The Arkansas Marketplace and Arkansas Works:
A “Check Up”

The Patient Protection and Affordable Care Act (PPACA)

Overall Goal – Moving Toward Berwick’s “Triple Aim”
– improving the individual experience of care;
– improving the health of populations; and
– reducing the per capita costs of care
ACA Healthcare Reforms

Insurance Reform
- More people covered
- More benefits and protections
- Lower costs

Health System Reform
- Improved quality and efficiency
- Stronger workforce and infrastructure
- Greater focus on public health and prevention

Insurance (Coverage) Reform
- Create Insurance Marketplaces
  - For individuals & small businesses
- Expand Medicaid to 138% FPL
  - Arkansas alternative = “Private Option,” not “Arkansas Works”
- Reform overall health insurance market
  - Premium oversight and benefit standards
  - Prohibition on higher premiums based on gender or health status
  - Individual Mandate (Repealed)

Source: American Public Health Association
National Plan for Coverage

- Individual & Small Group Market, including insurance marketplace
  - Must provide essential health benefits (EHBs)
  - Must meet actuarial value requirements
- Expanded Medicaid
  - Must design Alternative Benefit Plan (ABP) for those newly eligible
  - ABP must include all EHBs

Insurance Marketplaces
(formerly known as Exchanges)

- Three models
  - State-run
  - State-run using federal platform
  - Federally-facilitated
- Websites for consumers to shop and apply
  - Phone and in-person assistance
- Single streamlined application
- Affordability credits and subsidies
Qualified Health Plans

• Private Insurance Plans
• Offered on the Marketplaces
• Cover Essential Health Benefits
• Offer certain levels of value
  – Defined as “metals”
  – Based upon actuarial values \(i.e.,\) percent of medical costs that, for an average population, would be covered by the plan
• Comply with insurance coverage reforms

Coverage Reforms

• Children can stay on their parent's insurance up to age 26.
• No lifetime limits on health benefits.
• Coverage for pre-existing conditions
• No premium increase except for age, geography, tobacco use, or individual vs. family coverage
• No waiting period
Essential Health Benefits

- Ambulatory Patient Services
- Emergency Services
- Hospitalization
- Laboratory Services
- Maternity & Newborn Care
- Mental Health & Substance Abuse Disorder Services (including behavioral health treatment)
- Prescription Drugs
- Rehabilitative & Habilitative Services and Devices
- Preventive & Wellness Services and Chronic Disease Management
- Pediatric Services, including Oral and Vision Care

The “Metal” Levels

- **Platinum**
  - Lowest out-of-pocket costs but highest premiums
  - 90% actuarial value
- **Gold**
  - 80% actuarial value
  - Must be offered by each participating carrier
- **Silver**
  - 70% actuarial value
  - Must be offered by each participating carrier
  - Sets standard for tax credits
- **Bronze**
  - 60% actuarial value
  - Lowest premiums

Catastrophic plan also offered for individuals up to age 30 or those exempt from mandate to purchase coverage.
Marketplace Shopping

- Individual Eligibility
  - Citizen of the USA or lawfully present
  - Arkansas resident
  - Not incarcerated due to a conviction
- Small Business Health Options Program
  - Available to businesses with 50 or fewer FTEs
- No one is required to get insurance through the Marketplace, but it’s the only place to get financial assistance for coverage.

How Premium Subsidies Work

- Eligibility
  - Household income from one to four times FPL
  - No access to affordable coverage through an employer (including a family member’s employer)
  - Not eligible for Medicare, Medicaid, CHIP or other forms of public assistance
  - U.S. citizenship or proof of legal residency
  - If married, must file taxes jointly to qualify
### Poverty Guidelines

**2017 POVERTY GUIDELINES FOR 48 CONTIGUOUS STATES & DC**

<table>
<thead>
<tr>
<th>PERSONS IN FAMILY/HOUSEHOLD</th>
<th>POVERTY GUIDELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$12,060</td>
</tr>
<tr>
<td>2</td>
<td>$16,240</td>
</tr>
<tr>
<td>3</td>
<td>$20,420</td>
</tr>
<tr>
<td>4</td>
<td>$24,600</td>
</tr>
<tr>
<td>5</td>
<td>$28,780</td>
</tr>
<tr>
<td>6</td>
<td>$32,960</td>
</tr>
<tr>
<td>7</td>
<td>$37,140</td>
</tr>
<tr>
<td>8</td>
<td>$41,320</td>
</tr>
</tbody>
</table>

For families/households with more than 8 persons, add $4,180 for each additional person.

### Premium Subsidy Ranges 2018

<table>
<thead>
<tr>
<th>% of Poverty</th>
<th>Single Individual</th>
<th>Family of Four</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100%</td>
<td>Less than $12,060</td>
<td>Less than $24,600</td>
</tr>
<tr>
<td>100% - 133%</td>
<td>$12,060 – $16,040</td>
<td>$24,600 – $32,718</td>
</tr>
<tr>
<td>133% - 150%</td>
<td>$16,040 – $18,090</td>
<td>$32,718 – $36,900</td>
</tr>
<tr>
<td>150% - 200%</td>
<td>$18,090 – $24,120</td>
<td>$36,900 – $49,200</td>
</tr>
<tr>
<td>200% - 250%</td>
<td>$24,120 – $30,150</td>
<td>$49,200 – $61,500</td>
</tr>
<tr>
<td>250% - 300%</td>
<td>$30,150 – $36,180</td>
<td>$61,500 – $73,800</td>
</tr>
<tr>
<td>300% - 400%</td>
<td>$36,180 – $48,240</td>
<td>$73,800 – $98,400</td>
</tr>
<tr>
<td>Over 400%</td>
<td>More than $48,240</td>
<td>More than $98,400</td>
</tr>
</tbody>
</table>
Premium Tax Credits

Tax Credit = Difference between premium of 2nd lowest cost silver plan available to family and the applicable Premium Limit.

<table>
<thead>
<tr>
<th>Income</th>
<th>Premium Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>138 to 149% FPL</td>
<td>3.06% – 4.08% of income</td>
</tr>
<tr>
<td>150 to 199% FPL</td>
<td>4.08% – 6.43% of income</td>
</tr>
<tr>
<td>200 to 249% FPL</td>
<td>6.43% – 8.21% of income</td>
</tr>
<tr>
<td>250 to 299% FPL</td>
<td>8.21% – 9.69% of income</td>
</tr>
<tr>
<td>300 to 400% FPL</td>
<td>9.69% of income</td>
</tr>
<tr>
<td>Over 400% FPL</td>
<td>No Cap</td>
</tr>
</tbody>
</table>

Premium Tax Credit Example

- Pat is 30 years old and estimates her 2018 income will be 250% of poverty (about $30,150 per year)
- Suppose the second-lowest cost silver plan available to Pat in the Marketplace is $425 per month
- Under the ACA, with an income of $30,150 per year, Pat would have a cap of 8.10% of income for the 2nd lowest cost silver plan
- This means that Pat would have to pay no more than $204 per month to enroll in the second-lowest cost silver plan
- The tax credit available to Pat would therefore be $221 per month ($425 premium minus $204 cap)
- Pat can apply this $221 per month discount toward the purchase of any bronze, silver, gold, or platinum Marketplace plan available

*Kaiser Family Foundation Example*
CSR Payments

- Significance of premiums for silver plans
  - Only plans that offer reduced cost-sharing; and
  - Second-lowest cost silver plan is benchmark for tax credits to subsidize premiums.
- CSR still available to enrollees, but federal government no longer reimbursing carriers.
- Arkansas insurers’ reaction to no funding of CSR by federal government
  - Increased premiums for silver-level plans inside and outside the marketplace

Cost-Sharing Reductions

<table>
<thead>
<tr>
<th>Income (% Federal Poverty Level)</th>
<th>Actuarial Value of a silver plan</th>
<th>OOP Max for Individual/Family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>138% – 150%</td>
<td>94%</td>
</tr>
<tr>
<td></td>
<td>150% – 200%</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>200% – 250%</td>
<td>73%</td>
</tr>
<tr>
<td></td>
<td>Over 250%</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>$2,350 / $4,700</td>
<td>$2,450 / $4,900</td>
</tr>
<tr>
<td></td>
<td>$2,350 / $4,700</td>
<td>$2,450 / $4,900</td>
</tr>
<tr>
<td></td>
<td>$5,700 / $11,400</td>
<td>$5,850 / $11,700</td>
</tr>
<tr>
<td></td>
<td>$7,150 / $14,300</td>
<td>$7,350 / $14,700</td>
</tr>
</tbody>
</table>

SOURCE: “Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2018; Amendments to Special Enrollment Periods and the Consumer Operated and Oriented Plan Program,” Federal Register 81, no. 246 (December 22, 2016): 94058.
Alternative Benefit Plan

- For those newly eligible for Medicaid (or private option/Arkansas Works)
- ABP must:
  - Include all 10 EHBs
  - Meet Mental Health Parity & Addiction Equity Act
  - Provide early & periodic screening, diagnostic and treatment services for those under age 21
  - Provide non-emergency transportation
  - Cover prescription drugs

The Arkansas Health Care Independence Act of 2013

- Established “Private Option” unique to Arkansas at the time
- Federal $$ pays premiums for those who would have been eligible for expanded Medicaid

April 23, 2013
Eligibility for Arkansas Works

• Childless adults
  – Between the ages of 19 and 65
  – With incomes ≤ 138% FPL

• Adult parents/caretakers
  – With incomes between 17% and 138% FPL

Medically Frail Individuals

• Exempt from ABP Enrollment
• May choose “standard” Medicaid in order to get necessary services such as
  – Personal care
  – Private duty nursing
  – Custodial/long-term nursing home care
• State still receives 100% federal match if a newly eligible who is “medically frail” chooses standard Medicaid coverage
• About 10% of enrollees are medically frail
Coverage

• Eligible individuals choose between at least 2 “high value” silver plans
  – 94% actuarial value if income between 101% and 138% FPL
  – Zero cost sharing if income ≤ 100% FPL
• FFS Medicaid fills in “gap” until QHP coverage begins
• Originally, 90 days retroactive coverage

Early Results

• Uninsured rate among non-elderly adults cut by almost ½ (from 27.5% to 15.6%) between 2013 and 2014.
  – In part because Arkansas had the lowest eligibility threshold for adults in the country prior to 2014
• Almost 40% of private option enrollees gained coverage for the first time in their lives
• Significant drop in uncompensated care
Original Cost-Sharing

- **Premiums**
  - None; state paid full premiums

- **Deductibles**
  - None

- **Co-Payments**
  - None for those under 100% FPL
  - Between 100 and 138% FPL, co-payments up to federal limits, but capped at 5% of 100% FPL

Approved 2014 Amendments

- **Established health savings accounts for beneficiaries**
  - No longer being done

- **Allowed cost-sharing for those at or above 50% FPL**
  - Only implemented for those above 100% FPL

- **Limited some transportation services**
  - Certain number of trips allowed per year with opportunity to apply for extension
Approved 2016 Amendments

- Premiums imposed for those with incomes above 100% FPL
  - Not to exceed 2% of income
- Job training referrals for unemployed enrollees
- Employer-sponsored coverage must be used if available
- Elimination of 90 day retroactive coverage*
  *Conditionally approved, but conditions never satisfied

Current Enrollment

- For those with incomes ≥ 138% FPL, as of 2018, HHS reported enrollment of:
  - Nationwide, 8,822,329 total (including 2,394,107 new customers)
  - Including 68,642 in Arkansas
- Arkansas Works enrollment*
  - 306,849 total enrollees
  - Including 23,065 Medically Frail

* HHS-provided data 11/31/17 - most recent available
New Amendments

• Submitted June 2017; no decision yet
• Proposals
  – Limit eligibility to those with incomes ≤ 100% FPL
  – Establish a work requirement as a condition of eligibility
  – Eliminate employer-sponsored insurance premium assistance program
  – Eliminate conditions associated with prior waiver of retroactive eligibility

Partial Expansion Proposal

• Limit eligibility for Arkansas Works to individuals with incomes ≤ 100% FPL
  – Would apply to both Arkansas Works enrollees and those deemed medically frail
• Individuals who lose eligibility may enroll in:
  – Employer-sponsored insurance coverage; or
  – A qualified health plan supported by federally-funded advance premium tax credits and cost sharing reduction subsidies.
Work Requirement Proposal

- Based on the SNAP work requirement
- Implemented over 2 year period
  - Enrollees age 19 to 49 must work, volunteer, or engage in specified job training or job search activities for at least 80 hours per month to retain Arkansas Works coverage
  - Those who do not meet an exemption would lose coverage after 3 months of non-compliance
    - Eligibility lost regardless of whether the 3 months of non-compliance are consecutive.
    - Once eligibility is lost, individual remains ineligible for the remainder of plan year.

Proposed Exemptions

- Has income consistent with being employed or self-employed at least 80 hours per month
- Attends school full time (high school, institution of higher education, vocational training or job training)
- Receives exemption from SNAP work requirements
- Receives TEA Cash Assistance
- Is incapacitated in the short-term or is medically certified as physically or mentally unfit for unemployment
Proposed Exemptions, cont.

- Cares for an incapacitated person or a dependent child under age 6
- Lives in a home with a minor dependent child age 17 or younger
- Receives unemployment benefits
- Currently participates in a treatment program for alcoholism or drug addiction
- Is pregnant

Satisfying Work Requirement

- Employed or self-employed
- Enrolled in an educational program
- Participating in on-the-job training
- Participating in vocational training
- Volunteering
- Participating in independent job search (up to 40 hours per month)
- Participating in job search training (up to 40 hours per month)
- Participating in a class on health insurance, using the health system, or healthy living (up to 20 hours per year)
- Participating in activities or programs available through the Arkansas Department of Workforce Services
Enrollees between 30 and 49, with incomes under 100% FPL

44,093 potentially subject to work requirement

- MEDICALLY FRAIL 10,389
- DEPENDENT MINOR 36,392
- UNEMPLOYMENT INSURANCE 394
- MORE THAN 736.78  8,426
- NO EXEMPTION 44,093

TOTAL 99,694

Medicaid-provided data
March 2017

Projected Impact on Uncompensated Care

<table>
<thead>
<tr>
<th>State FY</th>
<th>50% Member Loss</th>
<th>40% Member Loss</th>
<th>30% Member Loss</th>
<th>20% Member Loss</th>
<th>10% Member Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$7,561,770</td>
<td>$6,049,268</td>
<td>$4,536,914</td>
<td>$3,024,560</td>
<td>$1,512,354</td>
</tr>
<tr>
<td>2019</td>
<td>$47,151,262</td>
<td>$37,720,771</td>
<td>$28,290,653</td>
<td>$18,860,460</td>
<td>$9,430,342</td>
</tr>
<tr>
<td>2020</td>
<td>$53,971,774</td>
<td>$43,177,357</td>
<td>$32,383,095</td>
<td>$21,588,679</td>
<td>$10,794,416</td>
</tr>
<tr>
<td>2021</td>
<td>$27,345,233</td>
<td>$21,876,155</td>
<td>$16,407,155</td>
<td>$10,938,078</td>
<td>$5,469,078</td>
</tr>
</tbody>
</table>

Medicaid-provided numbers, based on claims data for fully-insured individuals
The Budget Fight

• All appropriations in Arkansas must receive a ¾ vote of the legislature.
  – 27 out of 35 votes in Senate (currently 3 vacancies, so actually 27 out of 32)
  – 75 out of 100 votes in House (currently 1 vacancy, so actually 75 out of 99)

• Each year, the legislative vote on the DHS budget involves extensive debate and negotiation related to Arkansas Works

Questions?
Elisa White
Vice President & General Counsel
Arkansas Hospital Association
501-224-7878
elisawhite@arkhospitals.org