

INSURING ARKANSAS'S CHILDREN

NEXT STEPS IN THE ARKIDS FIRST PROGRAM



OCTOBER 2014

INSURING ARKANSAS'S CHILDREN

SEIZING AN OPPORTUNITY TO IMPROVE ARKIDS FIRST



by Marquita Little, Health Policy Director
Arkansas Advocates for Children and Families
October 2014



5 THINGS YOU SHOULD KNOW ABOUT ARKIDS FIRST

- In Arkansas, more than half of children have access to health care through ARKIDS First. Because of the success of the program, Arkansas has reduced the number of uninsured children to **six percent**, an all-time low.
- The state has proposed changes to the coverage known as ARKIDS B, which provides insurance to children whose family incomes are low but who don't qualify for traditional Medicaid. The proposal would improve benefits, but unless changes are made Arkansas will miss an opportunity to make coverage even better for children.
- Waiting periods for enrollment in ARKIDS B continue to be a barrier to seamless coverage for children. Arkansas has a requirement that children be uninsured for three months before enrolling, which creates gaps in coverage that can be dangerous to the healthy development of children.
- Charging families to receive health services, such as a co-payment or deductible, has been shown to reduce health access for low-income families. Families do share costs under ARKIDS B, but it's important that out-of-pocket contributions be closely monitored so families do not have to pay more than they can afford.

Covered benefits should be consistent between programs to ensure that all children have access to adequate care, whether they are enrolled in ARKIDS First or a private Marketplace plan. It is also important for low-income families to have access to assistance with transportation, which is often a barrier to health treatment.

ARKIDS FIRST = PROGRESS

Because ARKids First is a vital link to health services for so many of our state's children, we must very carefully consider any changes to coverage options. In Arkansas, 52 percent of children receive coverage through ARKids First (Arkansas's Medicaid and the Children's Health Insurance Program, or CHIP).¹ CHIP can be tailored to meet the needs of the state and provides coverage for children when the family income is too much to qualify for traditional Medicaid.

ARKids B covers children in families with incomes up to 216 percent of the federal poverty level (\$42,746 for a family of three).² States may design their CHIP programs separate from Medicaid, use CHIP funds to expand their Medicaid program, or run a combination program. Arkansas runs a combination program.³ Based on advisement from the U.S. Department of Health and Human Services (HHS), Arkansas plans to move from a combination program to a separate CHIP program in 2015. The Arkansas Department of Human Services (DHS) recently released the proposed changes to ARKids B for public comment. The state plan amendment submitted to HHS includes the following key proposals:

- Aligning ARKids B coverage with Arkansas's benchmark Marketplace plan, Arkansas Blue Cross Blue Shield Health Advantage POS;
- Implementing several changes to coverage to align with the benchmark plan, though the proposed ARKids coverage omits several key benefits included in the benchmark plan;
- Keeping the current waiting period for ARKids B eligibility in place, which requires children to be uninsured for three months before enrolling;
- Opting not to streamline the eligibility determination process;
- Forgoing the state option to extend coverage to immigrant children who live in Arkansas lawfully;
- Changing behavioral health benefits to include inpatient psychiatric hospitals and residential treatment facilities, while continuing to limit substance abuse treatment to outpatient services; and
- Maintaining the same co-payment amounts currently in place for ARKids B.

Arkansas Advocates for Children and Families (AACF) supports the progress we've made to ensure that more children have coverage. As a result of this progress, Arkansas has reduced the number of uninsured children to an all-time low of six percent. However, there are several key concerns in the draft state plan amendment that should be addressed to ensure that Arkansas doesn't miss an important opportunity to provide children better coverage. AACF has worked closely with DHS to highlight several of these issues, such as removing waiting periods, streamlining eligibility requirements, and extending coverage to lawfully present children. Many of the historical barriers to making these changes no longer exist, and we are very supportive of moving forward with these options. While we support our state's progress, AACF recommends that we take several steps to ensure that the care children receive is comprehensive, adequate and accessible. This report outlines some of those suggested changes.

ELIGIBILITY AND ENROLLMENT

DHS should eliminate the waiting period for ARKids B. Arkansas recently reduced its waiting period from six months to three months to meet requirements under the Affordable Care Act, but children still have to wait too long after the end of group coverage before becoming eligible.⁴ Federal requirements now prevent waiting periods longer than 90 days, and HHS confirmed states could waive them altogether.⁵ As a result, 16 states have taken steps to eliminate waiting periods. In our new health care system, the waiting period prevents seamless transitions between programs, such as ARKids B and Marketplace plans, and it creates unnecessary gaps in coverage for children.

DHS should eliminate red tape in the enrollment process by implementing "Express Lane Eligibility." As part of the 2009 Children's Health Insurance Program Reauthorization Act, states have the option to simplify enrollment by using eligibility findings from other need-based programs, such as SNAP.⁶ This would allow more children to be covered and would cut down on the administrative costs of



ARKids eligibility determinations. Additionally, the state law to improve the enrollment process using Express Lane Eligibility, Act 771 of 2011, has not yet been implemented.⁷

DHS should extend ARKids coverage to lawfully present children. The state has an option to cover lawfully present migrant children, including those born in the Marshall Islands, if their families would otherwise qualify for ARKids. Based on AACF estimates, about 1,200 children would benefit, and coverage would be available to immigrant populations that tend to have poorer health outcomes.⁸ This option has been available to states since the 2009 CHIP reauthorization, and 24 states have implemented it.

COST-SHARING

Research shows that charging co-payments to low-income families can become a barrier to enrollment and treatment.⁹ Out-of-pocket costs place financial burdens on families with limited financial resources. DHS should implement effective processes for accurately monitoring the out-of-pocket costs for

families for the length of the ARKids B enrollment period, as detailed below.

DHS should describe the process for monitoring the entire family's out-of-pocket contributions to ensure they aren't charged more than they can afford. Federal regulations cap cost-sharing at five percent of family income.¹⁰ Because a large number of parents have their own coverage through the Private Option, DHS should clarify how the state will ensure that families do not exceed their out-of-pocket contributions across programs. Since planned changes to the Private Option may result in more enrollees sharing costs, DHS must be ready to track family-wide payments.

The process for calculating families' out-of-pocket contributions should occur on a quarterly or monthly basis. Families have bills to pay every month, so DHS should monitor contributions frequently to ensure they're not charged more than federal law allows. If DHS makes this calculation only once a year, families' budgets will be strained unnecessarily. In the draft state plan amendment it is

unclear when the reconciliation will occur to ensure that a family has not met its cost-sharing maximum. DHS should clarify the proposed process.¹¹

The department should also clarify what happens when a family's income decreases. The draft state plan amendment indicates a letter, with the new cumulative cap, is sent to the family. But it doesn't say how the changes in family income are reported or determined. Families may be unaware that they need to inform DHS of changes in income, which could mean they end up paying more than they're required.

BENEFITS

AACF supports the addition of benefits in ARKids B that were not previously covered. This includes coverage for physical therapy, occupational therapy, and orthodontics. Additionally, hospital inpatient benefits now include psychiatric hospitals and residential treatment facilities. These changes address important treatment gaps for children. However, we have concerns about several changes identified within the draft state plan amendment. DHS indicates the intent to meet coverage requirements by aligning benefits with the state's benchmark Marketplace plan, Arkansas Blue Cross Blue Shield Health Advantage POS. But that does not appear to meet the CHIP coverage requirement under federal law. That's because Arkansas chose a small group plan as the state benchmark, while CHIP law requires states to select a plan from federal employee health benefits, state employee health benefits, or the state's largest HMO. Alternatively, states may submit another set of benefits to the Secretary of HHS for approval.¹²

Even though the Blue Cross Blue Shield plan was chosen as the benchmark for state coverage, several essential health benefits of the plan would not be covered under ARKids B, if the proposed changes were adopted. There are significant differences between the covered benefits and benefit limits for the Arkansas benchmark plan and what has been proposed for ARKids B, which include:

- Nursing care services are not covered, while the benchmark plan's limit is 60 days per year.

- Rehabilitative services are not covered. The benchmark plan has a limit of 30 visits per year for outpatient rehabilitative service, which includes physical, occupational, speech, and chiropractic. The private plan would provide 60 days for inpatient rehabilitative services, and the ARKids plan would not.
- Orthotics and prosthetics are not covered, while the benchmark plan includes this benefit.
- Home health is limited to 10 visits per year, while the benchmark limit is 50 visits per year.
- Substance abuse treatment services are limited and exclude inpatient treatment, while the private plan meets parity requirements in the provision of substance abuse treatment.¹³

DHS should ensure that mental health and substance abuse treatment are treated like other health conditions. The draft ARKids B state plan amendment indicates outpatient substance abuse treatment will be provided through the existing Medicaid Substance Abuse Treatment Services program, which only provides medically necessary outpatient treatment.¹⁴ Also, the proposal indicates inpatient substance abuse and residential treatment services will not be covered. In an effort to ensure that all children have access to necessary and adequate services, it is important for Arkansas to make progress towards parity between behavioral health treatment and treatment for other health conditions.

DHS should provide services to assist people in receiving treatment, including non-emergency transportation and translation. The draft state plan amendment does not include such services as a covered benefit. Increased federal funding was made available to states to help reduce obstacles to care by addressing language barriers for families with limited English proficiency.¹⁵ Additionally, inadequate transportation is a common barrier to health care for children, particularly in high-poverty communities.¹⁶ Failing to provide transportation services and translation services is a missed opportunity to eliminate known challenges to accessing care.

DHS should ensure that children enrolled in ARKids B have access to needed hearing services. Hearing exams and hearing aids are not included

in Arkansas's benchmark plan, but plans for sale in Arkansas's Marketplace this year offer these important benefits. A recent report studied CHIP benefits in 38 states and found that all offered hearing exams and only two programs other than Arkansas's excluded hearing aids.¹⁷ Hearing aids and associated exams are vital for some children's healthy development and should be included in ARKids B.

CONCLUSION

While AACF does support many aspects of the ARKids B state plan amendment, we will miss an important opportunity to improve children's coverage if these changes aren't made. Because so many of our state's children receive health care services through ARKids First coverage, it is essential that we carefully consider all our options and take advantage of opportunities to improve their health. It is critical to continue to reduce barriers to enrollment and access to care. Arkansas should ensure that vital services are available to children who deserve every opportunity to grow up healthy and strong by making these important changes to the proposal.

For more information on this report, please contact Marquita Little (mlittle@aradvocates.org) at Arkansas Advocates for Children and Families.

NOTES

¹ Based on analysis of U.S. Census Bureau Annual Estimate of Resident Population and Georgetown University Center for Children and Families, Medicaid & CHIP Enrollment for Children – December 2013.

² Includes 5 percent income disregard. In 2009, Arkansas lawmakers passed legislation to extend ARKids First eligibility from 200 percent FPL up to 250 percent FPL, but this expansion was never implemented due to budget concerns.

³ Medicaid.gov. Waivers. Retrieved from http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers_faceted.html.

⁴ Strong (2014). Crossing Into New Territory: Kids' Health Coverage in 2014. Arkansas Advocates for Children and Families.

⁵ Georgetown University Center for Children and Families. (2013) Making Kids Wait for Coverage Makes No Sense in a Reformed Health System. Retrieved from <http://ccf.georgetown.edu/wp-content/uploads/2013/12/Making-Kids-Wait-for-Coverage-Makes-No-Sense-in-a-Reformed-Health-System.pdf>

⁶ Medicaid.gov. (2010) Re: Express Lane Eligibility Option. Retrieved from: <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO10003.PDF>.

⁷ An Act to Improve enrollment of Arkansas Children in the ARKids First A and B Medical Assistance Programs, AR Code § 20-77-2003 (a)(3) (2012).

⁸ Strong (2014) Crossing Into New Territory: Kids' Health Coverage in 2014. Arkansas Advocates for Children and Families.

⁹ Strong. (2013) The Facts on Medicaid Copayments: Considerations for Arkansas. Arkansas Advocates for Children and Families.

¹⁰ 42 CFR § 457.560

¹¹ 42 CFR § 477.78

¹² 42 USC 1397cc.

¹³ Arkansas Health Connector. Benchmark Plans. BCBS POS. Retrieved from <https://static.ark.org/eeuploads/hbe/BCBS-POS-SmGrp-SOB.pdf>.


¹⁴ Arkansas Department of Human Services Division of Behavioral Health Services. Supplemental Manual for substance Abuse Treatment Services. Retrieved from <http://humanservices.arkansas.gov/dbhs/Documents/SATS%20Manual%20092010%20-FINAL%20COPY.pdf>.

¹⁵ Centers for Medicare and Medicaid Services. (2010) Increased Federal Matching Funds for Translation and Interpretation Services under Medicaid and CHIP Retrieved from <http://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/SHO10007.pdf>.

¹⁶ Child Health Fund. (2012) The Health Transportation Shortage Index. Retrieved from <http://www.childrenshealthfund.org/sites/default/files/Health-Transportation-Shortage-Index-HTSI.pdf>.

¹⁷ Georgetown University Center for Children and Families and National Academy for State Health Policy. (2014) Benefits and Cost Sharing in Separate CHIP Programs. Retrieved from <http://ccf.georgetown.edu/ccf-resources/benefits-and-cost-sharing-in-separate-chip-programs/>

LEARN MORE AT WWW.ARADVOCATES.ORG



Arkansas Advocates for Children and Families
1400 West Markham, Suite 306
Little Rock, AR 72201
(501) 371-9678

Northwest Arkansas Office
614 East Emma Avenue, Suite 107
Springdale, AR 72764
(479) 927-9800