



# Arkansas Works Section 1115 Demonstration Waiver

## **QUARTERLY REPORT**

July 1, 2019 – September 30, 2019

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## ❖ Executive Summary

In 2016, the Arkansas Department of Human Services (DHS) ended the Private Option and created Arkansas Works as an amendment to the demonstration program.

In January 2017, DHS referred all individuals enrolled in Arkansas Works to the Arkansas Department 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 percent of beneficiaries acted upon the referral and used the services offered by DWS. Of that number, 23 percent became employed through this process. In July 2017, DHS submitted an amendment to the waiver requiring certain able-bodied adults without dependents (ABAWD) to participate in work and community engagement (WCE) requirements. Following CMS approval in March 5, 2018, DHS began the reporting requirement on June 1, 2018.

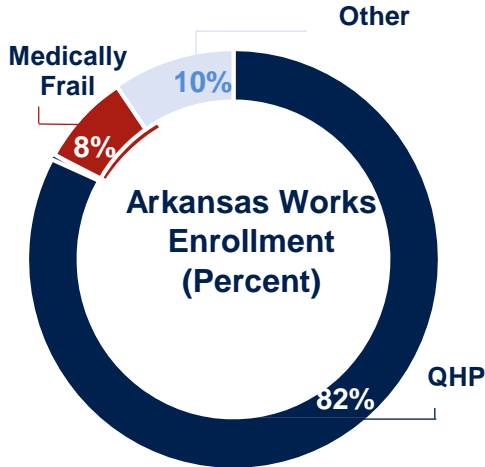
In 2018, with the implementation of the Arkansas Works WCE requirements, Arkansas sought to begin testing whether a “stronger incentive model is more effective in encouraging participation.”<sup>i</sup> The approved Arkansas Works amendment required abled-bodied individuals to engage in work and community engagement activities, which included education and training. Such requirements promote the objectives of Title XIX. The waiver amendment established a WCE requirement for non-disabled, childless adults who were 19-49 years old. In 2018, the WCE requirement applied to those people ages 30-49. In 2019, the WCE requirement also applied to individuals ages 19-29. 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 legal proceedings are ongoing, and the WCE reporting requirements for Arkansas Works clients have been suspended while those proceedings continue.

Enrollment in Arkansas Works was 251,601 in July 2019; 252,873 in August 2019; and 254,035 in September 2019. The program continues to operate below the budget neutrality cap, which is \$625.39 for each client covered by Arkansas Works in 2019.

## ❖ Eligibility and Enrollment

### ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 254,035 individuals were enrolled in Arkansas Works in September 2019. Of these individuals:



- **Eighty-two percent** received Arkansas Works coverage through a qualified health plan (QHP) purchased from plans offered through the Healthcare Insurance Marketplace.
- **Eight percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Ten percent** had an interim status, which include pending a QHP 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 – Sept. 2019)						
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
July	251,601	20,528	204,753	\$91,335,040.14	\$33,436,266.86	\$727,177.97
Aug.	252,873	20,480	205,563	\$92,547,253.36	\$33,539,371.64	\$734,894.16
Sept.	254,035	20,422	208,696	\$93,936,839.26	\$33,924,725.74	\$747,047.78

## ❖ Utilization and Budget Neutrality

### UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$380,928,616.91. Of this amount:

- \$277,819,132.76 was paid to the issuers for premiums
- \$100,900,364.24 was paid for advanced cost-sharing reductions

- \$2,209,119.91 was the total amount for wrap costs, including 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. 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-Sept. 2019)					
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	\$446.07	\$163.30	\$3.55	\$612.92	\$625.39
Aug.	\$450.21	\$163.16	\$3.58	\$616.95	\$625.39
Sept.	\$450.11	\$162.56	\$3.58	\$616.25	\$625.39

## ❖ Operational Updates

### PRESS REPORTS

#### July 2019

July 1, 2019: Media coverage continued as the work and community engagement requirement remained on hold following a federal judge's decision. A new court filing was issued as Indiana implemented a work requirement rule. Local and national coverage included the *Arkansas Democrat-Gazette*, *Arkansas Times*, and *The Progressive Pulse*. (1)

July 9-14, 2019: National media analyzed Medicaid work and community engagement requirements across the country including how Arkansas implemented the requirement. Coverage included *The Roll Call*, *Splinter*, and *New Hampshire Public Radio*. (2)

July 12, 2019: DHS distributed the [Medicaid monthly enrollment and expenditure report](#), which includes statistics on Medicaid programs including Arkansas Works. (3)

July 19-23, 2019: Local and national media covered the Trump administration's appeal of the judge's ruling of Arkansas's work and community engagement requirement. Secretary of State Leslie Rutledge filed a briefing supporting the administration's appeal. The same judge who ruled on Arkansas's work and community engagement requirement, Judge James E. Boasberg, also reviewed a similar

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requirement in New Hampshire. Coverage included the *Arkansas Democrat-Gazette*, *Arkansas Times*, and *The Roll Call*. (4)

July 29-30, 2019: Judge Boasberg issued a ruling on the work requirement rule in New Hampshire. National coverage included *The Hill*. The *Arkansas Democrat-Gazette* reported on the Arkansas Insurance Department's announcement of a possible rate increase for plans including those for Arkansas Works clients. (5)

## **August 2019**

August 2, 2019: Oral arguments were scheduled for October 2019 on the Trump Administration's appeal of the ruling on the Medicaid work and community engagement requirements in Arkansas and Kentucky. Local and national coverage included the *Arkansas Democrat-Gazette* and *Insider Louisville*. (6)

August 6-8, 2019: Local media including KATV, the *Associated Press*, and the *Arkansas Democrat-Gazette* reported on Governor Hutchinson's comments on a proposed change to the state's Medicaid eligibility requirements. Meanwhile, national media analyzed the effectiveness of Medicaid work and community engagement requirements across the country with coverage including *The Keene Sentinel*, *Inside Sources*, Kaiser Family Foundation, and *Jackson Clarion Ledger*. (7)

August 27-28, 2019: National coverage focused on the ruling by a federal court on the Medicaid work requirement in New Hampshire, which included discussions of Arkansas's implementation of work and community engagement requirements. (8)

## **September 2019**

September 3, 2019: Media continued to provide reviews of work and community engagement requirement rules and analyzed how court challenges could affect the future of states seeking to implement the rules. (9)

September 13, 2019: DHS released the [Medicaid monthly enrollment and expenditure report](#), which includes statistics on Medicaid programs including Arkansas Works. (10)

September 23-26, 2019: National media covered lawsuits filed to challenge the work and community engagement requirement in Indiana and included comparisons to Arkansas's work and community engagement requirement program. As reviews continued on the effects of a possible reinstatement of work requirements, Idaho submitted an application to implement state work requirement rules. (11)

## OUTREACH EFFORTS

AFMC and DHS targeted new enrollees to the Arkansas Works program between the ages of 19 and 49 to educate them about general program information, ensured their contact information was current, discussed the importance of choosing a carrier or primary care provider and referred clients to job training and community opportunities. AFMC'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>AFMC Outreach to Arkansas Work Clients</b> (July-Sept. 2019)				
<b>Month</b>	<b>Beneficiaries in Target Audience</b>	<b>Number of Calls Placed</b>	<b>Beneficiaries Successfully Educated</b>	<b>Referrals to Community Resources</b>
<b>July</b>	6,409	19,125	2,795	979
<b>Aug.</b>	6,481	26,463	2,868	676
<b>Sept.</b>	6,439	25,003	2,772	817

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 done this quarter.

## LAWSUITS

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.

The decision in that case remains on appeal before the D.C. Federal Circuit Appeals Court.

Oral arguments took place in Washington, D.C. on October 11, 2019, and the parties now await a decision in that matter.

## ❖ Evaluation Progress and Activities

Beginning on July 1, 2015, the Arkansas Center for Health Improvement (ACHI) entered into a contract with DHS/DMS to provide an evaluation of the initial demonstration. This contract looked at whether Arkansas Medicaid Beneficiaries received the same, better or worse care under Arkansas Works than under traditional FFS (Fee-For-Service) Medicaid.

The scope of the evaluation included an assessment of the demonstration goals of improving access, improving care and outcomes, reducing churn, and lowering costs. This was accomplished by

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measuring whether:

- Beneficiaries 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.
- Beneficiaries 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.
- Beneficiaries 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 beneficiaries will prove to be cost effective.
- The employer-sponsored insurance program will produce greater system efficiencies and individual outcomes than QHP premium assistance program.
- Beneficiaries will effectively participate in an incentive benefits program.

### **Evaluation Activities**

- Conducted two (2) Full Evaluation Team Meetings
- Conducted four (4) internal meetings with members of the Evaluation's Data Team to discuss the progress of data and indicators for the final report
- Conducted eight (8) internal ACHI Planning Meetings to plan the final report
- Conducted five (5) internal meetings with the ACHI data team to discuss the receiving and processing of data
- Conducted one (1) meeting with DHS to review the Health Care Independence Program 'Private Option' final report
- Conducted seven (7) internal meetings with members of the qualitative studies team to discuss the simulated patient 'secret shopper' survey and the one-on-one individual interviews for the Arkansas Works interim report
- Completed the final analyses of data and construction of indicators for the Health Care Independence Program 'Private Option' final report
- Completed and submitted the final report to Arkansas Medicaid
- At the request of Arkansas Medicaid, submitted final report to CMS
- Began scheduling participants and conducting one-on-one interviewing Completed primary data collection for the simulated patient 'secret shopper' survey
- Began data cleaning and preliminary analysis for the simulated patient 'secret shopper' survey

ACHI's contract for the Evaluation ended on December 31, 2018. Thereafter, ACHI submitted its final report to DHS/DMS. In its report, ACHI described:

- Qualitative Telephone Interviews with Arkansas Works and Medicaid Enrollees in 2018;
- Simulated 'Secret Shopper' and Provider Practice Surveys conducted;
- Enrollment and Uninsured Low-Income Adults Profile; and



Each of these areas of activities supported ACHI's evaluation and subsequent analytical activities.

### **Evaluation Vendor Procurement**

DHS/DMS has awarded the 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.

The awarded vendor is required to use the Evaluation submitted to, and approved by, CMS in 2017. The final IFB has been posted, and DHS/DMS has responded to questions from potential bidders. DHS/DMS announced in June 2019, that the contract was awarded to General Dynamics Information Technology (GDIT). GDIT 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 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 had otherwise 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 evaluation will also explore whether Arkansas Works clients have 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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<sup>i</sup> 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>)