

October 2014 | Fact Sheet

Medicaid Expansion in Arkansas

In September 2013, the Centers for Medicare and Medicaid Services approved Arkansas' Section 1115 demonstration to implement the Affordable Care Act's (ACA's) Medicaid expansion by using Medicaid funds as premium assistance¹ to purchase coverage in Marketplace Qualified Health Plans (QHPs) for newly eligible adults.² The demonstration covers parents from 17-138% of the federal poverty level (FPL) and childless adults from 0-138% FPL. As of January 2014, Arkansas' demonstration:

- Expands Medicaid by purchasing Marketplace QHP coverage for all newly eligible adults.
- Requires newly eligible adults to enroll in Marketplace QHPs to receive Medicaid services.
- Requires cost-sharing at Medicaid state plan amounts for beneficiaries from 100-138% FPL.
- Provides services that are outside the QHP benefit package, such as Early Periodic Screening Diagnosis and Treatment for 19 and 20 year olds, free choice of family planning provider, and non-emergency medical transportation, through the state's Medicaid fee-for-service delivery system.

In September 2014, Arkansas submitted a waiver amendment seeking CMS approval for changes required by state legislation to be effective in February 2015,³ which has not yet been approved. The proposed changes include:

- Establishing health savings accounts for non-disabled beneficiaries.
- Imposing cost-sharing for beneficiaries above 50% FPL, consistent with state plan amounts.
- Limiting non-emergency medical transportation services.

Arkansas is among the 28 states (including DC) implementing the Medicaid expansion to date, most of which are doing so through a state plan amendment.⁴ Other states with Section 1115 demonstrations to implement the Medicaid expansion include Iowa, which provides premium assistance to newly eligible adults above 100% FPL and covers those at or below 100% FPL through Medicaid managed care,⁵ and Michigan⁶ and Pennsylvania,⁷ which are using private Medicaid managed care plans. (Pennsylvania proposed using premium assistance in its initial waiver application, but its approved demonstration does not include premium assistance.) Indiana has a pending waiver application which would expand Medicaid using high deductible health savings accounts.⁸ New Hampshire is implementing the ACA's Medicaid expansion through direct coverage in the state's Medicaid program as of July 2014, and expects to submit a § 1115 waiver application by December 2014 to provide expansion coverage through Marketplace premium assistance beginning in January 2016.⁹ This fact sheet describes key features of Arkansas' demonstration.

**Table 1:
Arkansas' Section 1115 Medicaid Expansion Demonstration Waiver**

Element	Arkansas (approved, with proposed amendments)
Overview:	<p>Uses Medicaid funds to pay Marketplace QHP premiums for all newly eligible adults statewide (estimated 200,000) under the ACA's Medicaid expansion.</p> <p>Pending waiver amendment seeks CMS approval of monthly cost-sharing contributions to health savings accounts for beneficiaries from 50-138% FPL, limits on non-emergency medical transportation, and the addition of cost-sharing for enrollees from 50-100% FPL (which does not require waiver authority), for the demonstration to continue past Jan. 2015.¹⁰</p>
Duration:	<p>9/27/13 to 12/31/16 Eligibility effective 1/1/14</p>
Demonstration Goals:	Cites promoting continuity of care, increasing access to care, and increasing Marketplace QHP enrollment.
Coverage Groups Subject to Premium Assistance:	<p>Newly eligible parents ages 19-64 between 17-138% FPL, and newly eligible adults without dependent children ages 19-64 between 0-138% FPL.</p> <p>Anticipates amending waiver in 2015 or 2016 to add parents at or below 17% FPL and children (not included in current demonstration approval or pending waiver amendment).</p>
Enrollment:	QHP enrollment required for demonstration beneficiaries.
Populations Exempt from Premium Assistance:	<p>People who are medically frail are exempt from premium assistance and have choice of FFS coverage of same ABP offered to new adult group or an ABP that includes state's standard Medicaid benefits package.</p> <p>Those determined medically frail after QHP enrollment can be disenrolled from premium assistance and reassigned to other Medicaid coverage.</p> <p>Identified through state-established process. Waiver application describes 12 question online screening assessment, including health self-assessment, living situation, assistance with ADLs/IADLs, acute and psychiatric overnight hospital stays, and number of physician, physician extender or mental health professional visits.</p> <p>People with "exceptional medical needs" as identified through screening assessment, American Indian/Alaska Natives, pregnant women, and dual eligible beneficiaries also are exempt from premium assistance enrollment.</p>
QHP Choice and Auto-Assignment:	<p>Beneficiaries choose between at least 2 silver level Marketplace QHPs. If beneficiaries do not choose a plan, they will be automatically assigned to one.</p> <p>Beneficiary choice among all silver level plans in geographic area that offer only EHB.</p> <p>30 days to change QHP after auto-assignment.</p> <p>Auto-assignment based on target minimum market share of demonstration beneficiaries in each QHP in region.</p>
Premiums:	<p>State pays monthly premiums directly to QHPs.</p> <p>Beneficiaries are not responsible for any premium costs (but see cost-sharing discussion below for proposed monthly health savings account contributions)</p>

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Cost-Sharing:	<p>Cost-sharing limited to 5% of annual income</p> <p>Beneficiaries between 100-138% FPL have cost-sharing consistent with Medicaid and Marketplace QHP rules. No cost-sharing for beneficiaries below 100% FPL in 2014.</p> <p>No cost-sharing for beneficiaries who are exempt under federal Medicaid law.</p> <p>State makes advance monthly cost-sharing reduction payments to QHPs; providers collect cost-sharing for which beneficiaries are responsible (up to Medicaid limits) at the point of service.</p> <p>Pending waiver amendment seeks CMS approval of monthly cost-sharing payments to health savings accounts for demonstration beneficiaries from 50-138% FPL for the Medicaid expansion to continue beyond Jan. 2015.¹¹ Third party administrator will use account funds to pay cost-sharing to providers; state to fund account to cover cost-sharing beyond Medicaid limits. Initial contribution required by the end of the 2nd month after QHP coverage is effective. Cost-sharing is not a condition of Medicaid eligibility.</p> <p>Monthly contributions would be \$5 for beneficiaries 50-100% FPL, \$10 for those over 100-115% FPL, \$17.50 for those over 115-129% FPL, and \$25 for those over 129-133% FPL.</p> <p>Beneficiaries who make at least 6 non-consecutive monthly contributions can roll-over funds to offset future QHP premiums, employee contribution to ESI, or Medicare premiums for those over 64. Beneficiaries accrue up to \$15 in rollover funds for each timely monthly contribution, capped at \$200.</p> <p>Beneficiaries above 100% FPL who fail to make monthly contributions would be responsible for cost-sharing at point of service and can be denied service for failure to pay cost-sharing. Beneficiaries from 50-100% FPL who fail to make monthly contributions will be billed for copays per Medicaid state plan amounts for services used and incur a debt to the state if bill unpaid and insufficient account funds to cover.</p>
Benefits:	
<i>QHP benefits package:</i>	<p>QHPs provide services in the state's Medicaid Alternative Benefits Package (ABP) for newly eligible adults.</p> <p>ABP will be the same as Medicaid state plan benefits package.</p>
<i>Federally qualified and rural health centers (FQHC/RHC):</i>	<p>Beneficiaries will have access to at least 1 QHP that contracts with at least one FQHC/RHC. Waiver application indicates that state will develop alternative FQHC/RHC payment methodology that moves from FFS per visit payments to those that account for service intensity and reduction in the uninsured. If unable to do so timely, state reserves right to seek waiver of FQHC/RHC reimbursement rules.</p>
<i>Prescription drugs:</i>	<p>Limited to the QHP formulary. Prior authorization within 72 hours instead of 24 hours.</p>
<i>Family planning providers:</i>	<p>State covers out-of-network family planning providers on FFS basis.</p>
<i>Wrap-around benefits:</i>	<p>Provided on a FFS basis (non-emergency medical transportation and EPSDT).</p> <p>Pending waiver amendment seeks CMS approval of 8 trip legs per year limit for non-emergency transportation for beneficiaries who are not medically frail for the demonstration to continue past Jan. 2015.¹² Beneficiaries may request additional units of non-emergency medical transportation through extension of benefits process (no further detail provided).</p>

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<i>Retroactive coverage:</i>	Provides 3 months' coverage prior to application date on FFS basis.
Appeals:	Demonstration enrollees use the state fair hearing process for all appeals. (AR has approved SPA delegating Medicaid fair hearings for medical necessity and coverage issues for the new adults to state department of insurance. ¹³)
Financing:	Estimates that the cost of covering the demonstration population will be the same with the waiver as without the waiver: \$118 million in CY 2014, \$126.4 million in CY 2015, and \$135.4 million in CY 2016.
Cost-Effectiveness:	May use state-developed tests of cost-effectiveness for premium assistance that differ from those otherwise permissible.
Oversight:	State Medicaid agency and state insurance departments will enter into MOU or agreement with QHPs regarding enrollment, payment of premiums and cost-sharing reductions, reporting and data requirements, notices, and audits.
Status:	Demonstration approved 9/27/13. Within 6 months of implementation and annually thereafter, state must hold forum for public comment.
Evaluation:	State must submit draft evaluation design within 60 days of demonstration approval. Evaluation shall be conducted by an independent entity.
Reporting:	State must submit quarterly and annual reports to CMS.

Endnotes:

¹ For background about the state plan option and demonstration waiver premium assistance authorities and key beneficiary protections in Medicaid expansion premium assistance program, see Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion Through Marketplace Premium Assistance* (Sept. 2013), available at <http://www.kff.org/medicaid/fact-sheet/medicaid-expansion-through-marketplace-premium-assistance/>. For an overview of themes emerging in Medicaid expansion waivers, see Kaiser Commission on Medicaid and the Uninsured, *The ACA and Recent Section 1115 Medicaid Demonstration Waivers* (Feb. 2014), available at <http://kff.org/medicaid/issue-brief/the-aca-and-recent-section-1115-medicaid-demonstration-waivers/>.

² Ark. Health Care Independence Program (Private Option), CMS Special Terms and Conditions (Sept. 27, 13), available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-private-option-ca.pdf>; see also Ark. Medicaid, Health Care Independence (a/k/a Private Options) § 1115 Waiver – FINAL (Aug. 2, 2013), available at <https://www.medicaid.state.ar.us/general/comment/demowaivers.aspx>.

³ Ark. Act 257, § 17 (Feb. 18, 2014), available at <http://www.arkleg.state.ar.us/assembly/2013/2014F/Pages/BillInformation.aspx?measureno=SB111>; Ark. proposed amended Special Terms and Conditions (Sept. 15, 2014), available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-private-option-pa.pdf>.

⁴ Kaiser Commission on Medicaid and the Uninsured, *Status of State Action on the Medicaid Expansion Decision* (Aug. 28, 2014), available at <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>.

⁵ Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion in Iowa* (Oct. 2014), available at <http://kff.org/medicaid/fact-sheet/medicaid-expansion-in-iowa/>

⁶ Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion in Michigan* (Jan. 2014), available at <http://kff.org/medicaid/fact-sheet/medicaid-expansion-in-michigan/>

⁷ Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion in Pennsylvania* (Oct. 2014), available at <http://kff.org/medicaid/fact-sheet/medicaid-expansion-in-pennsylvania/>

⁸ Kaiser Commission on Medicaid and the Uninsured, *Proposed Medicaid Expansion in Indiana through HIP 2.0* (Sept. 2014), available at <http://kff.org/medicaid/fact-sheet/proposed-medicaid-expansion-in-indiana-through-hip-2-0/>.

⁹ See N.H. Sen. Bill 413, available at <http://www.gencourt.state.nh.us/legislation/2014/SB0413.pdf>.

¹⁰ Ark. Act 257, § 17(c)(1)(B) (Feb. 18, 2014).

¹¹ Ark. Act 257, § 17(c)(1)(C) (Feb. 18, 2014).

¹² Ark. Act 257 at § 17(c)(1)(A).

¹³ Ark. State Plan Amendment #13-0013 MM4 (July 15, 2014), available at <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/AR/AR-13-0013-MM4.pdf>.