

Request to Amend the  
ARHOME Section 1115 Demonstration Project  
Project No. 11-W-00365/4

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State of Arkansas  
Department of Human Services



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## Section I: Executive Summary

Since 2014, Arkansas has provided health care coverage to the Medicaid new adult group primarily through private sector qualified health plans (QHPs) through the authorities granted in a Section 1115 Demonstration Project (the Waiver). The QHPs are private health insurance plans licensed by the Arkansas Insurance Department (AID). The most recent waiver, the Arkansas Health and Opportunity for Me (ARHOME) program, continues this framework and was approved by the Centers for Medicare & Medicaid Services (CMS) to be effective January 1, 2022, through December 31, 2026. ARHOME is designed to improve the quality of services provided by the QHPs and the health of assigned beneficiaries. It also includes intensive care coordination for targeted populations through Life360 HOME programs.

The ARHOME program provides health care coverage to more than 348,000 beneficiaries (as of the end of February 2023), between the ages of 19 and 64 who are not enrolled in Medicare and who are either (1) childless adults with household income at or below 138% of the federal poverty level (FPL) or (2) parents with dependent children and income between roughly 14% and 138% FPL. The ARHOME program provides eligibility to this new adult group otherwise determined eligible for Medicaid under Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

This proposed Opportunities for Success Amendment to the waiver (the Amendment) builds on the opportunities provided to low-income Arkansans through the QHPs and Life360 HOMEs. The fundamental goal of this Amendment is to provide opportunities for success and access to resources that will assist low-income Arkansas adults enrolled in ARHOME improve their health and financial well-being. Providing beneficiaries with resources to engage more meaningfully in their health care, community and the workforce will help meet their health-related social needs (HRSN), including economic stability, and is critical to improving the health status of Arkansans. It is well documented that poverty is closely connected to poor health outcomes and even premature death. One study found that “experiencing poverty or near poverty (living at incomes below 200 percent of the federal poverty level) imposed the greatest burden and lowered quality-adjusted life expectancy more than any other risk factor ...”.<sup>1</sup> Ultimately, by improving beneficiaries’ health and providing resources to support economic stability, the state hopes to help beneficiaries move from government dependence to economic independence. This initiative offers a pathway for beneficiaries to obtain health insurance coverage through the individual marketplace or through employers, which is how most Americans obtain their health insurance coverage.<sup>2</sup>

ARHOME stands for Arkansas “health and opportunity” for me. The Amendment will emphasize presenting access to new and existing opportunities to help unemployed and underemployed beneficiaries move toward both better health and economic independence. Arkansas already has CMS approval to offer intensive care coordination to targeted groups of beneficiaries who are served in one of the three Life360 HOME models (Maternal, Rural, or Success). As part of their role, the Life360 HOMEs connect their clients to nonmedical services in their communities and help them navigate medical services to address their HRSN. While the general ARHOME population does not need the same care coordination intensity that occurs in the Life360 HOME, which may include daily interactions and home visitation, this Amendment seeks to expand the

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<sup>1</sup> <https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf> p. 8.

<sup>2</sup> <https://www.cbo.gov/system/files/2022-06/57962-health-insurance-subsidies.pdf> 159 million covered through employers see p.16

availability of less intensive and focused care coordination services to more beneficiaries, specifically those who are not otherwise engaged in their healthcare or communities. These beneficiaries will be offered care coordination services through a Success Coach. The Success Coach will screen and refer for HRSNs, and facilitate beneficiary access to opportunities for employment, education, and training, including job readiness and job search activities through the development of an Action Plan.

If a beneficiary consistently declines to participate in health improvement and economic independence opportunities, a beneficiary may be re-assigned from the QHP to the Fee-for-Service (FFS) delivery system. In no event will a beneficiary lose Medicaid eligibility or have a reduction in benefits.

## **Section II: Historical Narrative Description**

### **2.1 Summary of Current ARHOME Section 1115 Demonstration**

The current ARHOME waiver, approved for the period running January 1, 2022, through December 31, 2026, continues the preexisting structure in which Arkansas Medicaid purchases coverage from QHPs for the majority of program enrollees. Current benefit packages for QHPs and FFS also remained the same in the ARHOME renewal waiver.

Under the approved structure, the Arkansas Department of Human Services (DHS) makes monthly capitated payments to the QHPs to cover the cost of premiums. It also makes advanced cost sharing reduction (ACSR) payments to the QHPs to reimburse providers the cost of deductibles and copayments. The difference between the ACSR payments and actual cost sharing payments from the QHPs to providers is reconciled annually. Total payments to the QHPs on behalf of their members have an average value of approximately \$8,100 per person per year. Total payments made to QHPs in calendar 2022 were \$2.5 billion.

The QHPs also sell individual health insurance products available through the Federally Facilitated Marketplace (FFM). When an individual's household income increases to above 138% FPL, the individual has the opportunity to remain in the same plan with the same Essential Health Benefits (EHB) and network of providers. This seamless transition is unique to Arkansas because of the 2014 waiver and provides a way for individuals to avoid the benefit cliff Medicaid enrollees typically face when their incomes increase. Although Medicaid would no longer pay premiums on behalf of an individual who is no longer eligible due to a higher FPL, the majority likely would qualify for federal tax subsidies to cover all or some of their health care costs.

Everyone who is determined eligible for Arkansas Medicaid under the new adult group begins coverage in the Medicaid FFS delivery system. Approximately 24,000 beneficiaries per month are in FFS temporarily awaiting enrollment into a QHP. Beneficiaries may choose a QHP at time of enrollment. However, if a beneficiary does not pick a plan within 42 days of enrollment, DHS auto-assigns the beneficiary to a QHP. Approximately 75% (pre-COVID) of those who are enrolled in a QHP were auto assigned.

The benefits for the new adult group, both in QHPs and FFS, meet the requirements of the EHB package. QHPs form their own provider networks throughout the state and FFS does as well. DHS data analysis shows that the Medicaid FFS provider network (including primary care

physicians and specialists) is similar to the number of providers in the networks offered by the QHPs.

Beyond benefits and provider networks, enrollment in a QHP provides certain advantages to beneficiaries compared to FFS. These include:

- A seamless transition to private insurance available in the Marketplace. This promotes continuity of care. Moving from FFS to Marketplace may result in a change in providers.
- Incentives (rewards) for their beneficiaries to participate in health improvement and economic independence initiatives. The QHPs are required by DHS purchasing guidelines and the annual Memorandum of Understanding (MOU) to offer incentives directly to the member or through a provider along with EHB.
- Enhanced performance/outcomes requirements. The QHPs are required to meet performance measures in 23 reporting categories from the Medicaid Adult Core Set measures and 3 birth outcome reporting categories.

Thus, the QHPs have significant inherent interests in improving enrollee participation in health and economic opportunities that are not present in FFS, including a financial interest in maintaining these beneficiaries as enrollees as they transition from ARHOME to the Marketplace.

On November 1, 2022, CMS approved Special Terms and Conditions (STCs) to “provide additional supportive services to targeted populations through Life360 HOMEs. These Life360 HOMEs provide participants with intensive care coordination to connect them to needed health services and community supports, address health-related social needs (HRSN), and actively engage them in promoting their own health.”<sup>3</sup>

The waiver funds certain costs not otherwise matchable under Medicaid for three types of Life360 HOMEs: Maternal, Rural, and Success. Each type of Life360 HOME is targeted to specific populations:

- Women with high-risk pregnancies
- Individuals with Serious Mental Illness (SMI) or Substance Use Disorder (SUD) who live in rural areas of the state
- Young adults most at risk of long-term poverty due to:
  - Prior incarceration
  - Prior involvement with the foster care system
  - Prior involvement with the juvenile justice system
  - Veterans

## 2.2 Overview of Program Goals

The Waiver’s goals include, but are not limited to:

- Providing continuity of coverage for individuals;
- Improving access to providers;
- Improving continuity of care across the continuum of coverage;

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<sup>3</sup> <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ar-arhome-demo-appvl-12282022.pdf> p. 7

- Furthering quality improvement and delivery system reform initiatives that are successful across population groups;
- Improving health outcomes for Arkansans, especially in maternal and infant health, rural health, behavioral health, and those with chronic diseases;
- Providing supports to assist beneficiaries, especially young adults in target populations, to move out of poverty; and
- Slowing the rate of growth in federal and state spending on the program so the demonstration will be financially sustainable.

Arkansas's decision in 2013 to extend Medicaid coverage to the new adult group led to a 12.3 percentage point drop in the state's uninsured rate—from 22.5% in 2013 to 10.2% in 2016—the second largest decline in the nation.<sup>4</sup> However, despite the gains in health insurance coverage, Arkansas continues to struggle to improve its rankings among states for measuring health outcomes and its rankings among states for reducing poverty. For many Arkansans, health coverage alone has not been sufficient to improve their health and economic conditions.

Alleviating the effects of poverty upon beneficiaries, and the public as a whole, is a very important objective of the Medicaid program. One of the specified goals of the current waiver is “[p]roviding supports to assist beneficiaries, especially young adults in target populations to move out of poverty ...”.<sup>5</sup> Medicaid has been described as an anti-poverty program from its very origins. CMS and the U.S. Department of Health and Human Services (HHS) recognize the correlation between poverty, poor health, and shortened life expectancy. The *Healthy People 2020* report called poverty “an important public health issue” and stated “researchers agree that there is a clear and established relationship between poverty and socioeconomic status, and health outcomes—including increased risk for disease and premature death.”<sup>6</sup> The updated *Healthy People 2030* continues to recognize economic stability as a key social determinant of health, and the federal initiative includes several objectives aimed at reducing the proportion of people living in poverty and increasing employment in working-age people.<sup>7</sup>

The Secretary and the Administrator already have provided guidance and direction to states that proposals to address HRSNs and health equity are approvable as meeting the *many* objectives of Medicaid. In a January 7, 2021, State Health Officers letter to state Medicaid leaders, CMS encouraged states to use authority provided by CMS-approved flexibilities to more effectively address beneficiaries' unmet HRSNs and downstream health impacts.<sup>8</sup> This Amendment does just that by assisting low-income Arkansas adults enrolled in ARHOME in moving from government dependence to economic independence by addressing their HRSN through the creation of realistic and achievable Action Plans. One practical outcome of the initiative is that beneficiaries will be able to obtain health insurance coverage through employers or through the FFM.

The goal of assisting low-income Arkansans in attaining economic stability is firmly supported by precedents and guidance documents issued by the current Administration. The Amendment will help advance health equity, support innovation, improve quality, and create partnerships to

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<sup>4</sup> <https://news.gallup.com/poll/203501/kentucky-arkansas-post-largest-drops-uninsured-rates.aspx>

<sup>5</sup> Approved ARHOME Section 1115 Demonstration, p.8.

<sup>6</sup> National Center for Health Statistics. Healthy People 2020 Final Review. 2021. DOI: <https://dx.doi.org/10.15620/cdc:111173>

<sup>7</sup> Office of Disease Prevention and Health Promotion, <https://health.gov/healthypeople/objectives-and-data/browse-objectives/economic-stability>

<sup>8</sup> <https://www.medicaid.gov/federal-policy-guidance/downloads/sho21001.pdf>

achieve system transformation, which are among the objectives of the CMS “strategic review” described by Administrator Brooks-LaSure and Deputy Administrator Tsai.<sup>9</sup>

The Amendment aligns fully with the health objectives of ARHOME, as data show that poverty is closely connected to poor health outcomes and even premature death. According to the American Academy of Family Physicians paper, “Poverty and Health – The Family Medicine Perspective,” “[p]overty affects beneficiaries insidiously in other ways that we are just beginning to understand. Mental illness, chronic health conditions, and substance use disorders are all more prevalent in populations with low income.”<sup>10</sup>

The negative impact of long-term poverty does not just affect adults, but carries forward throughout the lifetimes of their children, as well. According to a paper by the Urban Institute, “[b]eyond issues of economic inequality that arise when millions of children live in poor and persistently poor families, poor children can perpetuate the cycle as they become adults. Prior research shows that children who are born poor and are persistently poor are significantly more likely to be poor as adults, drop out of high school, have teen premarital births, and have patchy employment records than those not poor at birth ...”.<sup>11</sup> According to a study, “Early Childhood Development and Social Determinants,” [t]he earliest years of a person’s existence is thought to be the most crucial for his or her development. What happens to a child in the early years is crucial to the child’s life course and developmental trajectory.”<sup>12</sup>

## **Section III: Proposed Amendment**

### **3.1 Requested Program Enhancements**

The state of Arkansas is committed to supporting Medicaid beneficiaries as they work toward better health and economic independence. Arkansas believes that for able-bodied adults, Medicaid should be a stop along an individual’s pathway to a healthy life, and not the destination. To support beneficiaries and their achievement of a healthier future, Arkansas will encourage adults on Medicaid to improve their health and socioeconomic status by facilitating access and creating new opportunities for beneficiaries to engage in the workforce or take steps toward employment through education, training, volunteering, and other pursuits that can enhance quality of life.

The core tenets of this Amendment are focused on access and opportunity. The Amendment will create new paths and opportunities for beneficiaries to improve their overall health and financial well-being. These tenets align directly with the objectives of the Medicaid program in several key aspects. First, the principal objective of the Medicaid program is to provide health care coverage. This Amendment does not seek to decrease access to health care coverage or reduce services in any way. Individuals will not lose Medicaid eligibility if they do not participate in the opportunities made available through this Amendment. In fact, the Amendment seeks to increase services by adding new focused care coordination supports for beneficiaries. Other very important objectives of the Medicaid program, as detailed in the Social Security Act,

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<sup>9</sup> <https://www.healthaffairs.org/doi/10.1377/forefront.20210812.211558/>

<sup>10</sup> <https://www.aafp.org/about/policies/all/poverty-health.html> p.3

<sup>11</sup> <https://www.urban.org/sites/default/files/publication/32756/412659-Child-Poverty-and-Its-Lasting-Consequence.PDF> p. 9

<sup>12</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9596089/pdf/cureus-0014-00000029500.pdf>



include supporting beneficiaries as they attain or retain capability for independence.<sup>13</sup> This aligns with a key goal of this Amendment: to support beneficiaries to improve their health and well-being by supporting them on their path out of poverty. The Opportunities for Success Initiative will not reduce Medicaid coverage, but it will seek to reduce poverty through services and supports that encourage independence and the attainment of a better financial trajectory for all Medicaid beneficiaries.

This Amendment also builds upon a number of the existing goals established in the ARHOME waiver, including, but not limited to:

- Improving continuity of care across the continuum of coverage;
- Improving health outcomes for Arkansans; and
- Providing supports to help beneficiaries move out of poverty.

This Amendment is directly aligned with these goals. The Amendment seeks to improve continuity of care by supporting beneficiaries through new focused care coordination services that will help beneficiaries navigate both their healthcare and obtain access to community resources to address HRSN. Through the addition of these new services, the state intends that beneficiaries will receive the supports they need to work towards moving out of poverty. This initiative is acutely focused on the negative correlation between poverty and health outcomes and will directly target the ARHOME goal of improving health outcomes by providing supports to move individuals out of poverty.

As highlighted throughout this Amendment request, the connection between income and health is well-established. Adults experiencing poverty may struggle to access adequate food, housing, or childcare, and subsequently experience elevated stress and associated health risks.<sup>14</sup> For example, adults living in poverty are at a higher risk of adverse health effects from obesity, smoking, and substance use. Additionally, older adults with lower incomes experience higher rates of disability and mortality.<sup>15</sup> Individuals with lower income are also less likely than individuals with higher income to access preventive healthcare, decreasing the likelihood that a health issue can be identified and addressed before it worsens.<sup>16</sup>

By contrast, raising one's income is associated not only with improved health, but greater quality of life. People with higher incomes report lower prevalence of disease, live longer, and report fewer feelings of worthlessness, hopelessness, and sadness.<sup>17</sup> Because of the close connection between poverty and poor health, policies that drive economic advancement can be associated directly to improved health outcomes. Research has found that earnings and asset development programs that increase the economic self-sufficiency of low-income families can offer promise for improving health.<sup>18</sup> Therefore, economic policies that create jobs and teach marketable skills

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<sup>13</sup> 42 U.S.C. 1396

<sup>14</sup> <https://www.commonwealthfund.org/blog/2018/healthy-low-income-people-greater-health-risks>

<sup>15</sup> <https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/poverty>

<sup>16</sup> <https://www.commonwealthfund.org/blog/2018/healthy-low-income-people-greater-health-risks>

<sup>17</sup> <https://www.urban.org/sites/default/files/publication/49116/2000178-How-are-Income-and-Wealth-Linked-to-Health-and-Longevity.pdf>

<sup>18</sup> *Id.*



not only foster economic success, but also lead to better health outcomes due to the strong connection between health and income.<sup>19</sup>

Noting this key relationship between income and health, the state sees this Amendment as an avenue to support Arkansans as they seek to advance their careers and improve their lives, their families, and their communities. Some adults on Medicaid will create their own opportunities and find their own pathway to full employment and independence without assistance from government. Others are on track towards engagement but short of attaining economic independence. These beneficiaries may not be aware of the opportunities available to them and will benefit from stronger connections and more formal coaching. With that goal in mind, this Amendment seeks to engage beneficiaries in their current circumstances and empower them to engage in accessing the opportunities that exist within each community. Specifically, DHS seeks to include the following enhancements to the current ARHOME demonstration through this Amendment request:

- 1) *Opportunities for Success Initiative*. The proposed Amendment will provide additional supports to underemployed and unemployed adults in ARHOME. The state is committed to providing beneficiaries with access to opportunities to reach their full economic potential through information sharing, care planning, and other means of holistic support. Beneficiaries who are not progressing toward improved health and economic independence will be provided with the opportunity to receive focused care coordination services through the assistance of a Success Coach. Success Coaches will evaluate the needs of the individuals they serve, including the person's HRSNs, and then determine how those needs can be addressed through the development of an individualized Action Plan to formalize how that beneficiary will seek economic or other means of improvement.
- 2) *Expansion of Success Life360 HOME Eligibility*. The state seeks to make two changes to Success Life360 HOME eligibility. First, as currently approved in the ARHOME demonstration, the Success Life360 HOMEs target young adults who are at high risk of long-term poverty, including those formerly in foster care (ages 19-27), formerly incarcerated or under the supervision of the Division of Youth Services (ages 19-24), and veterans (ages 19-30). Given the long-term effects of these indicators on health and poverty, the Amendment proposes to expand the Success Life360 HOMEs up to age 59 for these beneficiaries to provide intensive care coordination services for this subset of ARHOME enrollees. Second, the state seeks to remove the "at risk of homelessness" limitation from the veteran eligibility criteria for Success Life360 HOMEs. This modification better reflects the state's intent to allow any veteran in need to have access to intensive care coordination services.

DHS intends to implement the enhancements proposed in this Amendment by January 1, 2024.

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<sup>19</sup> *Id.* (See also, Healthy People 2030, Employment Literature Summary available at <https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/employment#cit34>; Robert Wood Johnson Foundation, How Does Employment, or Unemployment, Affect Health? available at <https://www.rwjf.org/en/insights/our-research/2012/12/how-does-employment--or-unemployment--affect-health-.html>; Social Determinants of Health: Employment at <https://www.nami.org/Advocacy/Policy-Priorities/Supporting-Community-Inclusion-and-Non-Discrimination/Social-Determinants-of-Health-Employment>.)

### **3.1.1 Opportunities for Success Initiative**

In 2018, Arkansas implemented a community engagement requirement for the Medicaid population that conditioned eligibility for health coverage on monthly participation in various activities, such as employment, job training, caretaking, and volunteer work. While the intent was to encourage beneficiaries to engage in their communities and the workforce to achieve economic growth and eventual independence from government dependency, the monthly reporting of engagement hours was burdensome. Further, some beneficiaries needed more direct support in accessing opportunities available in their communities. In developing the framework for the Opportunities for Success Initiative, DHS heavily considered the lessons learned from its prior implementation, and also considered the broader system impacts of how this initiative would integrate, leverage, and support other existing initiatives (e.g., current programs, like SNAP/TEA, WIOA, and Ready for Life, existing QHP performance measures, and enhancements to ARIES, the state's integrated eligibility system).

Based on these considerations, the Opportunities for Success Initiative will seek to simplify participation and provide greater access and opportunity to support beneficiaries on their path to success by:

- ***Streamlining Engagement.*** Discontinue the previous manual monthly beneficiary reporting requirement and replace it with more expansive data matching. Simplify program engagement by creating opportunities for engagement for all ARHOME participants through stronger community partnerships and providing focused care coordination for harder to engage beneficiaries.
- ***Providing Access and Opportunity.*** Increase DHS and community interventions and supports to unemployed and underemployed beneficiaries, as well as emphasize community partnerships, including expanding the roles of the QHPs as partners in offering opportunities to their members for engagement.
- ***Maintaining Coverage.*** Maintain Medicaid enrollment for beneficiaries who consistently choose not to engage in their healthcare or other program opportunities, but transition these beneficiaries from the QHP enrollment to traditional Medicaid fee for service, which may better serve their needs.

The goals of the Opportunities for Success Initiative are twofold. First, in alignment with the ARHOME initiative and the purpose of the Medicaid program, Arkansas seeks to improve the health and well-being of individuals experiencing poverty. As discussed above, poverty is closely connected to poor health outcomes and even premature death.<sup>20</sup> Individuals in poverty are less likely to engage in preventive care that could improve health outcomes, especially for those with chronic conditions.<sup>21</sup> Second, in connecting individuals who are experiencing poverty to work, education, and other engagement opportunities, Arkansas seeks to support those individuals on their path to economic independence and obtaining health insurance coverage through employers or the FFM.

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<sup>20</sup> <https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf>

<sup>21</sup> <https://www.commonwealthfund.org/blog/2018/healthy-low-income-people-greater-health-risks>

## Opportunities for Success Initiative Framework

These goals will be achieved by providing access to new and existing opportunities to assist ARHOME beneficiaries in moving toward both better health and economic independence. Determining whether a beneficiary is on track towards achieving economic independence will be based on the beneficiary's level of engagement in the workforce. Using household Federal Poverty Level (FPL) as a proxy for assessing current level of engagement, DHS seeks to target the services and interventions for adults ages 19 through 59 who are most in need of engagement in their healthcare and community, as described in [Table 3.1.1.A](#) below. Interventions will correlate with lower levels of household income and duration of ARHOME enrollment.

**Table 3.1.1.A: Opportunities for Success Initiative Framework**

Target Population	Federal Poverty Level (FPL)	Engagement	Primary Intervention	
			Timing of Intervention	Type of Intervention
<b>Employed</b>	Between 81%-138% FPL	Presumed to be engaged in the workforce based on FPL for up to 36 months	Immediate	<ul style="list-style-type: none"> <li>Access to information on opportunities</li> </ul>
			After 12 Months of Enrollment	<ul style="list-style-type: none"> <li>Proactive outreach</li> </ul>
			After 36 months of Enrollment	<ul style="list-style-type: none"> <li>Focused care coordination services via Success Coach for unengaged beneficiaries</li> </ul>
<b>Under-Employed</b>	Between 21%- 80% FPL	Presumed to be engaged in the workforce based on FPL for up to 24 months	Immediate	<ul style="list-style-type: none"> <li>Proactive outreach with opportunities</li> <li>Access to information on opportunities</li> </ul>
			After 24 Months of Enrollment	<ul style="list-style-type: none"> <li>Focused care coordination services via a Success Coach for unengaged beneficiaries</li> </ul>
<b>Unemployed</b>	At or below 20% FPL	Must demonstrate engagement via activities described in <a href="#">Table 3.1.2*</a>	Immediate	<ul style="list-style-type: none"> <li>Access to information on opportunities</li> <li>Proactive outreach with opportunities</li> <li>Focused care coordination services via a Success Coach for unengaged beneficiaries</li> </ul>

*\*Beneficiaries newly enrolled in a QHP will have six months prior to their engagement level assessment.*

The above framework will apply to adults ages 19 to 59 who are enrolled in a QHP. DHS, along with the QHPs and other community partners, will support enrollees on the pathway to economic independence in several concrete ways, but the expectation will be that each beneficiary remains personally invested in their health and well-being outcomes and utilizes the supports provided.

Individuals who are engaged in specified activities will not be subject to the above framework. DHS will encourage engagement in these activities by simplifying how participation is demonstrated. Specifically, DHS will not require manual monthly reporting requirements and instead will conduct data matching to determine engagement. This data matching process will reduce the burden on the beneficiary to report their status. For example, individuals who are enrolled in formal education, such as college or trade school, will be automatically identified via data matching and determined to be engaged and not in need of focused care coordination. These individuals will not need to separately report their enrollment. Similarly, the state will be able to quickly identify individuals enrolled in SNAP/TEA, eliminating the need for recipients of these benefits to communicate their engagement status with the state.

Engagement can be demonstrated in a variety of ways, as detailed in [Table 3.1.1.B](#).

**Table 3.1.1B: Engagement Activities**

Activities that Demonstrate Engagement	
1.	Enrolled in a Life360 HOME
2.	A parent/caregiver relative of a dependent under the age of six
3.	A pregnant woman (including 12-months postpartum)
4.	An unpaid caregiver of an individual with a disability or an elderly individual
5.	Enrolled in SNAP/TEA, which already have engagement requirements
6.	Receiving unemployment benefits
7.	Participating in a WIOA sponsored workforce training program
8.	Enrolled in formal education
9.	<p>Actively participating in one's own healthcare or with one's health plan, for example, as demonstrated by:</p> <ul style="list-style-type: none"> <li>• Documented participation in an approved QHP value-added health incentive program or economic incentive program;</li> <li>• Receiving recommended preventive services; or</li> <li>• Active treatment for a serious life-threatening disease such as substance use disorder (SUD), serious mental illness (SMI), or cancer.</li> </ul>

Employed and underemployed beneficiaries will initially be presumed to be engaged in the workforce by virtue of their household income. The state recognizes that these individuals are most likely participating in the workforce or their communities in some capacity and will not immediately be identified as needing additional care coordination services. However, if an underemployed individual has remained enrolled in Medicaid for more than 24 months or an employed individual has remained enrolled in Medicaid for more than 36 months, this may signal that the individual could benefit from more intensive support to help them take advantage of opportunities to improve their employment. After the 24- or 36-month period, the individual will receive focused coaching services to identify and act on additional opportunities available to them.

Unlike employed and underemployed, beneficiaries at or below 20% FPL will be presumed to be unemployed and in urgent need of more intensive supports. These individuals will be assessed

and connected to a Success Coach to help them access focused care coordination services. This framework, based on FPL, recognizes that beneficiaries all have different abilities and needs, and that many are able to move beyond poverty without intensive government interventions. While the framework offers access and opportunity to all beneficiaries, it provides the most extensive coaching support to those who are most at-risk of poor health outcomes associated with poverty and long-term government dependency, specifically unengaged very low income adults as well as unengaged individuals at higher incomes who remain enrolled in Medicaid for multiple years, as detailed below.

*(1) Employed (Income between 81%-138% FPL)*

Effective January 1, 2021, the state minimum wage increased to \$11 per hour. A single individual making minimum wage at full-time annual employment (at least 2080 hours per year) would exceed the Medicaid eligibility threshold and would be eligible to receive subsidized coverage either through a Marketplace QHP, available with federal tax credits, or through an employer. Many beneficiaries enrolled in Medicaid who have a household income between 81%-138% FPL are well on their way to achieving economic independence and have demonstrated engagement by virtue of their workforce participation.

While employed beneficiaries with income greater than 80% FPL may still be interested in furthering their careers or taking advantage of other economic opportunities, they are in a better position to obtain employer-sponsored insurance in the future than unemployed or underemployed beneficiaries. As such, they will be provided with less intensive interventions at the beginning of their ARHOME enrollment. Instead, these beneficiaries will be provided access to information about engagement opportunities like jobs, volunteering, education, and training. DHS will assist with directing clients to a state-sponsored public website with available opportunities and other key economic information. Employed beneficiaries are also able to take advantage of the economic and health-related opportunities available on the public website, as well as those offered by their QHPs.

If these beneficiaries remain under 138% FPL at the 12-month mark of their Medicaid enrollment, they will begin to receive targeted monthly communications from the state. These targeted communications will provide information about engagement opportunities, such as jobs, volunteering, education, and training. It will also include information about healthcare engagement opportunities like utilizing preventive services and QHP incentive programs. However, instead of being passively available to beneficiaries via a website, this communication will be sent to individual beneficiaries to encourage them to consider all opportunities to increase their healthcare engagement and income.

It is important to recognize, however, that some beneficiaries may be deterred from pursuing increasing their income due to the perceived Medicaid “benefit cliff,” which refers to a decrease in public benefits that occurs due to a small increase in earnings.<sup>22</sup> Some beneficiaries are aware that if they increase their income, they could lose access to Medicaid health coverage. The perception of the benefit cliff sometimes discourages beneficiaries from seeking career advancement opportunities for fear of losing health insurance coverage. To address this concern and encourage individuals to seek career advancement, a beneficiary between 81%-138% of FPL who remains enrolled in ARHOME for more than 36 months will be eligible for

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<sup>22</sup> <https://www.ncsl.org/human-services/introduction-to-benefits-cliffs-and-public-assistance-programs>

focused care coordination services offered via a Success Coach to help them move toward economic independence. The Success Coach will also educate the beneficiary on how to obtain coverage through the FFM or an employer as household income increases above 138% FPL.

### (2) Underemployed (Income between 21%-80% FPL)

Similar to the employed group, underemployed beneficiaries with income between 21% and 80% FPL are making progress toward economic independence. However, they could benefit from additional opportunities to improve their health and economic well-being. In addition to providing access to information available on state-sponsored websites, DHS will provide proactive monthly targeted communications to underemployed beneficiaries about engagement opportunities, including jobs, volunteering, education, and training, as well as information about the importance of being engaged in one's own healthcare by utilizing preventive services and QHP-offered incentive programs. Rather than being provided after 12 months, as with the higher income group, monthly targeted communication will be provided immediately after enrollment to alert underemployed beneficiaries to all opportunities available to them.

Underemployed beneficiaries also may be concerned about increasing their income and hitting a "benefit cliff" that makes them ineligible for Medicaid (and potentially other assistance programs). To address this concern, underemployed beneficiaries enrolled in ARHOME for more than 24 months who are not otherwise engaged in their health or communities will also be eligible to receive focused care coordination services via a Success Coach to help them access additional opportunities to improve their health and financial well-being. The Success Coaches also will educate beneficiaries on obtaining coverage through the FFM or an employer.

### (3) Unemployed (Income at or below 20% FPL)

For purposes of this framework, any beneficiary whose household income is less than 20% FPL (which is equal to an annual income of less than \$2,916 for a single individual or \$6,000 for a family of four) is presumed to be unemployed. These beneficiaries are at the highest risk of the devastating health impacts of living in extreme poverty and are not on track toward achieving economic independence. Based on demonstrated low levels of engagement in their healthcare, many of these individuals could benefit immediately from targeted, direct interventions and supports focused on improving health and economic status.

While all unemployed beneficiaries will be able to access information provided by DHS and will receive monthly proactive targeted communications with opportunities, many could benefit from more formal coaching and supports to take full advantage of all of the opportunities available to them to address underlying health-related social needs HRSNs. Unemployed beneficiaries will be evaluated as to their level of engagement and provided with focused care coordination services via a Success Coach if they are not otherwise engaged in their health or economic improvement activities. As described below, Success Coaches will assist beneficiaries in accessing health improvement initiatives, supports in the community, and opportunities for economic independence.

## **Creating Access and Opportunities**

As stated previously, the core tenets of this Amendment are focused on providing access and opportunity for both health and economic opportunities. This will be accomplished through expanding community partnerships and providing Success Coaching to beneficiaries to facilitate improved access to available community opportunities.

### Community Partnerships

DHS will make information about engagement opportunities available to all ARHOME beneficiaries, including jobs, volunteering, education, and training. Beneficiaries will be directed to a state-sponsored public website that includes available opportunities and other key program information shared from partners within and external to state government, including Arkansas Workforce Centers, local employers, and other interested community partners across the state such as Goodwill.

The QHPs also will play an important role for members. Unlike traditional Medicaid managed care plans, the QHPs are able to provide the same health plans to beneficiaries both while they are enrolled in Medicaid, and potentially through the FFM if a beneficiary's income increases beyond the Medicaid eligibility threshold and they choose to enroll in the QHP's commercial health plan. As such, QHPs are uniquely positioned to support their members through these transitions by offering both health improvement and economic independence initiatives. Pursuant to state law, the QHPs must provide resources and information to their members, including a "robust outreach and communications effort which targets specific health, education, training, employment, and other opportunities appropriate for its enrolled members," to help connect them to health and economic opportunities.<sup>23</sup>

### Success Coaching

Success Coaching is a new focused care coordination service that will target beneficiaries who are most at risk for poor health outcomes associated with poverty and long-term dependency, and who could benefit from more support in accessing the various opportunities made available by the QHPs and other community organizations. The purpose of Success Coaching is to provide focused care coordination consisting of an assessment of beneficiaries' HRSNs and the development of an individualized Action Plan. The development and periodic revision of the Action Plan will outline the concrete steps and resources needed for the beneficiary to make progress towards his or her specific health and economic goals.

A key function of Success Coaching is to address any HRSNs that may be preventing the beneficiary from accessing available opportunities, including barriers related to domestic violence, homelessness, food insecurity, or transportation. Through the new focused care coordination services, Success Coaches will connect beneficiaries to community resources aimed at addressing underlying HRSNs.

The complete care coordination planning process will include the following services, at a minimum:

1. Assessment of need, including screening for HRSNs;
2. Development of an individualized Action Plan that facilitates access to opportunities for employment, education, and training, including technical skill development, resume writing, interview coaching and other job readiness preparations;
3. Coordination of and referral to services and related activities, including any services needed to address HRSNs; and

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<sup>23</sup> A.C.A. §23-61-1007



4. Monitoring and follow-up activities, including verification of engagement and a final determination of progress toward the goals and steps laid out in their Action Plan.

Success Coaches will be responsible for communicating with their beneficiaries at least once a month, either in person or through virtual means (phone, text, Zoom, etc.). Within 30 days of contacting a beneficiary, the Success Coach must develop the Action Plan based on the beneficiary's specific needs and personal goals. The Action Plan will outline the goals the beneficiary hopes to achieve during coaching and the steps needed to achieve those goals, with a focus on demonstrating engagement. The Action Plan should reflect the beneficiary's personal strengths and skills and outline a feasible path for increasing engagement. The following guidelines apply to activities contained in the Action Plan:

- Job opportunities shall take into consideration previous training, experience, and skills of beneficiaries. Job searches and job training activities should be tailored to the beneficiary and take into consideration local job availability.
- Volunteer activities may be included in an Action Plan only to the extent the activities advance the employment prospects and goals of beneficiaries. Volunteering must mirror the characteristics of employment in duration and regularity, must occur in a supervised setting, and must facilitate skills development. Volunteer activities must be limited to three months and should not replace or prevent employment.

Success Coaches will be responsible for documenting beneficiaries' level of engagement in accordance with his or her Action Plan. Beneficiaries will not be required to work a minimum number of hours per month, nor will they be required to report any activities to DHS outside of their required contacts with their Success Coach. DHS will ensure language translation services are available for all beneficiaries, as needed.

As described above, the focused care coordination services provided by Success Coaches will be made available to targeted beneficiaries most in need of additional care coordination supports along their engagement journey, specifically those individuals who are not otherwise engaged in their healthcare or communities and are:

- Unemployed beneficiaries (household income below 20% FPL);
- Underemployed beneficiaries (household income between 21% to 80% FPL) enrolled in Medicaid for more than 24 months; or
- Employed beneficiaries (household income between 81% to 138% FPL) enrolled in Medicaid for more than 36 months.

Unengaged unemployed beneficiaries are most at risk and will be provided a Success Coach immediately to facilitate prompt access to engagement opportunities. Underemployed and employed individuals will not have access to a Success Coach until between 24 and 36 months, respectively, based on the understanding that these individuals already may be engaged in the workforce and taking advantage of opportunities to increase their FPL. If they have not increased their FPL and remain enrolled in Medicaid for 24 or 36 months, this may mean additional supports are required.

#### Fee for Service (FFS) Medicaid Enrollment

QHP enrollment in lieu of traditional Medicaid services has been a hallmark of the Arkansas demonstration waiver for the new adult group for nearly a decade. By providing low-income adults access to a commercial insurance product instead of providing medical assistance

through Medicaid FFS, Arkansas has sought to ease the “benefit cliff” experienced by beneficiaries whose income exceeds the Medicaid eligibility threshold, as many of the beneficiaries enrolled in a QHP are able to maintain Marketplace QHP coverage on the FFM through federal subsidies and tax credits.

However, the health care needs of beneficiaries not engaged in their QHP coverage and not otherwise participating in the workforce or engaged in opportunities to improve their health or economic status, including increasing their FPL over time, may be better served in the traditional Medicaid FFS delivery system. Currently, beneficiaries who are “medically frail” are not enrolled in QHPs, but rather maintain Medicaid FFS coverage, as they have more intensive needs that are more aligned with the traditional Medicaid benefits structure than with commercial QHPs.

Therefore, Arkansas will seek to move unengaged beneficiaries from the QHP to the FFS delivery system *if* they have met the following criteria:

- (i) have not participated in any of the activities outlined in Table 3.1.1B, and
- (ii) are not engaged with their Success Coach after being assigned to one.

To demonstrate that the beneficiary is engaging in and benefitting from the support of the Success Coach, they must follow the terms of the individualized plan created jointly by the beneficiary and the Success Coach. If a beneficiary does not engage with the Success Coach within three months of Success Coach assignment, the beneficiary will be transitioned to FFS by DHS. Documentation to support the disengagement must be provided by the beneficiary’s Success Coach. The return to Medicaid FFS will be considered an adverse decision that may be appealed by the beneficiary if he or she wishes to demonstrate engagement and remain enrolled with a QHP.

Beneficiaries transitioned from QHPs to FFS will be moved to the alternative benefit plan (ABP) that exists today for ARHOME beneficiaries. This plan provides essential health benefits that are aligned with the covered benefits in the QHP. While in FFS, the beneficiary will continue to receive access and opportunities for engagement.

Beneficiaries who are moved from their QHP to FFS will remain in FFS for the remainder of the calendar year. In conjunction with the annual QHP open enrollment period, DHS will data match to determine the current engagement of all FFS beneficiaries, including those who had been transitioned from a QHP, based on the engagement activities identified above in Table 3.1.1.B. Those that have demonstrated engagement will be given an opportunity to transfer back to the QHP at their option during the annual open enrollment process by making a QHP selection. This group of individuals will not be auto-assigned by DHS into a QHP.

## Implementation

The Opportunities for Success Initiative has an anticipated start date of January 1, 2024.

Beginning January 1, newly enrolled beneficiaries—either those with no prior Medicaid enrollment in the previous year or those who are newly eligible for ARHOME—will be assessed for engagement six months from date of enrollment. All other enrollees will be assessed at their annual redetermination to determine their level of engagement and corresponding level of outreach and engagement in the newly available Opportunities for Success Initiative.

### **3.1.2 Expansion of Life360 HOME Eligibility**

The current ARHOME waiver seeks to address healthcare access and economic stability through the incentives for health improvement and economic independence that are offered by the QHPs and the Life360 HOMEs. To encourage provider and beneficiary participation in Life360 HOMEs, participation in a Life360 HOME categorically demonstrates engagement for purposes of the Opportunities for Success Initiative. In fact, the overall Opportunities for Success Initiative builds off the promise of the Life360 HOMEs by expanding access to Success Coaches. While Success Coaches provide less intensive services than Life360 HOMEs, many of the services, such as providing linkages to medical and nonmedical services to address a beneficiary's HRSNs, remain aligned.

To facilitate more beneficiaries being able to access the more intensive services available via Success Life360 HOMEs, DHS proposes to expand the age range of the existing Success Life360 HOME eligibility to age 59.

DHS also seeks to remove the "at risk of homelessness" limitation from the veteran eligibility criteria for Success Life360 HOMEs. This will expand the pool of veterans who will be eligible for intensive care coordination services.

## **3.2 Impact of Proposed Amendments**

### **3.2.1 Impact to Eligibility**

Arkansas is not proposing any changes to Medicaid eligibility through this Section 1115 Demonstration Amendment request. The Opportunities for Success Initiative will impact all beneficiaries through creating new access to information on opportunities, providing focused care coordination services to those eligible for a Success Coach, and expanding the number of beneficiaries eligible to participate in Life360 HOMEs. However, these proposals have no impact to one's underlying Medicaid eligibility.

### **3.2.2 Impact to Delivery System**

In general, the state is requesting to continue the current adult eligibility group, with the same benefit packages and service delivery systems that are currently utilized, specifically both QHPs and FFS. Currently, approximately 85% of total ARHOME population receives coverage through one of the QHPs,<sup>24</sup> while the remainder are covered through the FFS delivery system. Those in the FFS delivery system are currently comprised of: (i) newly enrolled beneficiaries, prior to selecting or being auto assigned to a QHP; and (ii) "medically frail" beneficiaries who may benefit from accessing more traditional Medicaid services, and (iii) Alaskan Individuals and Native Americans who have not opted into coverage through a QHP<sup>25</sup>.

While this general framework will be maintained, the proposed Amendment would seek to move beneficiaries who choose to not engage in their healthcare or otherwise decline to participate in opportunities provided by their QHP or the Success Coaching services, from a QHP to FFS.

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<sup>24</sup> While currently 85% of ARHOME population receives coverage through a QHP, this number is typically lower than 80%, and may be impacted by continuous eligibility associated with the COVID-19 public health emergency.

<sup>25</sup> Auto-assignment is currently suspended.

Similar to medically frail beneficiaries, these disengaged beneficiaries may be better served in a traditional Medicaid FFS delivery system rather than the commercial insurance offered by the QHPs. However, these beneficiaries may request to move back to a QHP during the annual open enrollment period.

### **3.2.3 Impact to Covered Benefits/Cost Sharing**

This Amendment will not result in a loss of covered benefits, as the current benefit packages remain the same regardless of whether the beneficiary is enrolled in a QHP or FFS. The QHPs provide an Essential Health Benefit (EHB) Plan that meets the requirements of coverage available through the federal individual insurance Marketplace, while beneficiaries in FFS receive the Alternative Benefit Plan (ABP) as outlined in the state plan.

The proposed Amendment will create access to new benefits. First, a new focused care coordination service provided through Success Coaches will be made available for certain target populations, including beneficiaries aged 19 through 59 enrolled in a QHP but not otherwise engaged in their healthcare or other economic opportunities and:

- With household income at or below 20% FPL;
- With household income between 21% and 80% FPL who have been enrolled in ARHOME for more than 24 months; or
- With household income between 81% and 138% FPL who have been enrolled in ARHOME for more than 36 months.

In addition, the intensive care coordination services available to adults enrolled in Success Life360 HOMEs, as permitted under the current waiver, will be expanded up to age 59.

The Amendment does not make any changes to cost sharing.

## **Section IV: Requested Waivers and Expenditure Authority**

The Demonstration will continue to operate all existing waivers and expenditure authorities pursuant to the Special Terms and Conditions (STCs) issued on December 21, 2021, and as amended on December 28, 2022.

In addition, DHS requests all necessary additional waiver and expenditure authority to implement the Amendment request, including at minimum, the following:

### **Amount, Duration, and Scope of Services and Comparability      Section 1902(a)(10)(B) and 1902(a)(17)**

To the extent necessary to enable DHS to offer focused care coordination services and LIFE360 HOME services to the populations as described in this Amendment, which may vary and not otherwise be available to all beneficiaries in the same eligibility group.

To the extent necessary to enable DHS to permit differences in delivery system for beneficiaries who are not engaging in their QHP health plan.

### **Statewideness      Section 1902(a)(1)**

To the extent necessary to enable DHS to provide focused care coordination services and LIFE360 HOME services on a less than statewide basis.

## Freedom of Choice

## Section 1902(a)(23)(A)

To the extent necessary to enable DHS to limit beneficiaries' freedom of choice with respect to Life360 HOME Services.

To the extent necessary to enable Arkansas to limit the freedom of choice of providers for Focused Care Coordination services to staff employed by the Arkansas Department of Human Services or other entities, including state agencies, under contract for such services.

## Expenditures for Care Coordination and Life360 HOMES Services.

Expenditure authority is requested for the focused care coordination services provided by Success Coaches under this Amendment request and the services provided by Success Life360 HOMES to beneficiaries in the expanded targeted age group.

## Section V: Evaluation and Program Oversight

### 5.1 Evaluation and Demonstration Hypothesis

The Amendment proposes to utilize the current Evaluation design and performance measures that have been approved for the Life360 HOMES and are relevant to the addition of care coordination under the Amendment. As the Amendment seeks to accomplish the same objectives related to increasing income at different poverty levels, it would be most efficient use of resources simply to add the Success Coach experience to the current evaluation, specifically by building off of the existing framework.

The state sees the following goals, hypotheses, and measures included in the existing ARHOME draft evaluation plan as relevant to the addition of focused care coordination from the Success Coach via this Amendment:

Goal #	Goal Description	#	Hypothesis Description	Measure #	Measure	Comparison Group
1	Increasing household income	A	Beneficiaries engaged with their Success Coach will experience an increase in household income	1.A	Change in earnings reported for those who are unemployed (<21% FPL)	Beneficiaries not engaged with a Success Coach
		B	Beneficiaries engaged with their Success Coach will experience an increase in household income	1.B	Change in earnings reported for those who are underemployed (<81% FPL) and enrolled for at least 24 months	Beneficiaries not engaged with a Success Coach
		C	Beneficiaries engaged with their Success Coach will experience an	1.C	Change in earnings reported for those who are above 100% FPL	Beneficiaries not engaged

		increase in household income		and enrolled for at least 36 months	with a Success Coach	
2	Improving utilization of services and appropriateness of care	A	Beneficiaries engaged with their Success Coach will have greater use of preventive and other primary care services	2.A.1	CCS, CHL, SPD, CDC, AAP, AMR, CCW	Beneficiaries not engaged with a Success Coach
				2.A.2	PCP Assigned, PCP Visits	Beneficiaries not engaged with a Success Coach
				2.A.3	PCAP Milestone Achievement	Beneficiaries not engaged with a Success Coach
		B	Beneficiaries engaged with their Success Coach will have lower non-emergent use of emergency department services	2.B.1	Non-Emergent ED Visits	Beneficiaries not engaged with a Success Coach
				2.B.2	Emergent ED Visits	Beneficiaries not engaged with a Success Coach
		C	Beneficiaries engaged with their Success Coach will have lower use of potentially preventable emergency department services and lower incidence of preventable hospital admissions and readmissions	2.C.1	Preventable ED Visits	Beneficiaries not engaged with a Success Coach
				2.C.2	PCR-AD Plan All-Cause Readmissions	Beneficiaries not engaged with a Success Coach
				2.C.3	FMC Follow-Up After Emergency Department Visit for People with Multiple High-Risk Chronic Conditions	Beneficiaries not engaged with a Success Coach
		3	Reducing health-related social needs (HRSN)	A	Beneficiaries engaged with their Success Coach will have fewer health-related social needs and	3.A.1

	through intervention	improved HRSN compared to similar beneficiaries who are not engaged with a Success Coach			
	B	Beneficiaries engaged with their Success Coach will be screened for unmet HRSN and receive a corresponding intervention if they screen positive	3.B.1	HRSN Screening/Intervention	Beneficiaries not engaged with a Success Coach

**5.2 Oversight, Monitoring, and Reporting**

DHS will abide by all existing Demonstration reporting and quality and evaluation plan requirements, including the requirements outlined in the approved Monitoring Protocol. DHS will continue to monitor and track QHP performance and adherence to program expectations. Ongoing oversight of Life360 HOMEs will also remain a priority of the state as it tracks selected quality of care and health outcomes metrics for this key initiative. Finally, the state will incorporate tracking, monitoring, and reporting requirements as necessary for focused care coordination provided by Success Coaches. Quality of care and participant outcomes data will be collected and analyzed.

**Section VI: Budget Neutrality Impact**

This Amendment proposes to update and replace the hypothetical budget neutrality test and the capped hypothetical budget neutrality test (tables 6 and 7 respectively in the current ARHOME Demonstration Special Terms and Conditions dated March 3, 2023) with the following updated proposed limits:



STC Table 6 Hypothetical Budget Neutrality Limits		
Demonstration Year (DY)	Current Limit	Proposed Limit
DY01 (2022)	\$717.25	\$717.25
DY02 (2023)	758.85	758.85
DY03 (2024)	802.86	801.08
DY04 (2025)	849.43	841.99
DY05 (2026)	898.69	889.95

STC Table 7 Capped Hypothetical Budget Neutrality Limits <i>(shown in millions)</i>				
Demonstration Year (DY)	HRSN Services		HRSN Infrastructure	
	Current Limit	Proposed Limit	Current Limit	Proposed Limit
DY01 (2022)	\$0.00	\$0.00	\$0.00	\$0.00
DY02 (2023)	8.40	8.40	2.70	2.70
DY03 (2024)	19.50	25.28	1.97	6.97
DY04 (2025)	25.80	31.81	3.00	6.00
DY05 (2026)	31.10	37.35	2.80	5.80

The proposed limits in Tables 6 and 7 reflect an estimated total reduction of approximately \$60 million to the current budget neutrality limits over the five-year waiver period in the Amendment. For a full development of these values please see [Attachment 1](#).

## **Section VII: Public Notice & Comment Process**

### **7.1 Overview of Compliance with Public Notice Process**

In accordance with 42 CFR §431.408, DHS will provide the public the opportunity to review and provide input on the Amendment through a formal thirty-day public notice and comment process which will run from April 23, 2023 through May 23, 2023. During this time, the state will hold two dedicated public hearings.

#### **Public Notice**

The abbreviated public notice of the Amendment application will be published on April 23rd to the Arkansas Democrat-Gazette, the newspaper with widest circulation in each city with a population of 100,000 or more in accordance with 42 CFR §431.408(a)(2)(ii). In addition, DHS will use an electronic mailing list, comprised of interested individuals and organizations, to notify

the public of the Amendment, the public hearings, and the opportunity to comment on the waiver Amendment draft.

A copy of the formal public notice is attached as Attachment 2 and a copy of the abbreviated public notice document is attached as Attachment 3. Both documents, along with a copy of the complete Amendment draft, are also available for viewing on the state’s website: <https://humanservices.arkansas.gov/rules/arhome/>. In addition, these documents are available in hard copy format as well for public review.

**Public Hearings**

DHS will hold two public hearings during the notice and comment period in geographically diverse areas of the state. The hearings will be available for interested parties to attend and provide verbal comment on the Amendment either in person, or, in the case of at least one of the hearings, virtually via the Zoom platform. One of the meetings will occur during the ARHOME Advisory Panel meeting, an existing commission where meetings are open to the public.

The state will hold the two public hearings on the following dates and locations, as scheduled and as publicized in the formal and abbreviated notices:

<b>Public Hearing #1 ARHOME Advisory Panel</b>	<b>Public Hearing #2 General Public Forum</b>
April 27, 2023 9:00 a.m. CST Department of Human Services (DHS) Donaghey Plaza South Building 700 Main Street Little Rock, Arkansas 72203  <b>Also available for virtual participation:</b> Zoom Link: <a href="https://us02web.zoom.us/j/81546218866">https://us02web.zoom.us/j/81546218866</a> Zoom Dial-In: +1 312 626 6799 Meeting ID: 815 4621 8866	May 5, 2023 11:00 a.m. CST Mercy Physicians Plaza MPP Board Room 2708 Rife Medical Lane Rogers, Arkansas 72758  <b>Also available for virtual participation:</b> Zoom Link: <a href="https://us02web.zoom.us/j/88581818690">https://us02web.zoom.us/j/88581818690</a> Zoom Dial-In: +1 312 626 6799 Meeting ID: 885 8181 8690

**7.2 Summary of Public Comments & State Responses**

A summary of public comments received will be developed at the conclusion of the public notice and comment period. In addition, DHS will summarize its responses to the comments, including any changes to the Amendment resulting from public comments received during the comment period.

**Section VIII: Conclusion**

A state cannot be healthy and prosper if its citizens are not healthy and do not prosper. ARHOME means Arkansas “health and opportunity” for me. As such, this Amendment emphasizes presenting new and existing opportunities to move toward economic independence for beneficiaries who are enrolled in a QHP through the authority in this Demonstration. Many adults on Medicaid create their own opportunities and will find their own pathway to full

employment and independence without any further assistance from government. Others are on track, though still short of attaining economic independence. Many of these beneficiaries are missing out on existing opportunities and resources available in the community and will benefit from further community connections and more formal focused care coordination services. This Amendment also aligns with the “health” portion of ARHOME as we know that poverty is closely connected to poor health outcomes and even premature death.

The dignity of work and all that it brings is the pathway for each abled-bodied Arkansan adult’s unique pursuit of life, liberty, and happiness. With this Amendment, beneficiaries will be provided additional resources and tools to create their own path towards better health and economic well-being.

## **Section IX: State Contact**

Name and Title: Janet Mann, Deputy Director of Health and State Medicaid Director, Arkansas Department of Human Services

Telephone Number: (501) 682-8999

## **Attachment 1: Budget Neutrality**



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April 4, 2023

Kristi Putnam  
Secretary  
Arkansas Department of Human Services  
700 Main Street  
Little Rock, AR 72201  
*Sent via email: kristi.putnam@dhs.arkansas.gov*

**Re: 1115 Demonstrative Waiver Amendment – Budget Neutrality Estimates**

Dear Secretary Putnam:

The Arkansas Department of Human Services (DHS) requested Milliman provide analytical support in developing budget neutrality limits for the proposed Opportunities for Success amendment to DHS’ existing Arkansas Health and Opportunity for Me (ARHOME) 1115 Demonstration Waiver program (Amendment). This letter contains the information we understand DHS must submit to CMS as part of the application followed by a detailed disclosure of our methodology and assumptions. DHS may share this letter with CMS as part of the application process.

**EXECUTIVE SUMMARY**

Through the Amendment, DHS is requesting changes to both types of budget neutrality limits approved by CMS in the initial waiver submission:

- Decreased hypothetical budget neutrality limits (referred to as “Test 1” in the STCs) to reflect estimated savings achieved from unengaged individuals moving from Qualified Health Plans (QHPs) to the Medicaid fee-for-service (FFS) delivery system
- Increased capped hypothetical budget neutrality limits for health related social needs (HRSN), applicable to both HRSN services (to provide focused care coordination services via Success Coaches) and HRSN infrastructure (to implement a new IT screening and resource platform)

**Hypothetical Budget Neutrality Limits (Test 1)**

Table 1 includes the current hypothetical budget neutrality limits approved by CMS in the current Special Terms and Conditions (STCs) approved November 1, 2022, and the new hypothetical budget neutrality limits proposed in the Amendment. The attached Exhibit 1 shows the development of the newly proposed limits, as well as the aggregate expenditure projections using enrollment projections provided by DHS.

<b>Table 1</b> <b>Arkansas Department of Human Services</b> <b>ARHOME 1115 Demonstration Waiver Amendment</b> <b>Hypothetical Budget Neutrality Limits</b>		
<b>Demonstration Year (DY)</b>	<b>Current Limit</b>	<b>Proposed Limit</b>
DY01 (2022)	\$717.25	\$717.25
DY02 (2023)	758.85	758.85
DY03 (2024)	802.86	801.08
DY04 (2025)	849.43	841.99
DY05 (2026)	898.69	889.95

In aggregate, the proposed limits and enrollment reflect a net reduction of roughly \$89 million over the five-year waiver period.

### Capped Hypothetical Budget Neutrality Limits (HRSN)

Table 2 includes the current capped hypothetical budget neutrality limits for HRSN services and HRSN infrastructure approved by CMS, as well as the proposed capped hypothetical budget neutrality limits in the Amendment. The attached Exhibit 2 shows the development of the newly proposed limits.

<b>Table 2</b> <b>Arkansas Department of Human Services</b> <b>ARHOME 1115 Demonstration Waiver Amendment</b> <b>Capped Hypothetical Budget Neutrality Limits</b> <b>(millions)</b>				
<b>Demonstration</b> <b>Year (DY)</b>	<b>HRSN Services</b>		<b>HRSN Infrastructure</b>	
	<b>Current Limit</b>	<b>Proposed Limit</b>	<b>Current Limit</b>	<b>Proposed Limit</b>
DY01 (2022)	\$0.00	\$0.00	\$0.00	\$0.00
DY02 (2023)	8.40	8.40	2.70	2.70
DY03 (2024)	19.50	25.28	1.97	6.97
DY04 (2025)	25.80	31.81	3.00	6.00
DY05 (2026)	31.10	37.35	2.80	5.80

In aggregate, the proposed limits reflect a net increase of roughly \$29 million over the five-year waiver period. Combined with the reduction noted in Table 1, there is an estimated total reduction of approximately \$60 million to the current budget neutrality limits over the five-year waiver period in the Amendment.

### METHODOLOGY

#### Hypothetical Budget Neutrality Limits (Test 1)

We developed the proposed hypothetical budget neutrality limits in Exhibit 1 relying on information provided by DHS during the waiver renewal process and earlier projects. We reviewed the information for reasonability, but we did not audit the information. The proposed limits contain two distinct adjustments to the currently approved limits:

- Savings generated as unengaged individuals from QHP move to FFS coverage.
  - DHS estimates roughly 3,800 members will be in FFS from October 2024 to December 2025, increasing to 4,200 in January 2026. This assumption is based on roughly 10% of individuals with income below 20% FPL being determined unengaged.
  - The average PMPM cost in FFS is assumed to be roughly 45% of the QHP cost, due to provider reimbursement and delivery system differences.
- Savings generated as individuals in QHP move off Medicaid to employer sponsored insurance or individually purchased insurance on the Marketplace (with premium tax credits).
  - DHS estimates there will be roughly 3,550 fewer individuals in Medicaid during DY05 due to the transition to other insurance, which is roughly 5% of the population with income greater than 80% FPL.
  - The remaining QHP population is assumed to have costs consistent with the current budget neutrality limit.

Using these assumptions from DHS, we calculated the resulting aggregate expenditures for individuals moving to FFS and individuals remaining in QHPs. We converted these aggregate amounts to proposed budget neutrality limits on a PMPM basis using the original waiver enrollment adjusted for those individuals that move to other employer-sponsored or Marketplace insurance.

### Capped Hypothetical Budget Neutrality Limits (HRSN)

We developed the proposed capped hypothetical budget neutrality limits for HRSN services and HRSN infrastructure in Exhibit 2 relying on information provided by DHS during the waiver renewal process and earlier projects. We reviewed the information for reasonability, but we did not audit the information. The proposed limits contain two distinct adjustments to the currently approved limits:

- HRSN services: DHS estimates the Opportunities for Success initiative will require approximately 100 Success Coaches and 10 supervisors. Using current 2023 DHS salary and benefit scales, each Success Coach would cost roughly \$50,000 and each supervisor would cost roughly \$56,000. We applied a 4% annual inflation adjustment to estimate the anticipated costs in DY03, DY04, and DY05.
- HRSN infrastructure: In addition to the coaches and supervisors, DHS indicated an estimated cost of \$5,000,000 in DY 03 and \$3,000,000 in each DY04 and DY 05 for an IT screening and resource platform to support the Opportunities for Success initiative.

### DATA RELIANCE AND IMPORTANT CAVEATS

Milliman has developed certain models to estimate the values included in this letter. The intent of the models was to assist DHS in completing Section 6 of the Amendment. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

Milliman prepared this letter for the specific purpose of assisting DHS complete Section 6 of the Amendment. This letter and the models used to develop the values in this letter should not be used for any other purpose. This letter has been prepared solely for the internal business use of, and is only to be relied upon by, the management of DHS, in accordance with its statutory and regulatory requirements. Milliman recognizes that materials it delivers may be public records subject to disclosure to third parties; however, Milliman does not intend to benefit, or create a legal duty to, any third party recipient of its work. This letter and its exhibits should only be reviewed in their entirety.

The models rely on data and information as input to the models. We relied on data provided by DHS in the development of this letter. We also relied on public information released by CMS. If the underlying data provided are inadequate or incomplete, the results will be likewise inadequate or incomplete.

The estimates and results in this letter will certainly change as more information is known related to the Arkansas Medicaid program and the 1115 Demonstration Waiver. Additionally, future results depend on utilization trend, provider reimbursement, enrollment changes, member behavior, and general economic conditions.

I, Greg J. Herrle, Principal and Consulting Actuary for Milliman, am a member of the American Academy of Actuaries, and I meet the Qualification Standards of the Academy to render the actuarial communication contained herein. To the best of my knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The terms of Milliman's contract with the Arkansas Department of Human Services #4600041898 apply to this letter and its use.



Kristi, thank you again for the opportunity to work with DHS. Please let us know if you have any feedback.

Sincerely,



Greg J. Herrle, FSA, MAAA  
Principal and Consulting Actuary

GJH/jf

Attachments (Provided in Excel)



**Exhibit 1**  
**Arkansas Department of Human Services**  
**ARHOME 1115 Demonstration Waiver Amendment**  
**Development of Hypothetical Budget Neutrality Limits**

	<b>DY01 (2022)</b>	<b>DY02 (2023)</b>	<b>DY03 (2024)</b>	<b>DY04 (2025)</b>	<b>DY05 (2026)</b>
Current Limit (PMPM)	\$717.25	\$758.85	\$802.86	\$849.43	\$898.69
Original Waiver Enrollment	2,970,000	2,787,600	2,815,476	2,843,631	2,872,067
Original Aggregate Expenditures	\$2,130,232,500	\$2,115,370,260	\$2,260,433,061	\$2,415,465,276	\$2,581,097,953
Estimated MMs from QHP to FFS	0	0	11,400	45,600	50,400
FFS Reimbursement Adjustment	0.45	0.45	0.45	0.45	0.45
Est. FFS cost (PMPM)	\$325.51	\$344.38	\$364.36	\$385.49	\$407.85
<b>Total existing cost in FFS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,153,669</b>	<b>\$17,578,414</b>	<b>\$20,555,483</b>
QHP to Other Insurance	0	0	0	0	42,600
Remaining QHP Enrollment	2,970,000	2,787,600	2,804,076	2,798,031	2,779,067
<b>Total Remaining QHP Cost</b>	<b>\$2,130,232,500</b>	<b>\$2,115,370,260</b>	<b>\$2,251,280,457</b>	<b>\$2,376,731,268</b>	<b>\$2,497,519,783</b>
<b>Proposed Aggregate Expenditures</b>	<b>\$2,130,232,500</b>	<b>\$2,115,370,260</b>	<b>\$2,255,434,127</b>	<b>\$2,394,309,682</b>	<b>\$2,518,075,266</b>
<b>Proposed Enrollment</b>	<b>2,970,000</b>	<b>2,787,600</b>	<b>2,815,476</b>	<b>2,843,631</b>	<b>2,829,467</b>
<b>Proposed Limit (PMPM)</b>	<b>\$717.25</b>	<b>\$758.85</b>	<b>\$801.08</b>	<b>\$841.99</b>	<b>\$889.95</b>

**Exhibit 2**  
**Arkansas Department of Human Services**  
**ARHOME 1115 Demonstration Waiver Amendment**  
**Development of HRSN Capped Hypothetical Budget Neutrality Limits**

	<b>DY01 (2022)</b>	<b>DY02 (2023)</b>	<b>DY03 (2024)</b>	<b>DY04 (2025)</b>	<b>DY05 (2026)</b>
Current Capped Aggregate Limits					
HRSN Services	\$0	\$8,400,000	\$19,500,000	\$25,800,000	\$31,100,000
HRSN Infrastructure	\$0	\$2,700,000	\$1,970,000	\$3,000,000	\$2,800,000
100 Coaches	\$0	\$0	\$5,201,144	\$5,409,190	\$5,625,557
10 Supervisors	\$0	\$0	\$580,320	\$603,533	\$627,674
<b>Total New Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,781,464</b>	<b>\$6,012,723</b>	<b>\$6,253,231</b>
IT screening and resource platform	\$0	\$0	\$5,000,000	\$3,000,000	\$3,000,000
<b>Total New Infrastructure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
Proposed Capped Aggregate Limits					
HRSN Services	\$0	\$8,400,000	\$25,281,464	\$31,812,723	\$37,353,231
HRSN Infrastructure	\$0	\$2,700,000	\$6,970,000	\$6,000,000	\$5,800,000

## **Attachment 2: Public Notice**



## Public Notice

### For Proposed Amendment to Medicaid Section 1115 Demonstration Project, Arkansas Health and Opportunity for Me (ARHOME)

**The Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) is providing public notice of its intent to submit to the Centers for Medicare & Medicaid Services (CMS) a written request to amend the Medicaid Arkansas Health and Opportunity for Me (ARHOME) Demonstration Project (Waiver) and to hold public hearings to receive comments on the amendments to the Demonstration.**

In accordance with 42 §CFR 431.408, this notice provides a summary of the waiver amendment request and serves to formally open the 30-day public comment period, which will begin on April 23, 2023 and conclude on May 23, 2023.

Specifically, DHS seeks public comment on its amendment request to include the following enhancements to the current ARHOME demonstration:

- 1) *Opportunities for Success Initiative*. The proposed amendment will provide enhanced access to opportunities to Medicaid beneficiaries, including focused care coordination services from a Success Coach to beneficiaries who are not progressing toward improved health and economic independence. Success Coaches will evaluate the needs of the individuals they serve, including the person's health related social needs, to develop an individualized Action Plan. Individuals who do not engage in their health or the multiple opportunities available to them within three months of Success Coach assignment will transition from coverage through a Qualified Health Plan (QHP) to the Medicaid Fee-for-Service (FFS) delivery system, but will not lose Medicaid eligibility.

Beneficiaries will not be required to report information or participation in opportunities to DHS. DHS will determine an individual's participation in their health improvement and economic independence activities and opportunities through data matching. Beneficiaries will not be required to participate in a minimum number of hours of activities per week/month/quarter as a result of this initiative.

- 2) *Expansion of Success Life360 HOME Eligibility*. The amendment proposes to expand the Success Life360 HOMEs up to age 59 for eligible beneficiaries to provide intensive care coordination services for this subset of ARHOME enrollees. Second, the state seeks to remove the "at risk of homelessness" limitation from the veteran eligibility criteria for Success Life360 HOMEs. This modification better reflects the state's intent to allow any veteran in need to have access to intensive care coordination services.

DHS intends to implement the enhancements proposed in the amendment by January 1, 2024.

### **Program Description & Detailed Summary of Proposed Changes**

Since 2014, Arkansas has provided health care coverage to the Medicaid new adult group primarily through private sector qualified health plans (QHPs) through the authorities granted in a Section 1115 Demonstration Project (the Waiver). The QHPs are private health insurance plans licensed by the Arkansas Insurance Department (AID). The Arkansas Division of Medical



Services (DMS) uses Medicaid funds to purchase coverage from the QHPs for approximately 80% of individuals who are eligible through the new adult group. The remainder are covered in the Medicaid Fee-for-Service (FFS) delivery system. The most recent waiver, the Arkansas Health and Opportunity for Me (ARHOME) program, continues this framework and was approved by the Centers for Medicare & Medicaid Services (CMS) to be effective January 1, 2022, through December 31, 2026. ARHOME is designed to improve the quality of services provided by the QHPs and the health of assigned beneficiaries. It also includes intensive care coordination for targeted populations through Life360 HOME programs.

DHS seeks to amend the waiver to implement the Opportunities for Success Initiative, providing new supports to employed, underemployed, and unemployed adults in ARHOME. Under the Opportunities for Success Initiative, all adult beneficiaries aged 19 to 59 who are enrolled in a QHP will be impacted by the demonstration, as they will be encouraged and supported on their journey to better health and economic independence in targeted ways as described below.

Using household Federal Poverty Level (FPL) as a proxy for assessing current level of engagement, DHS seeks to target services and interventions for adults ages 19 through 59 who are most in need of engagement in their healthcare and community. The amendment request is focused on providing access and opportunity for both health and economic opportunities via specific interventions. The amendment seeks to facilitate improved access to available community opportunities through expanding community partnerships, disseminating information about engagement opportunities, such as jobs, volunteering, education, and training, as well as providing proactive communications and focused care coordination services to those most in need.

The following table summarizes the Opportunities for Success Initiative targeted approach.

Target Population	Federal Poverty Level (FPL)	Engagement	Primary Intervention	
			Timing of Intervention	Type of Intervention
Employed	Between 81%-138% FPL	Presumed to be engaged in the workforce based on FPL for up to 36 months	Immediate	<ul style="list-style-type: none"> <li>Access to information on opportunities</li> </ul>
			After 12 Months of Enrollment	<ul style="list-style-type: none"> <li>Proactive outreach</li> </ul>
			After 36 months of Enrollment	<ul style="list-style-type: none"> <li>Focused care coordination services via Success Coach for unengaged beneficiaries</li> </ul>
Under-Employed	Between 21%- 80% FPL	Presumed to be engaged in the workforce based on FPL for up to 24 months	Immediate	<ul style="list-style-type: none"> <li>Proactive outreach with opportunities</li> <li>Access to information on opportunities</li> </ul>
			After 24 Months of Enrollment	<ul style="list-style-type: none"> <li>Focused care coordination services via a Success coach for unengaged beneficiaries</li> </ul>



<b>Unemployed</b>	At or below 20% FPL	Must demonstrate engagement via activities described below	Immediate	<ul style="list-style-type: none"> <li>• Access to information on opportunities</li> <li>• Proactive outreach with opportunities</li> <li>• Focused care coordination services via a Success Coach for unengaged beneficiaries</li> </ul>
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*\*Beneficiaries newly enrolled in a QHP will have six months prior to their engagement level assessment.*

Employed and underemployed beneficiaries will initially be presumed to be engaged in the workforce by virtue of their household income. The state recognizes that these individuals are most likely participating in the workforce or their communities in some capacity and will not immediately be identified as needing additional care coordination services. However, if an underemployed individual has remained enrolled in Medicaid for more than 24 months or an employed individual has remained enrolled in Medicaid for more than 36 months, this may signal that the individual could benefit from more intensive engagement to help them take advantage of opportunities to improve their employment. After the 24- or 36-month period, the individual will receive focused coaching services to identify and act on additional opportunities available to them.

Unlike employed and underemployed, beneficiaries at or below 20% FPL will be presumed to be unemployed and in need of additional support. Beneficiaries who are determined to not be “on track” in their engagement with their health or wellbeing will be assigned a Success Coach.

Using data matching rather than beneficiary monthly reporting, DHS will determine whether an individual is otherwise engaged and on track toward achieving economic independence based on their participation in other engagement opportunities. If an individual participates in one of the following activities, they will not be assessed for further engagement.

<b>Activities that Demonstrate Engagement</b>
Enrolled in a Life360 HOME
A parent/caregiver relative of a dependent under the age of six
A pregnant woman (including 12-months postpartum)
An unpaid caregiver of an individual with a disability or an elderly individual
Enrolled in SNAP/TEA, which already have engagement requirements
Receiving unemployment benefits
Participating in a WIOA sponsored workforce training program
Enrolled in formal education
Actively participating in one’s own healthcare or with one’s health plan, for example, as demonstrated by: <ul style="list-style-type: none"> <li>• Documented participation in an approved QHP value-added health incentive program or economic incentive program;</li> <li>• Receiving recommended preventive services; or</li> <li>• Active treatment for a serious life-threatening disease such as substance use disorder (SUD), serious mental illness (SMI), or cancer.</li> </ul>



Beneficiaries who are determined to not be engaged through data matching will be assigned a Success Coach. The Success Coach will assess the strengths of these individuals (education level, employment experience, problem-solving skills) and the barriers they may face (chronic health conditions, housing instability, reentry from prison). The Success Coach assigned to them will provide focused care coordination services and connections to local resources to address their Health-Related Social Needs (HRSN).

Focused care coordination will include the development of an individualized Action Plan to help the beneficiary achieve their health and economic goals. Success Coaches will connect with beneficiaries on a regular basis to engage them in accessing health and economic independence opportunities.

If beneficiaries have not participated in any of the engagement activities outlined in the table above or are not engaged with their Success Coach after being assigned to one, they will be moved from their qualified health plan (QHP) to the fee-for-service (FFS) delivery system, as the health care needs of these beneficiaries may be better served in the traditional Medicaid FFS delivery system. Currently, beneficiaries who are “medically frail” are not enrolled in QHPs, but rather maintain Medicaid FFS coverage, as they have more intensive needs that are more aligned with the traditional Medicaid benefits structure than with commercial QHPs. Beneficiaries will remain in FFS until the annual QHP open enrollment period, during which they will have the option to transfer back to a QHP by demonstrating their engagement.

In addition to the Opportunities for Success Initiative, the state seeks to utilize this Amendment to make two changes to Success Life360 HOME eligibility. First, given the long-term effects of these indicators on health and poverty, the Amendment proposes to expand the Success Life360 HOMEs up to age 59 for these beneficiaries to provide more comprehensive care coordination services for this subset of ARHOME enrollees. Second, the state seeks to remove the “at risk of homelessness” limitation from the veteran eligibility criteria for Success Life360 HOMEs. This modification better reflects the state’s intent to allow any veteran in need to have access to intensive care coordination services

### **Goals and Objectives**

The ARHOME waiver seeks to achieve the following goals:

- Providing continuity of coverage for individuals;
- Improving access to providers;
- Improving continuity of care across the continuum of coverage;
- Furthering quality improvement and delivery system reform initiatives that are successful across population groups;
- Improving health outcomes among Arkansans, especially in maternal and infant health, rural health, behavioral health, and those with chronic diseases;
- Providing supports to assist beneficiaries, especially young adults in target populations, to move out of poverty; and
- Slowing the rate of growth in federal and state spending on the program so the demonstration will be financially sustainable.

This Amendment is directly aligned to the goals of ARHOME. The Amendment seeks to improve continuity of care by supporting beneficiaries through new focused care coordination services





that will help beneficiaries navigate both their healthcare and obtain access to community resources to address HRSN. In providing these new care coordination services, the Amendment seeks to support beneficiaries as they move out of poverty.

In addition to building toward the ARHOME goals, the Opportunities for Success Initiative also seeks to specifically:

- Improve the health and well-being of individuals experiencing poverty; and
- Support those individuals on their path to economic independence and obtaining health insurance coverage through employers or the individual market.

### **Eligibility, Cost Sharing, Delivery Systems, and Benefits**

*Eligibility.* The ARHOME program provides health care coverage to more than 348,000 beneficiaries (as of the end of February 2023), between the ages of 19 and 64 who are not enrolled in Medicare and who are either (1) childless adults with household income at or below 138% of the federal poverty level (FPL) or (2) parents with dependent children and income between roughly 14% and 138% FPL.

The Amendment will not impact Medicaid eligibility. The Opportunities for Success Initiative will impact all beneficiaries through creating new access to information on opportunities, providing focused care coordination services to those eligible for a Success Coach, and expanding the number of beneficiaries eligible to participate in Life360 HOMEs. However, these proposals have no impact to one's underlying Medicaid eligibility.

*Cost Sharing.* The Amendment will not impact cost sharing. The current benefit packages will remain the same.

*Delivery Systems.* The state is requesting to continue the current adult eligibility group, including the same benefit packages and service delivery systems (Qualified Health Plans (QHPs) and Fee for Service (FFS)). Beneficiaries who are not engaged in their healthcare by not participating in opportunities through their QHP or Success Coach services will be moved from a QHP to FFS. These beneficiaries may move back to a QHP during the annual enrollment period if they are back "on track" and choose a QHP.

*Benefits.* The Amendment proposes to add a new service, focused care coordination, and expands access to existing intensive care coordination services for additional beneficiaries.

- (1) **Focused Care Coordination.** A new care coordination service provided through Success Coaches for beneficiaries aged 19 through 59 enrolled in a QHP but not otherwise engaged in their healthcare or other economic opportunities and:
  - a. With household income at or below 20% FPL;
  - b. With household income between 21% and 80% FPL who have been enrolled in ARHOME for more than 24 months;
  - c. With household income between 81% and 138% FPL who have been enrolled in ARHOME for more than 36 months.
- (2) **Intensive Care Coordination.** Intensive care coordination services available to adults enrolled in Success Life360 HOMEs will be expanded to age 59, as well as to qualifying veterans, regardless of housing status.



### Hypotheses and Evaluation Parameters

Arkansas proposes to utilize the current evaluation design and performance measures that have been approved for Life 360 HOMEs and are relevant to the addition of care coordination under the Amendment. Arkansas intends to build its approach off the following framework.

Goal #	Goal Description	#	Hypothesis Description	Measure #	Measure	Comparison Group
1	Increasing household income	A	Beneficiaries engaged with their Success Coach will experience an increase in household income	1.A.	Change in earnings reported for those who are unemployed (<21% FPL)	Beneficiaries not engaged with a Success Coach
		B	Beneficiaries engaged with their Success Coach will experience an increase in household income	1.B	Change in earnings reported for those who are underemployed (<81% FPL) and enrolled for at least 24 months	Beneficiaries not engaged with a Success Coach
		C	Beneficiaries engaged with their Success Coach will experience an increase in household income	1.C.	Change in earnings reported for those who are above 100% FPL and enrolled for at least 36 months	Beneficiaries not engaged with a Success Coach
2	Improving utilization of services and appropriateness of care	A	Beneficiaries engaged with their Success Coach will have greater use of preventive and other primary care services	2.A.1	CCS, CHL, SPD, CDC, AAP, AMR, CCW	Beneficiaries not engaged with a Success Coach
				2.A.2	PCP Assigned, PCP Visits	Beneficiaries not engaged with a Success Coach
				2.A.3	PCAP Milestone Achievement	Beneficiaries not engaged with a Success Coach
		B	Beneficiaries engaged with their Success Coach will have lower non-emergent use of emergency department services	2.B.1	Non-Emergent ED Visits	Beneficiaries not engaged with a Success Coach
				2.B.2	Emergent ED Visits	Beneficiaries not engaged with a Success Coach



		C Beneficiaries engaged with their Success Coach will have lower use of potentially preventable emergency department services and lower incidence of preventable hospital admissions and readmissions	2.C.1	Preventable ED Visits	Beneficiaries not engaged with a Success Coach
			2.C.2	PCR-AD Plan All-Cause Readmissions	Beneficiaries not engaged with a Success Coach
			2.C.3	FMC Follow-Up After Emergency Department Visit for People with Multiple High-Risk Chronic Conditions	Beneficiaries not engaged with a Success Coach
3	Reducing health-related social needs (HRSN) through intervention	A Beneficiaries engaged with their Success Coach will have fewer health-related social needs and improved HRSN compared to similar beneficiaries who are not engaged with a Success Coach	3.A.1	HRSN Population Comparisons	Beneficiaries not engaged with a Success Coach
		B Beneficiaries engaged with their Success Coach will be screened for unmet HRSN and receive a corresponding intervention if they screen positive	3.B.1	HRSN Screening/Intervention	Beneficiaries not engaged with a Success Coach

### Enrollment and Expenditures

In the aggregate, there is an estimated total reduction of approximately \$60 million to the current budget neutrality limits over the five-year waiver period due to the changes in the amendment. While there will be increased expenditures related to the new focused care coordination services, these costs will be offset by savings generated as unengaged individuals from QHPs move to FFS coverage and as individuals in QHP move to employer sponsored insurance or individually purchased insurance on the Marketplace due to higher income. Detailed enrollment and expenditure data for the waiver can be found in the table below.



<b>Enrollment and Expenditure Impact of Proposed Amendment</b>					
	<b>DY01 (2022)</b>	<b>DY02 (2023)</b>	<b>DY03 (2024)</b>	<b>DY04 (2025)</b>	<b>DY05 (2026)</b>
<b>Current Demonstration</b>					
Current Limit (PMPM)	\$717.25	\$758.85	\$802.86	\$849.43	\$898.69
Original Enrollment	2,970,000	2,787,600	2,815,476	2,843,631	2,872,067
Original Aggregate Expenditures	\$2,130,232,500	\$2,115,370,260	\$2,260,433,061	\$2,415,465,276	\$2,581,097,953
<b>Proposed Amended Demonstration</b>					
Proposed Limit (PMPM)	\$717.25	\$758.85	\$801.08	\$841.99	\$889.95
Proposed Enrollment	2,970,000	2,787,600	2,815,476	2,843,631	2,829,467
Proposed Aggregate Expenditures	\$2,130,232,500	\$2,115,370,260	\$2,255,434,127	\$2,394,309,682	\$2,518,075,266

### Waiver and Expenditure Authorities

Except as otherwise noted below, Arkansas is seeking to continue all existing waiver and expenditure authorities currently documented in the approved special terms and conditions. In addition, the state is requesting the following waiver and expenditure authorities to implement the new initiatives in the amendment request.

<b>Waiver Authorities</b>	
Amount, Duration, and Scope of Services and Comparability (Section 1902(a)(10)(B) and 1902(a)(17))	<ul style="list-style-type: none"> <li>To the extent necessary to enable DHS to offer focused care coordination services and LIFE360 HOME services to the populations as described in this Amendment, which may vary and not otherwise be available to all beneficiaries in the same eligibility group.</li> <li>To the extent necessary to enable DHS to permit differences in delivery system for beneficiaries who are not engaging in their QHP health plan.</li> </ul>
Statewideness (Section 1902(a)(1))	<ul style="list-style-type: none"> <li>To the extent necessary to enable DHS to provide focused care coordination services and LIFE360 HOME services on a less than statewide basis.</li> </ul>
Freedom of Choice (Section 1902(a)(23)(A))	<ul style="list-style-type: none"> <li>To the extent necessary to enable DHS to limit beneficiaries' freedom of choice with respect to Life360 HOME Services.</li> <li>To the extent necessary to enable Arkansas to limit the freedom of choice of providers for Focused Care Coordination services to staff employed by the Arkansas Department of Human Services or other entities, including state agencies, under contract for such services.</li> </ul>



Expenditure Authorities	
Expenditures for Care Coordination and Life360 HOMES Services	<ul style="list-style-type: none"> <li>Expenditure authority is requested for the focused care coordination services provided by Success Coaches under this Amendment request and the services provided by Success Life360 HOMES to beneficiaries in the expanded targeted age group.</li> </ul>

**Public Notice and Comment Process**

The proposed amendment request is available for public review on the DHS website at <https://humanservices.arkansas.gov/rules/arhome/>.

In addition, the draft documents are also available for hard copy review at the Department of Human Services (DHS) Office of Rules Promulgation, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P.O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437.

During the 30-day public comment period which runs from April 23, 2023 to May 23, 2023, the public is invited to provide written comments to DHS via US postal service or electronic mail, as well as make comments verbally during the two public hearings.

DHS will hold two public hearings on the following dates, times, and locations:

Public Hearing #1 ARHOME Advisory Panel	Public Hearing #2 General Public Forum
April 27, 2023 9:00 a.m. CST Department of Human Services (DHS) Donaghey Plaza South Building 700 Main Street Little Rock, Arkansas 72203  <b>Also available for virtual participation:</b> Zoom Link: <a href="https://us02web.zoom.us/j/81546218866">https://us02web.zoom.us/j/81546218866</a> Zoom Dial-In: +1 312 626 6799 Meeting ID: 815 4621 8866	May 5, 2023 11:00 a.m. CST Mercy Physicians Plaza MPP Board Room 2708 Rife Medical Lane Rogers, Arkansas 72758  <b>Also available for virtual participation:</b> Zoom Link: <a href="https://us02web.zoom.us/j/88581818690">https://us02web.zoom.us/j/88581818690</a> Zoom Dial-In: +1 312 626 6799 Meeting ID: 885 8181 8690

Interested persons should submit all written comments to DHS on the proposed amendment on or before **May 23, 2023**.

Comments can be submitted via email to [ORP@dhs.arkansas.gov](mailto:ORP@dhs.arkansas.gov) or by mail to Department of Human Services (DHS) Office of Rules Promulgation, 2nd Floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437.

Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter’s name and any personal information contained within the public comment, will be made publicly available.



STATE OF ARKANSAS  
Department of Human Services

The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated and managed and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color or national origin.

If you need a copy of the draft amendment or public notice documents in a different format, such as large print or in hard copy, contact the Office of Rules Promulgation at 501-320-6428.

**Attachment 3: Abbreviated Public Notice**



**Abbreviated Public Notice  
For Proposed Amendment to Medicaid Section 1115 Demonstration Project,  
Arkansas Health and Opportunity for Me (ARHOME)**

**The Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) is providing public notice of its intent to submit to the Centers for Medicare & Medicaid Services (CMS) a written request to amend the Medicaid Arkansas Health and Opportunity for Me (ARHOME) Demonstration Project (Waiver) and to hold public hearings to receive comments on the amendments to the Demonstration.**

In accordance with 42 §CFR 431.408, this notice provides a summary of the waiver amendment request and serves to formally open the 30-day public comment period, which will begin on April 23, 2023 and conclude on May 23, 2023.

Specifically, DHS seeks public comment on its amendment request to include the following enhancements to the current ARHOME demonstration:

- 1) *Opportunities for Success Initiative*. The proposed amendment will provide enhanced access to opportunities to Medicaid beneficiaries, including focused care coordination services from a Success Coach to beneficiaries who are not progressing toward improved health and economic independence. Individuals who are unemployed and are not “on track” will be assigned a Success Coach. Success Coaches also will be assigned to individuals who are “underemployed” and have been enrolled in a QHP for 24 months and to individuals who are employed and have been enrolled in a QHP for 36 months.

Success Coaches will evaluate the needs of the individuals they serve, including the person’s health related social needs, to develop an individualized Action Plan. Individuals who do not engage in their health or the multiple opportunities available to them within three months of Success Coach assignment will transition from coverage through a Qualified Health Plan (QHP) to the Medicaid Fee-for-Service (FFS) delivery system, but will not lose Medicaid eligibility.

Beneficiaries will not be required to report information or participation in opportunities to DHS. DHS will determine an individual’s participation in their health improvement and economic independence activities and opportunities through data matching.

Beneficiaries will not be required to participate in a minimum number of hours of activities per week/month/quarter as a result of this initiative.

- 2) *Expansion of Success Life360 HOME Eligibility*. The amendment proposes to expand the Success Life360 HOMEs up to age 59 for eligible beneficiaries to provide intensive care coordination services for this subset of ARHOME enrollees. Second, the state seeks to remove the “at risk of homelessness” limitation from the veteran eligibility criteria for Success Life360 HOMEs. This modification better reflects the state’s intent to allow any veteran in need to have access to intensive care coordination services.

DHS intends to implement the enhancements proposed in the amendment by January 1, 2024.

The proposed amendment request and full public notice is available for public review on the DHS website at <https://humanservices.arkansas.gov/rules/arhome/>.

In addition, the draft documents are also available for hard copy review at the Department of Human Services (DHS) Office of Rules Promulgation, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P.O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437.

During the public comment period, the public is invited to provide written comments to DHS via US postal service or electronic mail, as well as make comments verbally during the two public hearings. DHS will hold two public hearings on the following dates, times, and locations:

**Public Hearing #1: ARHOME Advisory Panel**

April 27, 2023, 9:00 a.m. CST, Department of Human Services (DHS), Donaghey Plaza South Building, 700 Main Street, Little Rock, Arkansas 72203.

Also available for virtual participation:

Zoom Link: <https://us02web.zoom.us/j/81546218866>

Zoom Dial-In: +1 312 626 6799 Meeting ID: 815 4621 8866

**Public Hearing #2: General Public Forum**

May 5, 2023, 11:00 a.m. CST, Mercy Physicians Plaza, MPP Board Room, 2708 Rife Medical Lane, Rogers, Arkansas 72758.

Also available for virtual participation:

Zoom Link:

<https://us02web.zoom.us/j/88581818690>

Zoom Dial-In: +1 312 626 6799 Meeting ID: 885 8181 8690

Interested persons should submit all comments to DHS on the proposed amendment on or before **May 23, 2023**.

Comments can be submitted via email to [ORP@dhs.arkansas.gov](mailto:ORP@dhs.arkansas.gov) or by mail to Department of Human Services (DHS) Office of Rules Promulgation, 2nd Floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437.

Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available.

The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated and managed and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color or national origin.

If you need a copy of the draft amendment or public notice documents in a different format, such as large print or in hard copy, contact the Office of Rules Promulgation at 501-320-6428.

[4502100209]

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Elizabeth Pitman, Director  
Division of Medical Services