

EXPANDED HEALTH COVERAGE

WORKS FOR ARKANSAS FAMILIES AND OUR ECONOMY











WHAT IS IT?

In 2013, one out of four Arkansans did not have health insurance. Arkansas faced a looming Medicaid budget shortfall, all while more than 500,000 Arkansans were without health coverage. That year, Arkansas made history by passing bipartisan legislation called the Health Care Independence Act, creating the Private Option. It's an innovative model for expanding coverage that uses Medicaid dollars to cover the costs of private insurance plans. The program will soon become *Arkansas Works*, which will ensure the positive impact continues.¹

WHO USES IT?

To enroll in the Private Option, you must be 19-64 years old, a lawful resident of the state, and make under \$16,243 per year (138 percent of the federal poverty level). A family of four must make under \$33,465. An estimated 250,000 uninsured Arkansans are eligible to enroll. Over 240,000 people were approved for coverage as of January 2016.

HOW IS IT HELPING?

-  **THE STATE ECONOMY.** The program brings additional revenue into the state and cuts spending on health care. It creates savings in the Arkansas budget by reducing the state's contribution for many individuals already receiving Medicaid and lowering spending on uncompensated care. The state will save at least \$438 million in five years (2017-2021), even when you include the state's share of costs for the Private Option.²
-  **THE UNINSURED.** The program provides health coverage for half of uninsured adults in the state. Thanks to expanded coverage, Arkansas had a sharp drop in uninsured adults, from 22.5 to 9.1 percent since 2013.³ That makes us a national leader.
-  **CHILDREN.** When parents have coverage, their children are more likely to enroll in coverage, stay enrolled, and receive the preventive care and other health services they need to grow and thrive. After one year of enrolling adults in coverage, over 30,000 children also got covered in Arkansas.
-  **MOTHERS AND NEWBORNS.** The program has improved access to preventative care for more women in Arkansas, which impacts healthy births. More than half of Private Option enrollees are women. Nationwide, the percentage of babies born prematurely is at an all-time low. March of Dimes reported the expansion of Medicaid eligibility as a contributing factor in states that have extended coverage to more women.⁴
-  **HOSPITALS.** Before expanding coverage, Arkansas hospitals had to bear much of the costs associated with caring for uninsured patients. In the first year of implementation, Arkansas hospitals saw a 55 percent or \$149 million reduction in uncompensated care losses from treating uninsured patients.⁵ Also, emergency room visits for uninsured patients decreased by almost 49 percent. This means hospitals are being paid for their services, which is great for the economy.
-  **BUSINESSES.** Access to coverage ensures we have a strong, healthy workforce in Arkansas. Almost 60 percent of enrollees in the Private Option work in industries that are critical to the Arkansas economy, including the foodservice industry, construction jobs, and health care support like home health aides.⁶
-  **THE INSURANCE MARKET.** Arkansas has a more competitive insurance Marketplace due to the Private Option. It doubles the pool of people who can get covered through Arkansas's Health Insurance Marketplace. This results in increased demand and drives down costs. In 2015, the rates for Marketplace plans decreased by 2 percent.⁷ There was a modest 4.3 percent increase in 2016, still lower than the national average for marketplace plans.⁸
-  **MENTAL HEALTH COSTS.** Arkansas has expanded access to treatment options for mental health conditions and substance abuse treatment. Almost 12 percent of adults who qualify for the Private Option will have a substance use disorder, while 10 percent will have a serious mental illness.⁹ Studies show that every \$1 spent on substance use treatment can save up to \$22 in health care and criminal justice systems.

HOW MUCH DOES IT COST?

The federal government covers the full cost of the Private Option program for three years with no state investment. After 2017, the state's share of the cost gradually increases to a 10 percent maximum contribution. The program also generates premium tax revenue because of new health care spending. By 2021, the Private Option will have saved the state budget at least \$438 million over five years, even with the state paying 10 percent of the costs. This is all while providing coverage for up to 250,000 adults annually.

HOW MANY PEOPLE USE IT?

County	Approved for Private Option	Income at or below 100% FPL	Income above 100% FPL	County	Approved for Private Option	Income at or below 100% FPL	Income above 100% FPL
ARKANSAS	2,045	81%	19%	LEE	1,291	85%	15%
ASHLEY	2,435	84%	16%	LINCOLN	1,154	82%	18%
BAXTER	3,607	79%	21%	LITTLE RIVER	992	86%	14%
BENTON	11,975	77%	23%	LOGAN	1,827	85%	15%
BOONE	3,754	80%	20%	LONOKE	4,839	80%	20%
BRADLEY	1,226	84%	16%	MADISON	1,367	82%	18%
CALHOUN	458	84%	16%	MARION	1,584	82%	18%
CARROLL	2,558	79%	21%	MILLER	4,107	83%	17%
CHICOT	1,544	86%	14%	MISSISSIPPI	4,895	84%	16%
CLARK	2,030	81%	19%	MONROE	1,040	83%	17%
CLAY	1,717	77%	23%	MONTGOMERY	1,068	77%	23%
CLEBURNE	2,282	78%	22%	NEVADA	916	84%	16%
CLEVELAND	739	81%	19%	NEWTON	984	79%	21%
COLUMBIA	2,338	85%	15%	OUACHITA	2,874	83%	17%
CONWAY	2,055	83%	17%	PERRY	1,017	83%	17%
CRAIGHEAD	8,997	81%	19%	PHILLIPS	3,220	87%	13%
CRAWFORD	5,072	82%	18%	PIKE	1,217	76%	24%
CRITTENDEN	6,531	85%	15%	POINSETT	2,943	81%	19%
CROSS	2,003	80%	20%	POLK	1,964	83%	17%
DALLAS	823	78%	22%	POPE	5,068	80%	20%
DESHA	1,907	84%	16%	PRAIRIE	794	83%	17%
DREW	1,975	85%	15%	PULASKI	35,189	83%	17%
FAULKNER	8,434	80%	20%	RANDOLPH	2,143	79%	21%
FRANKLIN	1,753	83%	17%	SALINE	6,378	81%	19%
FULTON	1,383	83%	17%	SCOTT	1,085	81%	19%
GARLAND	10,308	80%	20%	SEARCY	1,019	77%	23%
GRANT	1,385	82%	18%	SEBASTIAN	9,644	80%	20%
GREENE	4,124	82%	18%	SEVIER	1,299	81%	19%
HEMPSTEAD	2,214	82%	18%	SHARP	2,085	81%	19%
HOT SPRING	2,828	82%	18%	ST. FRANCIS	3,218	85%	15%
HOWARD	1,432	80%	20%	STONE	1,522	81%	19%
INDEPENDENCE	3,268	79%	21%	UNION	4,076	82%	18%
IZARD	1,348	84%	16%	VAN BUREN	1,565	80%	20%
JACKSON	2,085	82%	18%	WASHINGTON	13,451	81%	19%
JEFFERSON	8,351	85%	15%	WHITE	6,955	81%	19%
JOHNSON	2,281	81%	19%	WOODRUFF	882	81%	19%
LAFAYETTE	801	84%	16%	YELL	1,584	81%	19%
LAWRENCE	2,013	79%	21%				

SOURCE:Arkansas DHS. Private Option data, June 2015. As of January 2016, 244,797 individuals (excluding the medically frail) were determined eligible for the program. This is not reflected above because county-level data was not available for 2016. The county-level data includes the medically frail, which account for 10% of the eligible.

¹ Gov. Asa Hutchinson has proposed several changes to create the Arkansas Works program. Lawmakers are expected to vote on the proposed changes in April 2016. *Arkansas Works* is a version of the program with more politically conservative features, like work-training referrals and monthly premiums.

² The Stephen Group. TSG Status Report #3. August 19 and 20, 2015. In March 2016, The Stephen Group updated the estimate to \$757 million.

³ Witters, D. (2015) Gallup. In US, Uninsured rates Continue to Drop in Most States. Retrieved from <http://www.gallup.com/poll/184514/uninsured-rates-continue-drop-states.aspx>.

⁴ Andrews, Michelle. Kaiser Health News. (2014). Rate Of Premature Births Fall As Health Law Provisions Begin To Take Effect. <http://kaiserhealthnews.org/news/rate-of-premature-births-fall-as-health-law-provisions-begin-to-take-effect/>.

⁵ Arkansas Hospital Association. (2015). Private Option Eases Hospitals' Financial Struggles. Retrieved from <http://www.arkhospitals.org/Misc.%20Files/APO7-9-15.pdf>.

⁶ Families USA (2015) The Private Option: Health Insurance for Working Arkansas Residents. Retrieved from <http://familiesusa.org/product/private-option-health-insurance-working-arkansas-residents>.

⁷ Department of Health and Human Services. Health Plan Choice and Premiums in the 2015 Health Insurance Marketplace. <http://aspe.hhs.gov/health/reports/2015/premiumReport/healthPremium2015.pdf>.

⁸ Commonwealth Fund Blog. Modest Changes in 2016 Health Insurance Marketplace Premiums and Insurer Participation. January 28, 2016.

⁹ Substance Abuse and Mental Health Services Administration. (2013). Behavioral Health Treatment Needs Assessment Toolkit for States. HHS Publication No. SMA13-4757.