT internal key staff meetings

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