Executive Summary

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

In January 2017, DHS referred all individuals enrolled in Arkansas Works to the Arkansas Department of Workforce Services (DWS). The referral allowed enrollees to voluntarily seek assistance with job training and job placement. However, from January 2017 to January 2018, only 4.7 percent of beneficiaries acted upon the referral and used the services offered by DWS. Of that number, 23 percent became employed through this process. In July 2017, DHS submitted an amendment to the waiver requiring certain able-bodied adults without dependents (ABAWD) to participate in work and community engagement (WCE) requirements. Following CMS approval in March 5, 2018, DHS began the reporting requirement beginning June 1, 2018.

In 2018, with the implementation of the Arkansas Works WCE requirements, Arkansas sought to begin testing whether a “stronger incentive model is more effective in encouraging participation.”ii The approved Arkansas Works amendment required abled-bodied individuals to engage in work and community engagement activities, which included education and training. Such requirements promote the objectives of Title XIX. The waiver amendment established a WCE requirement for non-disabled, childless adults who are between 19 and 49 years old. In 2018, the work and community engagement requirement applied to those people ages 30-49. In 2019, the WCE requirement also applied to individuals ages 19-29. On March 27, 2019, the D.C. Federal District Court vacated the U.S. Department of Health and Human Services waiver approving the Arkansas Works WCE requirement. The legal proceedings are ongoing, and the WCE reporting requirements for Arkansas Works clients has been suspended while those proceedings continue.

Enrollment in Arkansas Works was 245,857 in January 2019; 245,198 in February 2019; and 247,631 in March 2019. The program continues to operate below the budget neutrality cap, which is $625.39 for each client covered by Arkansas Works in 2019.
Arkansas Works Quarterly Report
January 1, 2019 – March 31, 2019

Eligibility and Enrollment

ARKANSAS WORKS ENROLLMENT AND PREMIUM INFORMATION

At the end of this quarter, 247,374 individuals were enrolled in Arkansas Works in March 2019. Of these individuals:

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

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

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of Individuals Enrolled</th>
<th>Number of Medically Frail Individuals</th>
<th>Number of Individuals with a Paid Premium</th>
<th>Premium Expenditures</th>
<th>Advance Cost Share Payments</th>
<th>Wrap Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>245,857</td>
<td>20,119</td>
<td>193,186</td>
<td>$87,787,873.55</td>
<td>$31,606,389.45</td>
<td>$667,746.66</td>
</tr>
<tr>
<td>February</td>
<td>245,198</td>
<td>20,071</td>
<td>191,587</td>
<td>$86,734,810.88</td>
<td>$31,352,019.12</td>
<td>$686,112.77</td>
</tr>
<tr>
<td>March</td>
<td>247,631</td>
<td>20,494</td>
<td>195,886</td>
<td>$88,558,636.23</td>
<td>$62,982,629.77</td>
<td>$701,381.96</td>
</tr>
</tbody>
</table>

Utilization and Budget Neutrality

**UTILIZATION**

During this quarter, the total payment for Arkansas Works clients with a paid premium was $391,086,600.39 of this amount:

- $263,081,320.66 was paid to the issuers for premiums
- $125,941,038.34 was paid for advanced cost-sharing reductions
$2,064,241.39 was the total amount for wrap costs, including Non-Emergency Medical Transportation (NET) and Early and Periodic Screening, Diagnostic and Treatment (EPSDT).

**BUDGET NEUTRALITY WORKBOOK**

During this quarter, the payments for each client who received Arkansas Works coverage through QHPs remained below the budget neutrality cap. The table below shows the breakdown of payments for each client with a paid premium, and the table compares the total cost to the budget neutrality cap:

<table>
<thead>
<tr>
<th>Month</th>
<th>Premium Costs Per Individual with a Paid Premium</th>
<th>Advance Cost Share Payment Per Individual with a Paid Premium</th>
<th>Wrap Costs Per Individual with a Paid Premium</th>
<th>Total Cost Per Individual with a Paid Premium</th>
<th>Budget Neutrality Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$454.42</td>
<td>$163.61</td>
<td>$3.50</td>
<td>$621.53</td>
<td>$625.39</td>
</tr>
<tr>
<td>February</td>
<td>$452.72</td>
<td>$163.64</td>
<td>$3.58</td>
<td>$619.94</td>
<td>$625.39</td>
</tr>
<tr>
<td>March</td>
<td>$452.09</td>
<td>$321.53</td>
<td>$3.58</td>
<td>$777.20</td>
<td>$625.39</td>
</tr>
</tbody>
</table>

**Operational Updates**

**PRESS REPORTS**

**January 2019**

January 1 -10, 2019: Local and national coverage includes articles on the Arkansas Works program and how other states are looking to implement a similar program. (1)

January 11-15, 2019: Local media coverage by *The Arkansas Democrat Gazette* included Governor Hutchinson and lawmakers’ comments on Arkansas Works. National media covered report that is critical of Arkansas Works program. (2)

January 16-28, 2019: Arkansas Works monthly report was released showing over 18,000 people did not meet the WCE requirement and their Medicaid coverage ended. Local media coverage included *The Arkansas-Democrat Gazette*, Talk Business & Politics and KARK. (3)

**February 2019**

February 1-10, 2019: Local and national media continued coverage regarding Arkansas Works. Local media coverage included *The Helena Independent Record, Northwest Arkansas Democrat-Gazette*. 
National media includes townhall.com (4) 


February 21-25, 2019: Local and national media coverage continued on Arkansas Works. Coverage centered on upcoming court date and ruling on the status on Arkansas Works. (6)

**March 2019**

March 12-17, 2019: Monthly Arkansas Works report released covered by local and national media. Local and national media coverage also included ruling on Arkansas and Kentucky Medicaid programs expected by end of March. (7) 

March 27, 2019: Local and national media reported on federal judge’s ruling that suspended WCE requirement in Arkansas Works and in a similar program in Kentucky. (8)

**OUTREACH EFFORTS**

The Arkansas Foundation for Medical Care (AFMC) made outreach phone calls to Arkansas Works beneficiaries on behalf of DHS whose WCE requirements were beginning and were believed to be required to report WCE activities during the quarter. The target audience included those clients whose WCE requirement would be starting the following month. AFMC’s primary goals were to (1) ensure the client was aware of his or her status, (2) help answer client questions, and (3) educate the client on the reporting process. Those efforts are summarized below:

<table>
<thead>
<tr>
<th>Month</th>
<th>Beneficiaries in Target Audience</th>
<th>Number of Calls Placed</th>
<th>Beneficiaries Successfully Educated</th>
<th>Referrals to WCE activity resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>4,159</td>
<td>15,808</td>
<td>1,251</td>
<td>2,023</td>
</tr>
<tr>
<td>February</td>
<td>5,341</td>
<td>16,645</td>
<td>1,523</td>
<td>1,771</td>
</tr>
<tr>
<td>March</td>
<td>3,953</td>
<td>18,015</td>
<td>1,288</td>
<td>1,961</td>
</tr>
</tbody>
</table>
Since May 1, 2018, DHS staff also conducted outreach efforts that included providing informational flyers and materials, presentations, webinars, and trainings with community organizations, advocacy groups, higher education institutions, professional and medical associations, librarians, and other state governmental agencies among others. Specific outreach was conducted with the following groups, among others, from April 1 – June 30, 2018:

- Substance Abuse providers
- The Arkansas Pharmacy Association
- The Arkansas Hospital Association
- The Arkansas Medical Society
- Arkansas Board of Pharmacy
- Federally Qualified Health Centers Association
- Crisis Stabilization Units
- CHI-St. Vincent Hospital
- Central Arkansas Veterans Hospital System
- Community Mental Health Centers
- National Guard Family Assistance Coordinators
- Arkansas Department of Community Correction
- Arkansas Department of Finance and Administration
- Arkansas Department of Higher Education
- Arkansas Department of Health
- Community College Association
- Hunger Relief Alliance
- Rural Community Alliance
- Interfaith Alliance
- Arkansas Literacy Councils
- Community Action Agencies
- Our House Homeless Shelter
- Central Arkansas Homeless Coalition
- Central Arkansas Library System
- Goodwill Industries of Arkansas

PUBLIC FORUMS

No public forums were done this quarter.

LAWSUITS

On March 27, 2019, the D.C. Federal District Court vacated the U.S. Health and Human Services waiver approving the Arkansas Works Work Requirement.

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

A motion to expedite has been granted, a briefing schedule entered, and oral arguments should be heard no later than October 2019.

KEY MILESTONES ACCOMPLISHED

January 1, 2019 – WCE requirements began for individuals ages 19 – 29 and individuals ages 30 – 49 with household incomes above 100% FPL.

January 8, 2019 - Arkansas Works clients ages 19-29 who were scheduled to begin the WCE requirement in February 2019 were mailed individual notices telling them about their status.

February 8, 2019 - Arkansas Works clients ages 19-29 who were scheduled to begin the WCE requirement in March 2019 were mailed individually tailored notices.

February 28, 2019 – Fourth quarterly monitoring report for 2018 was submitted to CMS.
Evaluation Progress and Activities

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

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

- Beneficiaries will have equal or better access to health care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Beneficiaries will have equal or better care and outcomes compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Beneficiaries will have better continuity of care compared with what they would have otherwise had in the Medicaid fee-for-service system over time.
- Services provided to beneficiaries will prove to be cost effective.
- The employer-sponsored insurance program will produce greater system efficiencies and individual outcomes than QHP premium assistance program.
- Beneficiaries will effectively participate in an incentive benefits program.

Evaluation Activities

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

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

- Qualitative Telephone Interviews with Arkansas Works and Medicaid Enrollees in 2018;
- Simulated ‘Secret Shopper’ and Provider Practice Surveys conducted;
- Enrollment and Uninsured Low-Income Adults Profile; and
- Continuity of Coverage Analysis.

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

**Evaluation Vendor Procurement**

DHS/DMS is currently in the process of procuring and awarding the ARWorks Evaluation contract to a successful bidder. The procurement is being completed utilizing an IFB (Invitation for Bid) process. The awarded vendor will continue analysis of data from January 1, 2019, forward, so that there are no gaps in data gathered and analyzed in the demonstration analysis.

The awarded vendor is required to utilize the Evaluation submitted to, and approved by, CMS in 2017. Currently, the final IFB has been posted, and DHS/DMS has responded to questions from potential bidders. The bid opening and contract award is anticipated to occur in Q2 of CY2019.

The Evaluation procurement described above (ARWorks compared to Traditional Medicaid) specifically excludes evaluation of the Work and Community Engagement (WCE) requirements for specified ARWorks populations (see additional information below). In working with CMS, the ARWorks team created an overall proposed Project Evaluation Design Plan Overview and Scope of Work. Based on that Overview and SOW, DHS/DMS began work on an RFP (Request for Proposal) to award a contract to an evaluator of the specific WCE requirement only. Although there will be two (2) separate evaluations, the analysis and insight obtained from each of them can complement the other. The WCE Evaluation RFP development process is currently ongoing.

**Community Engagement Eligibility and Enrollment Monitoring**

The State of Arkansas submitted its community engagement eligibility and enrollment monitoring plan as required by special term and condition (STC) 54 of the state's section 1115 Demonstration, Arkansas Works (Project No. 11-W-00287/6).

The monitoring plan has been incorporated in the STCs as “Attachment A.” As outlined in STC 54, the state will provide status updates on the implementation of the eligibility and enrollment monitoring plan as part of the state's quarterly and annual monitoring reports. Attached below is the monitoring report for the first quarter of 2019.
Work and Community Engagement Snapshot

Below are snapshots of the program for the reporting period for work and community engagement requirement reporting, a monthly report for March 2019 was not produced, as the WCE requirement was suspended as legal proceedings continued, therefore there were no WCE outcomes to report:

*January 2019 Report*
Arkansas Works Program

February 2019

Just over 116,200 Arkansas Works enrollees were subject to the work requirement in February. Most are already meeting the requirement through work, school, or other life situations that made them exempt from reporting each month. Numbers below are a point-in-time snapshot of the requirement and some fluctuate daily.

116,229 subject to work requirement in February*

233,870 total Arkansas Works population as of Feb. 1, 2019.

13,373 Did not meet requirement

102,856 Met requirement due to work, training, or other activity. Most of these individuals are exempt from monthly reporting of activities because they have provided DHS information showing they are in compliance.

Months of Not Meeting Requirement

<table>
<thead>
<tr>
<th>One month</th>
<th>Two months</th>
<th>Three months (closed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,066**</td>
<td>6,472***</td>
<td>0</td>
</tr>
</tbody>
</table>

*Enrollees ages 30-49 were subject to the requirement in 2018. Those 19-29 will phase in from January through June 2019.

*February 2019 Report

Arkansas Works Program

February 2019

Every Medicaid program has what is known as “churn,” cases that close for various reasons. It is not uncommon for those individuals to take action and come back on a program after receiving a closure notice. The total number of Arkansas Works cases closed in February was 10,854. Of those, none (0) closed due to not meeting the requirement.

Of the enrollees whose coverage ended in 2018 due to not meeting the requirement, 1,910 have applied for and gained coverage in 2019. Of those, 1,889 are in Arkansas Works.

Outreach Efforts

February 2019
includes DHS, AFMC, insurance carriers, and DWS

<table>
<thead>
<tr>
<th>Phone Calls</th>
<th>Letters</th>
<th>Emails</th>
<th>Text Messages</th>
<th>Social Media Posts</th>
<th>Paid Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>43,989</td>
<td>90,629</td>
<td>62,466</td>
<td>18,018</td>
<td>170</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

*February 2019 “Churn” Report
Quality Assurance

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

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

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

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


References


References


† 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)