



Arkansas Works Section 1115 Demonstration Waiver

Quarterly REPORT
July-September 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.

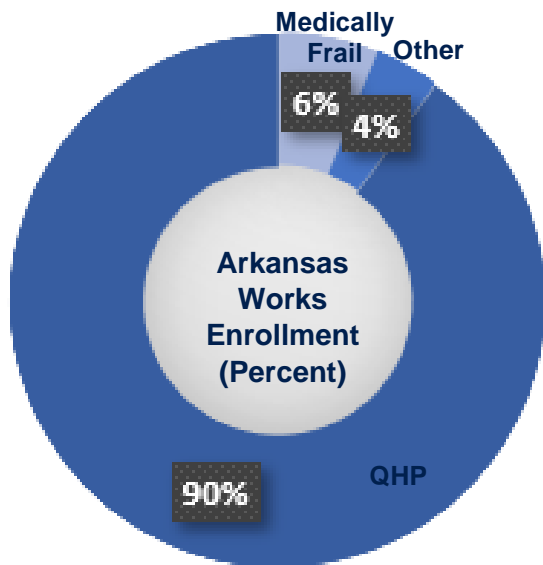
With the implementation of the Arkansas Works WCE requirements, Arkansas sought to begin testing whether a “stronger incentive model is more effective in encouraging participation.” (1) Arkansas Works requirements, such as the WCE requirement, promote the objectives of Title XIX and encourage beneficiaries 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. In March 2021, CMS officially withdrew its approval for the portion of the state’s waiver regarding the community engagement requirement.

Enrollment in Arkansas Works continued to grow this quarter as the public health emergency continued and DHS was prohibited from disenrolling most beneficiaries. Enrollment was 326,095 in July; 328,754 in August 2021; and 330,456 in September 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.

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 330,456 individuals were enrolled in Arkansas Works. Of those enrolled:



- **Ninety percent** received Arkansas Works coverage through a qualified health plan (QHP) purchased through the Arkansas Health Insurance Marketplace.
- **Six 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 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-Sept 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
July	326,095	13,030	21,492	291,573	\$129,296,021.55	\$51,905,170.69	\$1,000,830.61
August	328,754	13,821	21,439	293,494	\$129,982,075.49	\$52,133,301.61	\$1,011,411.43
Sept	330,456	14,411	21,145	294,900	\$131,679,934.48	\$52,772,715.26	\$1,024,887.21

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$550,806,348.33. Of this amount:

- \$390,958,031.52 was paid for premiums.
- \$156,811,187.56 was paid for advanced cost-sharing reductions.
- \$3,037,129.25 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 (July-Sept 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
July	\$443.44	\$178.02	\$3.43	\$624.89	\$685.56
August	\$442.88	\$177.63	\$3.45	\$623.95	\$685.56
Sept	\$446.52	\$178.95	\$3.48	\$628.95	\$685.56

❖ Operational Updates

During the quarter, DHS took steps to plan for the program's continued operations after the expiration of the existing waiver authority at the end of 2021. The state submitted a waiver application in July to replace the Arkansas Works program with the Arkansas Health and Opportunity For Me program. DHS held two public hearings on the application and collected 23 public comments. DHS submitted its waiver application, the public comments and DHS's response to the public comments in July. CMS advised that a summary of the application was needed to fully satisfy the CMS Final Rule on transparency and public notice procedures for Section 1115 Demonstration Projects. The application with the required summary was reposted, generating an additional 16 public comments. DHS resubmitted the application with the additional public comments in late September, and CMS notified the state two days later that the application documentation met the requirements for a complete application.

PRESS REPORTS

July 2021

July 1, 2021: A column from Dr. Joseph W. Thompson in the Healthcare Journal of Arkansas notes changes coming to Arkansas Medicaid under the new Arkansas Health and Opportunity for Me (ARHOME), the planned successor program to the Arkansas Works program. (1)

July 5, 2021: The Searcy Daily Citizen published Arkansas Gov. Asa Hutchinson's column about ARHOME and the ways it will improve Arkansans' health. (2)

July 12, 2021: National coverage from Bloomberg Law noted that the Supreme Court term ended without a decision on the challenge to the work requirement that had been part of Arkansas Works. (3)

July 13, 2021: The Arkansas Center for Health Improvement issued a statement noting that it had submitted a public comment tied to the state's waiver application for ARHOME. (4)

July 20-21, 2021: State media coverage in the *Arkansas Democrat-Gazette* and by The Associated Press detailed the application submission for the waiver to implement ARHOME. (5)

July 23, 2021: National coverage from *U.S. News & World Report* focused on Arkansas's request to implement the new ARHOME program. (6)

July 24, 2021: Coverage in the *Arkansas Democrat-Gazette* focused on Arkansas Gov. Asa Hutchinson's address before the American Enterprise Institute about ARHOME. (7)

August 2021

August 17: DHS released the [June](#) and [July](#) Monthly Enrollment and Expenditures Reports for Arkansas Medicaid, which included statistics on Arkansas Works. (8)

September 2021

September 1: A column by the Assistant Director for the Arkansas Department of Human Services Division of Medical Services in the Healthcare Journal of Arkansas details changes to Arkansas's Medicaid expansion program under the new ARHOME program. (9)

September 20: Coverage from the AARP Foundation focused on the challenge to the work requirement under Arkansas Works as part of a national look at potential Supreme Court decisions. (10)

EDUCATION EFFORTS

DHS and its partner vendor, the Arkansas Foundation for Medical Care (AFMC), 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 Education Efforts (July-September 2021)

Month	Number of Calls Received	AR Works Member Education Call	Referred to Another State Agency	Request to Change QHP	Request Cancellation	Unauthorized Caller	Demographic Changes	Transfer to QHP
July	595	318	266	0	0	0	0	4
August	619	263	344	1	0	0	0	3
September	542	244	294	1	0	0	0	2

PUBLIC FORUMS

DHS strives to maintain and improve the program, including clients' experience and their access to necessary information about the Arkansas Works program. To that end, DHS has scheduled a virtual public forum on the Arkansas Works Waiver for November 16, 2021, at 1:30 p.m. CST.

LAWSUITS

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. In March 2021, the U.S. Supreme Court cancelled the scheduled oral arguments in the case, and CMS officially withdrew its approval for the portion of the state's waiver regarding the community engagement requirement.

Since then, there has been no further activity in the Arkansas Works litigation.

APPEALS

Month - 2021	QUALIFIED* External Reviews Processed (Appeals)	Granted ("Overturned")	Denied ("Upheld")	Dismissed	Withdrawn	Pending
<i>July</i>	4	2	1	0	0	1
<i>August</i>	1	0	0	0	0	1
<i>Sept.</i>	1	0	0	0	0	1

❖ Evaluation Progress and Activities

General Dynamics Information Technology (GDIT), the evaluation contractor, continues to focus on the Arkansas Works program evaluation objectives and timelines. The evaluation reviews whether Arkansas Medicaid clients received the same, better, or worse care under Arkansas Works qualified health plans than under traditional FFS (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.

DMS submitted the draft Interim Evaluation on June 30 and received feedback from CMS on August 25. GDIT reviewed the feedback and adjusted the evaluation as requested. DMS resubmitted the revised Interim Evaluation October 21.

Evaluation Activities

- Planning and implementing data integrations
- Configuring and calculating data metrics
- Reviewing Interim Evaluation feedback, received from CMS on 8/25/21
- Preparing Interim Evaluation feedback response document and updated Interim Evaluation
- Preparing 2020 metric run
- Preparing 2021 non-emergency transportation interviews
- Analyzing 2020 client engagement satisfaction survey data
- Preparing and submitting the Q2 version of this report
- 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
 - Reviewing closure list
 - Clarifying QHP data sends from DSS
 - Preparing for new carrier in 2022
 - Requesting 2020 and 2021 data from AID

- Submitting Q2 report information
 - Planning 2020 metric run
 - Preparing 2021 NET interviews
 - Obtaining 2020 BRFSS data
 - Receiving feedback from CMS regarding Interim Evaluation
 - Preparing Interim Evaluation feedback response document and updating Interim Evaluation
 - Discussing COVID and public health emergency impacts to 2020 and 2021 healthcare and metrics
- Other Meetings Held:
 - DMS/GDIT Interim Report update discussion on 9/15/21
 - DMS/GDIT Interim Report update discussion on 9/23/21
 - Thirty-eight (38) GDIT Internal Key Staff meetings

❖ References

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