

ARKANSAS'S PRIVATE OPTION

WORKS FOR FAMILIES AND OUR ECONOMY



WHAT IS IT?

In 2013, one out of four Arkansans did not have health insurance. Thousands of low-income Arkansans made too much money to qualify for Medicaid, but not enough to receive financial help in the health insurance Marketplace (through tax subsidies). Arkansas faced a looming Medicaid budget shortfall, all while more than half a million Arkansans had no 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.

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 \$16,105 per year (138 percent of the federal poverty level). A family of four must make under \$32,913. An estimated 250,000 uninsured Arkansans are eligible to enroll. Over 223,000 have been approved for coverage since enrollment started in October 2013.

THE PRIVATE OPTION IS HELPING:



THE STATE ECONOMY. The Private Option brings additional revenue into the state and cuts rising medical costs. 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. By 2020, the state will have saved \$376 million, even when you include the state's share of costs for the Private Option.¹



CHILDREN. The Private Option helps improve health coverage for 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. In one year of outreach efforts to enroll adults in coverage, about 32,000 children also got covered in Arkansas.



MOTHERS AND NEWBORNS. The Private Option has improved access to prenatal care, which is essential for healthy births. Nationwide, the percentage of babies born prematurely is at its lowest level in 17 years. When babies are born early, they can face many serious health problems. March of Dimes reported the expansion of Medicaid eligibility as a contributing factor in states that have extended coverage to more women.² As in other expansion states, the number of premature births is expected to continue to decrease in Arkansas based on coverage gains among women.



HOSPITALS. Without the Private Option, Arkansas hospitals bear the costs of caring for thousands of uninsured patients. In the first six months of implementation, Arkansas hospitals saw a 54.5 percent or \$69.2 million reduction in uncompensated care losses from treating uninsured patients.³ Also, emergency room visits for uninsured patients decreased by 35.5 percent. All this means hospitals and doctors are getting paid for their services, which is great for the economy.



THE UNINSURED. It provides health coverage for half of uninsured adults in the state. Because of the Private Option, Arkansas cut the rate of uninsured adults in half, from 22.5 percent in 2013 to 12.4 percent midway through 2014.⁴ That makes us a national leader.



THE INSURANCE MARKET. Arkansas has a more competitive insurance Marketplace due to the Private Option. It doubles the pool of people who can potentially get covered through Arkansas's Health Insurance Marketplace, resulting in an increased demand for new plans. That drives down costs. In 2015, the projected rates for Marketplace plans are expected to decrease by 3 percent.⁵



MENTAL HEALTH COSTS. The Private Option expands access to treatment options for mental health conditions and substance abuse treatment, which was previously limited. 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.⁶ 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 over three years to a 10 percent maximum contribution. In the 2015 state budget year, the first full year of implementation, the state estimates it will save \$89 million and generate \$32 million in new premium tax revenue because of new health care spending. By the end of 2020, the Private Option will have saved the state budget \$376 million over seven years, 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	1,780	81%	19%	LEE	1,190	85%	15%
ASHLEY	2,152	83%	17%	LINCOLN	1,048	81%	19%
BAXTER	3,053	79%	21%	LITTLE RIVER	836	85%	15%
BENTON	9,961	77%	23%	LOGAN	1,594	84%	16%
BOONE	3,161	80%	20%	LONOKE	4,080	80%	20%
BRADLEY	1,081	84%	16%	MADISON	1,204	81%	19%
CALHOUN	388	83%	17%	MARION	1,384	81%	19%
CARROLL	2,212	79%	21%	MILLER	3,485	83%	17%
CHICOT	1,415	86%	14%	MISSISSIPPI	4,219	85%	15%
CLARK	1,807	80%	20%	MONROE	904	81%	19%
CLAY	1,444	76%	24%	MONTEGOMERY	934	76%	24%
CLEBURNE	1,968	76%	24%	NEVADA	798	83%	17%
CLEVELAND	638	81%	19%	NEWTON	823	78%	22%
COLUMBIA	2,110	85%	15%	OUACHITA	2,530	83%	17%
CONWAY	1,808	82%	18%	PERRY	873	83%	17%
CRAIGHEAD	7,662	80%	20%	PHILLIPS	2,912	87%	13%
CRAWFORD	4,349	82%	18%	PIKE	1,089	74%	26%
CRITTENDEN	5,733	85%	15%	POINSETT	2,561	81%	19%
CROSS	1,738	80%	20%	POLK	1,736	83%	17%
DALLAS	747	77%	23%	POPE	4,331	79%	21%
DESHA	1,718	83%	17%	PRAIRIE	702	84%	16%
DREW	1,749	85%	15%	PULASKI	30,171	82%	18%
FAULKNER	7,229	79%	21%	RANDOLPH	1,891	79%	21%
FRANKLIN	1,519	83%	17%	SALINE	5,311	81%	19%
FULTON	1,152	83%	17%	SCOTT	978	80%	20%
GARLAND	8,792	80%	20%	SEARCY	900	76%	24%
GRANT	1,208	82%	18%	SEBASTIAN	8,181	79%	21%
GREENE	3,501	82%	18%	SEVIER	1,114	84%	16%
HEMPSTEAD	1,951	82%	18%	SHARP	1,786	80%	20%
HOT SPRING	2,413	82%	18%	ST. FRANCIS	2,911	85%	15%
HOWARD	1,284	79%	21%	STONE	1,322	80%	20%
INDEPENDENCE	2,806	79%	21%	UNION	3,470	82%	18%
IZARD	1,186	84%	16%	VAN BUREN	1,358	81%	19%
JACKSON	1,889	83%	17%	WASHINGTON	11,333	79%	21%
JEFFERSON	7,390	85%	15%	WHITE	5,888	81%	19%
JOHNSON	2,006	82%	18%	WOODRUFF	811	80%	20%
LAFAYETTE	706	83%	17%	YELL	1,378	80%	20%
LAWRENCE	1,714	79%	21%	Statewide Total	223,456	81%	19%

SOURCE:Arkansas DHS. Private Option data, November 2014.

¹ Webb, A. Arkansas Department of Human Service, November 20, 2014.

² 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/>

³ Arkansas Hospital Association. (2014). Survey Reveals Private Option Impact on Hospitals. http://www.arkhospitals.org/archive/notebookpdf/Note-book_11-03-14.pdf

⁴ Witters, D. (2014) Gallup. Arkansas, Kentucky Report Sharpest Drops in Uninsured Rate. Retrieved from: <http://www.gallup.com/poll/174290/arkansas-ken-tucky-report-sharpest-drops-uninsured-rate.aspx?sf29424162=1>.

⁵ 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>

⁶ Substance Abuse and Mental Health Services Administration. (2013). Behavioral Health Treatment Needs Assessment Toolkit for States. HHS Publication No. SMA13-4757.