



Arkansas Works Section 1115 Demonstration Waiver

Quarterly REPORT
April-June 2020



❖ Eligibility and Enrollment

In 2016, the Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) took action to end the Private Option and create Arkansas Works as an amendment to its 1115 demonstration project.

In January 2017, DMS referred all individuals enrolled in Arkansas Works to the Arkansas Department of Workforce Services (DWS), now known as the Arkansas Division of Workforce Services (DWS). The referral allowed enrollees to voluntarily seek assistance with job training and job placement. However, from January 2017 to January 2018, only 4.7% of clients acted upon the referral and used the services offered by DWS. Of that number, 23% became employed through this process. In July 2017, DMS submitted an amendment to the waiver requiring certain able-bodied adults without dependents (ABAWD) to participate in work and community engagement (WCE) requirements. Specifically, DMS required all non-disabled, childless adults who were 19-49 years old (ABAWD) to participate in work or community engagement, which included both education and training activities, as well as actual employment. Following CMS approval on March 5, 2018, DMS began the reporting on the WCE requirement on June 1, 2018. In 2018, the WCE requirement applied to those people ages 30-49. In 2019, the WCE requirement also applied to individuals ages 19-29.

With the implementation of the Arkansas Works WCE requirements, Arkansas sought to begin testing whether a “stronger incentive model is more effective in encouraging participation.”ⁱ Requirements such as the WCE requirement promote the objectives of Title XIX and encourage the beneficiary to actively participate in their own care. However, on March 27, 2019, the D.C. Federal District Court vacated the U.S. Department of Health and Human Services waiver approving the Arkansas Works WCE requirement. The WCE reporting requirement for Arkansas Works clients was suspended as a result of that ruling, which was appealed to the U.S. Court of Appeals. Oral arguments took place in Washington, D.C. on October 11, 2019. On February 14, 2020, the U.S. Court of Appeals for the D.C. Circuit affirmed the lower court’s ruling. As of the date of this report, work requirement remains suspended currently.

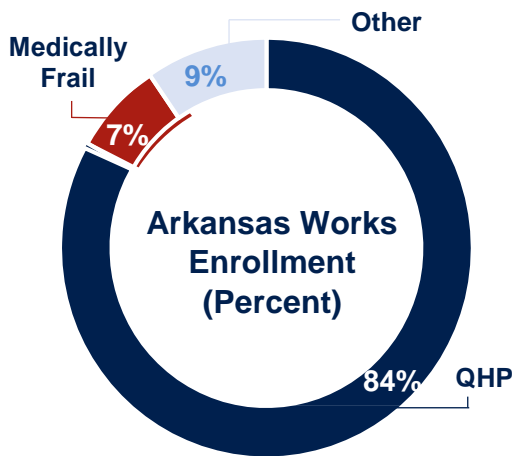
Enrollment in Arkansas Works was 263,615 in April 2020; 271,433 in May 2020; and 277,284 in June 2020 (data pulled on July 7, 2020). The program operated below the budget neutrality cap during this quarter, which is \$625.39 for each client covered by Arkansas Works in 2020.¹

¹ Does not include total CSR payments, which are settled the subsequent year.

❖ Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 277,284 individuals were enrolled in Arkansas Works. Of those enrolled:



- **Eighty-four percent** received Arkansas Works coverage through a qualified health plan (QHP) purchased from plans offered through the Healthcare Insurance Marketplace.
- **Seven percent** were designated as medically frail and received Medicaid services on a fee-for-service basis.
- **Nine percent** had an interim status, which include a pending QHP assignment or Alternative Benefit Plan designation.

The table below shows the total enrollment numbers and premium information by month for Arkansas Works clients this quarter:

Arkansas Works Enrollment and Premium Information (April-June 2020)							
Month	Number of Individuals Enrolled	Number of Individuals Awaiting Assignment	Number of Medically Frail Individuals	Number of Individuals with a Paid Premium	Premium Expenditures	Advance Cost Share Payments	Wrap Costs
April	263,615	31,848	19,736	212,031	\$96,846,241.85	\$25,358,284.65	\$752,241.19
May	271,433	25,476	20,073	225,884	\$103,887,771.43	\$27,332,586.81	\$800,540.09
June	277,284	25,228	20,261	231,795	\$104,628,620.03	\$27,652,179.20	\$824,424.11

❖ Utilization and Budget Neutrality

UTILIZATION

During this quarter, the total payment for Arkansas Works clients with a paid premium was \$388,082,889.36. Of this amount:

- \$305,362,633.31 was paid for premiums
- \$80,343,050.66 was paid for advanced cost-sharing reductions
- \$2,377,205.39 was the total amount for wrap costs, which includes Non-Emergency Medical Transportation (NET) and Early and Periodic Screening, Diagnostic, and Treatment (EPSDT).

BUDGET NEUTRALITY WORKBOOK

During this quarter, the payments for each client who received Arkansas Works coverage through QHPs remained below the budget neutrality cap. It should be noted that these payments do not include the final cost share reduction (CSR) reconciliation that is made at the conclusion of each waiver year; however, the current Memorandum of Understanding (MOU) with the carriers limits the total cost per individual by the budget neutrality PMPM cap. The table below shows the breakdown of payments for each client with a paid premium, and the table compares the total cost to the budget neutrality cap:

Arkansas Works Budget Neutrality Information for Each Individual with a Paid Premium (April – June 2020)					
Month	Premium Costs Per Individual with a Paid Premium	Advance Cost Share Payment Per Individual with a Paid Premium	Wrap Costs Per Individual with a Paid Premium	Total Cost Per Individual with a Paid Premium	Budget Neutrality Cap
April	\$456.76	\$119.60	\$3.55	\$579.90	\$625.39
May	\$459.92	\$121.00	\$3.54	\$584.46	\$625.39
June	\$451.38	\$119.30	\$3.56	\$574.24	\$625.39

¹ Does not include total CSR payments, which are settled the subsequent year.

PRESS REPORTS

April 2020

April 1-7, 2020: As April began, Arkansas's WCE requirement remained on hold after a federal appeals court panel upheld a lower court's decision to block the requirement. National coverage turned to the ongoing public health emergency, while local news media coverage kept focus on Arkansas Medicaid and its support of clients during the pandemic. *The Hot Springs Sentinel Record* covered Arkansas Medicaid's effort to encourage clients to apply online for services rather than in person. *The Southwest Times Herald* reported that after the start of the Arkansas State Legislature 2020 Fiscal Session, three representatives had tested positive for COVID-19, causing a decision to limit contact and discussion on 2021 fiscal policies for programs including Arkansas Works. (1)

April 8, 2020: DHS released the [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (2)

April 10-17, 2020: Local coverage continued as the Arkansas Nonprofit News Network reported expectations of an increase in Medicaid enrollment and Arkansas' efforts to modify rules during the pandemic. *The Arkansas Democrat-Gazette* reported on proceedings to appropriate Medicaid funds during the Arkansas State Legislature 2020 Fiscal Session and legislators' choice to forego debate on changes to the Arkansas Works program until after the public health emergency. (3)

April 21-30, 2020: At the end of the month, media coverage turned toward the national scene. The state of Oklahoma sought to implement a work requirement using block grants, citing support of the strategy from Arkansas Governor Asa Hutchinson. Work requirements saw some support nationally with coverage citing Arkansas's success in reducing uncompensated care in the effort to stabilize struggling rural hospitals while other coverage analyzed the need for more work requirements following the COVID-19 pandemic. *USA Today* examined how work requirements nation-wide could reduce the amount of rural hospitals. Other national coverage included *Bloomberg Law*, the Georgia Budget and Policy Institute, and *The New York Times*. (4)

May 2020

May 1-6, 2020: With Missouri's upcoming vote to implement Medicaid expansion, media coverage analyzed the possible results of eligibility expansion and how a work requirement might affect the state. (5)

May 9-14, 2020: National coverage continued Missouri's choice to expand Medicaid as well as Oklahoma's choice to unveil a plan to use Medicaid block grants in conjunction with its work requirement. Both cited Arkansas's results after expanding Medicaid and implementing a WCE requirement. (6)

May 18, 2020: DHS released the [Monthly Enrollment and Expenditures Report](#) for Arkansas Medicaid, which included statistics on Arkansas Works. (7)

May 20-30, 2020: *The Kansas City Star* reported reasons to report Missouri's Medicaid expansion plans, again citing Arkansas's results. Meanwhile, amid state budget concerns during the coronavirus pandemic, the *Associated Press* covered Oklahoma's choice to pause its plans for Medicaid expansion set to begin July 1, 2020, with a following work requirement in July 2021, as the state's voters prepared to vote on June 30 on a Medicaid expansion proposal that would replace the current plan. (8)

June 2020

June 6-12, 2020: *Talk Business & Politics* interviewed a health policy organization about a possible coming shift to Arkansas Medicaid enrollment, including Arkansas Works, due to unemployment during the public health emergency. Nationally, Missouri's Supreme court chose to allow the state's Medicaid expansion proposal to stay on the August ballot to be decided by the voters and reports analyzed Idaho's rising enrollment numbers in the state's Medicaid expansion program with a pending work requirement. (9)

June 17-24, 2020: Medicaid expansion and discussion of a coming work requirement in Missouri was reported to be a possible solution to the widening healthcare gap and future recovery from the COVID-19 pandemic. Local coverage discussed the future of Arkansas's WCE requirement after the 2022 Gubernatorial election. (10)

June 25-29, 2020: Coverage focused on Montana while the state awaited federal approval to implement its community engagement requirement, examining the timing of the implementation as COVID-19 pandemic drove unemployment and an increase in Medicaid enrollment. (11)

OUTREACH EFFORTS

DHS and its partner vendor, targeted new enrollees to the Arkansas Works program between the ages of 19 and 49 to educate them about general program information, ensure their contact information was current, discuss the importance of choosing a carrier or primary care provider, and refer to job training and community opportunities. DHS's primary goals were to (1) ensure the client was aware of his or her status, (2) help answer client questions, and (3) educate the client on the reporting process for changes to his or her information. Those efforts are summarized below:

¹ Does not include total CSR payments, which are settled the subsequent year.

Vendor Outreach to Arkansas Work Clients
(April – June 2020)

Month	Clients in Target Audience	Number of Calls Placed	Clients Successfully Educated	Referrals to Community Resources
April	6465	3186	1126	88
May	6240	888	120	42
June	5951	918	125	48

The reduction in number of calls placed and clients who were successfully educated in May and June was due to the COVID-19 pandemic. DHS has also continued targeted outreach to Arkansas Works clients in social media posts and online website content regarding the importance of preventive services, developing a relationship with their PCP, the benefits of working, contributing to their community, continuing their education, and getting assistance from the Arkansas Division of Workforce Services (DWS).

PUBLIC FORUMS

No public forums were held this quarter.

LAWSUITS

On February 14, 2020, the United States Court of Appeals for the District of Columbia Circuit upheld the D.C. Federal District Court’s decision vacating the waiver approving the Arkansas Works Work Requirement.

A Writ of Certiorari was filed with the United States Supreme Court on July 13, 2020.

❖ Evaluation Progress and Activities

DHS has procured a new vendor to evaluate the ongoing Arkansas Works program. The evaluation contractor continues to focus on the Arkansas Works (Arkansas Works) program evaluation objectives and timeline. The evaluation will review whether Arkansas Medicaid clients received the same, better, or worse care under Arkansas Works compared to under traditional Fee-For-Service (FFS) Medicaid by looking at these key objectives:

- Clients will have equal or better access to health care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Clients will have equal or better care and outcomes compared with what they would have otherwise had in the Medicaid fee-for-service system over time.

- Clients will have equal or better continuity of care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Services provided to clients would prove to be cost effective.

Evaluation Activities

- Planning and implementing data integrations
- Configuring data metrics
- Preparing client engagement satisfaction survey and protocols
- Finalizing preliminary evaluation design documents
- Submitting draft evaluation design document to DHS
- Reviewing preliminary data analyses
- Inputting evaluation section material of 2019 annual demonstration report
- Conducting three full Evaluation Team meetings that include key stakeholders from DHS and contractor. Meetings were held monthly during the quarter and included the following topics:
 - Obtaining data from the qualified health plans (QHPs) and stating the risks to deliverables if not received
 - Obtaining QHP nomenclature represented on client coverage cards and stating risks to deliverables if not received
 - Setting up recurring monthly closure list distribution from DHS to contractor
 - Obtaining data from the Arkansas Insurance Department (AID) and stating the risks to deliverables if not received
 - Obtaining data from the former program evaluator
 - Finalizing the client engagement satisfaction survey details
 - Submitting preliminary evaluation design documents including a crosswalk and diagram to CMS for initial design guidance
 - Continuing to draft full evaluation design
 - Refining comparison population aid categories
 - Submitting full Draft evaluation design document to CMS for review
- Other Meetings Held:
 - DHS/CMS/Contractor Meeting
 - Six DHS/GDIT Evaluation Design Meeting

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Evaluation Vendor Procurement

DMS awarded the overall Arkansas Works Waiver Evaluation contract to a successful bidder. The awarded vendor will continue analysis of data from January 1, 2019, forward, so that there are no gaps in data gathered and analyzed in the demonstration analysis.

DMS announced on June 2019, that the contract was awarded, and the contractor began the Arkansas Works Waiver Evaluation demonstration analysis on August 1, 2019.

Arkansas Medicaid will seek a separate evaluation of the WCE requirement demonstration. The evaluation for the WCE requirement will cover the implementation efforts, outcomes and effects (short-term and long-term, tangible and intangible), and sustainability of the WCE requirements and activities as part of a lasting improvement to the social fabric and population health of all Arkansans. This WCE requirement evaluation design is in addition to the evaluation of the overall Arkansas Works program referenced above.

❖ Quality Assurance

The Arkansas Works overall evaluation will assess the quality of care provided to Arkansas Works clients by analyzing whether clients have equal or better care and outcomes over time, compared with what they would have otherwise received in the Medicaid fee-for-service system. Health care and outcomes will be evaluated using the following measures:

- Use of preventive and health care services
- Experience with the care provided
- Use of emergency room services (including emergent and non-emergent use)
- Potentially preventable emergency department and hospital admissions

The Arkansas Works overall evaluation will also explore whether Arkansas Works clients have equal or better continuity of care compared with what they would have otherwise had in the Medicaid fee-for-service system over time. Continuity will be evaluated using the following measures:

- Gaps in insurance coverage
- Maintenance of continuous access to the same health plans
- Maintenance of continuous access to the same providers

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ⁱ Seema Verma's approval -- 3/5/18, pg. 2 (<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-works-ca.pdf>)