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Mrs. Stehle:

Arkansas Advocates for Children and Families (AACF) is very proud of the progress we've made in our state to ensure every Arkansan has access to health coverage. Because of the great success of the Arkansas Works program, today most adults in Arkansas have comprehensive coverage and improved access to important preventative care. Also, our state economy has benefited from better supporting local health care systems and health professionals, as well as helping to stabilize the state budget.

Moving forward, we are hopeful that state leaders will continue to prioritize keeping coverage affordable and accessible for every family in the state. There are several comments that we would like to submit as the state continues the process of making amendments to the Arkansas Works (Health Care Independence Program demonstration waiver).

Work Requirements

AACF has concerns about the proposal to implement work requirements as a condition of eligibility in the Medicaid expansion program. This policy merely adds a new condition of eligibility that will increase the rate of uninsured Arkansans, add significantly to administrative costs, and will not increase employment levels.

Work requirements are not necessary since research shows about 75 percent of uninsured adults live in a family with at least one full or part-time worker and over half of individuals work full or part-time. For those individuals not working, about 20 percent report caring for a family member, looking for work, being in school, or being ill or disabled. Medicaid can actually help people obtain and keep a job by helping them stay healthy enough to work, and the best way to encourage work is to make sure the workforce is healthy.

Also, years of research has shown that these types of work requirements are not effective and can even be counterproductive. One example is the Temporary Assistance for Needy Families (TANF) program after the 1996 welfare reform bill was enacted. Although some people did seek jobs with the help of state-sponsored training and placement programs, these jobs were often low-paying and did not lift families out of poverty long-term. This policy ignores the fact that there are other factors that help sustain long-term

employment more than work requirements, like a strong job market, access to health care, and child care grants/vouchers for working parents.

Finally, Arkansas has a recent history of significant administrative barriers in the Health Care Independence program. In fall 2015, problems with the annual renewal process resulted in many coverage terminations. This issue caused a ripple effect in the broader health care system, resulting in a backlog in traditional Medicaid and ARKids First that was just cleared at the beginning of 2017. Employment verification requirements often cause people who meet the requirements or are exempted to lose coverage and fall off due to the administrative burden and complexity. Due to the added red tape, people who met the mandate may lose coverage inadvertently, which will likely increase churning. Again, the TANF program provides a good example of notable administrative failures that resulted in recipients who are sanctioned having significantly higher rates of disability (even when exempt from the work requirements). Now that the Arkansas Works program has just reached a stable place, adding more red tape with work requirements may threaten this stability. This may also be a costly policy to implement, like the health savings accounts that were terminated due to the high costs versus minimal benefit.

Regarding the one year lock-out period for lack of compliance, this undermines the goals of the program by creating new barriers to coverage. This provision blocks those from coverage who may most need it due to financial hardship or chronic health conditions. The lock-out provision will only force people to seek care in emergency rooms at an even higher cost.

A more efficient use of funds would be investing in effective career and education programs, such as Arkansas Career Pathways, that provide the resources for individuals to receive the support they need for long-term career advancement. This program provides important resources like tuition assistance, child care, and transportation. The funds put towards setting up unnecessary work requirements could be used to improve outreach and enrollment in this program, as well as growing the program to include even more professions and education institutions

Partial Expansion Model

Today, there is not a mechanism that allows states to implement a partial expansion to 100% of the federal poverty level and still receive an enhanced FMAP for this population. The section 1115 demonstration waiver requires states to provide similar coverage and benefits, which means the state would have to demonstrate the people from 101 – 138% FPL will have comparable coverage.

Although the proposed strategy for implementing this policy involves transitioning people to a marketplace plan or employer-sponsored coverage, it falsely assumes this coverage will be affordable. These health plans may not be affordable for many people because of additional cost-sharing requirements and out-of-pocket costs from deductibles, co-pays, and prescriptions. Many enrollees at this income level are working, but are unable to affordable the cost of private health coverage and extensive research shows that even small fees can be a barrier to enrolling in coverage and accessing treatment.
We also know from other states that cut Medicaid enrollment and attempted to transition enrollees to other programs that most people end up without health coverage. For example, in Rhode Island, only about 30 percent of the individuals who were no longer eligible for Medicaid successfully enrolled in another health plan and paid a premium to start their coverage.

Beyond the possible challenges implementing a partial expansion, the future of the insurance marketplace is uncertain due to pending decisions at the federal level. It is possible that the structure and amount of tax credits may change, benefit packages may change, and any number of marketplace features may be different soon. This further underscores the difficulty that the state will have assisting former enrollees with a successful transition to another comparable coverage option.

Administrative Review Process

The application strikes out the administrative review process, which was established by Social Security Act §1943 to promote continuity of care. These federal rules require that a beneficiary who is no longer eligible for Medicaid be checked against other eligibility categories or Marketplace coverage. The state should ensure that a process is established in adherence to this federal regulation for enrollees no longer eligible if the partial expansion policy is implemented.

90 Day Retroactive Eligibility

AACF does not support the request to waive retroactive eligibility, especially without meeting the conditions as required in the current Special Terms and Conditions. Medical emergencies are unpredictable and costly. The 90-day retroactive eligibility policy helps safeguard low-income families from incurring medical debts that they are unable to pay.

As part of the amended waiver request in 2016, Arkansas received conditional approval to eliminate retroactive eligibility for Arkansas Works enrollees contingent on the state coming into compliance with statutory and regulatory requirements related to the determination of eligibility:

- Written assurance from the state that it complies with the reasonable opportunity provisions in Section 1137(d) of the Social Security Act
- CMS receiving written assurance from the state that the state has successfully completed the Arkansas MAGI Backlog Mitigation Plan

DHS has yet to meet all the above conditions, specifically implementation of presumptive eligibility. As such, DHS should be held to these conditions and should not seek elimination of retroactive eligibility until the conditional approval requirements are met.

Presumptive Eligibility

The implementation of presumptive eligibility is even more critical if the state moves forward with the elimination of retroactive eligibility for this population. Today, physicians and hospitals are protected from hundreds of thousands of dollars in unpaid bills for treatment they have provided because of the retroactive eligibility policy. Without this policy, health providers in the state will face great financial risk unless presumptive eligibility is implemented. Health care providers need to have the option to make on-the-spot eligibility determinations to reduce their financial risk and ensure consumers in need of treatment can get immediate care and enroll in coverage. The state should move forward with the development of procedures to ensure hospitals that choose to use presumptive eligibility can take advantage of this option.

Consumer Outreach and Education

DHS should develop a detailed plan for outreach and education as a condition of implementing the requested policy changes. An important concern to acknowledge is the ongoing number of policy

changes that have occurred since the program was implemented in January 2014. The current application is now the third waiver amendment request to make even more changes to the program. Families have been forced to remain abreast of the constant changes even when those changes are poorly communicated due to a lack of outreach.

Families must have access to in-person assistance to help them navigate our complex health care system. If the goal is to successfully transition individuals to other private coverage options, they will need adequate support and guidance to research their coverage options and select a plan that meets their family's health and budget needs. Any notices that enrollees receive should provide information on how to contact the federally funded navigator agency or other community organizations that provide help with enrollment. We also know from research and surveys in Arkansas, that consumers need of health education materials that are at the appropriate reading levels and that help them understand terms like deductibles and co-pays. The state outreach plan should include plans to work with appropriate agencies to ensure these types of materials are available and accessible.

Program Evaluation

The evaluation section of the state's application should be modified to reflect additional evaluation and performance metrics based on these proposed amendments. In addition to federal waiver evaluation requirements, DHS should evaluate the impact of these changes and collect data on the number of people who became ineligible for Arkansas Works; the number of former enrollees who applied for a QHP or other coverage; the number of enrollees who successfully paid a premium and enrolled in coverage; and the number of former enrollees who did not sign up for coverage. This data should be collected and reported quarterly.

Section 1115 Demonstration Waiver Requirements

While it is important for the state to have the ability to demonstrate innovative approaches through the waiver, the 1115 waiver process should not be used to waive consumer protections that are essential to the Medicaid program. This approach gets it backwards by creating new barriers to coverage rather than achieving the statutory purpose of the Medicaid program—*to provide medical assistance to persons in need and to furnish them with rehabilitation and other services to help them attain or retain capability for independence or self-care*. Also, there is no clear hypothesis outlined for the rollback of coverage to 100% of FPL and other requested provisions. Section 1115 waivers are demonstrations and should include a clear hypothesis.

AACF is proud of the progress in Arkansas to maintain affordable coverage for uninsured adults, and we think it is vitally important to support the continuation of Arkansas Works. However, the state is continuing to make changes at the state level with uncertainty about what Congress will do to change the ACA and Medicaid program federally. Without knowing the federal guardrails, it is premature for the state to move forward with more risky changes to Arkansas Works. These hasty decisions mainly burden Arkansas families by limiting their access to much-needed health care.

We look forward to continuing to work together to ensure all children and families in Arkansas can live healthy, productive lives. Thank you for the opportunity to submit comments on the Arkansas Works demonstration waiver.

Respectfully,

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