

# COVERAGE EXPANSION TIMELINE FOR ADULTS IN ARKANSAS

APRIL 2021

## Overview

In 2013, Arkansas opted to expand healthcare coverage to low-income adults earning up to 138% of the federal poverty level (FPL) through the Patient Protection and Affordable Care Act (ACA). In each subsequent year, the Arkansas General Assembly has authorized continued appropriations for the program with the required three-fourths vote. Rather than pursue expanded healthcare coverage through the state's traditional Medicaid fee-for-service program, Arkansas sought and received approval from the Centers for Medicare and Medicaid Services (CMS) for a Section 1115 demonstration waiver under the Social Security Act (Section 1115 waiver) to expand coverage through premium assistance. Colloquially known as the "Private Option," the Health Care Independence Program (HCIP) used federal funds allotted for Medicaid expansion under the ACA to purchase qualified health plans (QHPs) available in the Health Insurance Marketplace (HIM). QHP coverage was available for non-medically frail individuals eligible under the ACA's Medicaid expansion. Medically frail individuals received coverage directly through Medicaid.<sup>1</sup>

During the life of the waiver, HCIP underwent modifications in response to legislative amendments to the enabling bill – the Health Care Independence Act – including the introduction of health independence accounts (HIAs) to incorporate personal responsibility and limitations on use of non-emergency transportation. At the same time, the Arkansas General Assembly prohibited the state from conducting program advertising and outreach.

Prior to the Dec. 31, 2016, expiration date for HCIP, Arkansas sought and received approval for a waiver extension to continue the premium assistance model, renamed "Arkansas Works." The five-year waiver extension included requirements for premium payments for individuals earning between 101% and 138% of the FPL and an employer-sponsored health insurance (ESI) premium assistance program.<sup>2</sup> In 2017, additional modifications to Arkansas Works were legislatively enacted, notably a work and community engagement requirement as a condition of eligibility and an eligibility cap at 100% of the FPL.<sup>3</sup> On March 5, 2018, Arkansas received approval to amend the waiver to allow modifications such as implementing a work and community engagement requirement for enrollees ages 19 to 49 with certain exemptions and waiving the retroactive eligibility period from 90 days to 30 days. However, CMS did not approve the income eligibility cap. The work and community engagement requirement went into effect on June 1, 2018, for enrollees ages 30 to 49.<sup>1</sup> By December 2018, over 18,000 enrollees had lost coverage due to non-compliance with the requirement.

In March 2019, a D.C. district judge halted the work and community engagement requirement. Following signals that the incoming Biden administration was poised to withdraw approval of the work and community engagement requirement and seek a delay of oral arguments in the state's case pending before the U.S. Supreme Court, CMS officially withdrew its approval of the waiver amendment on March 17, 2021.

On April 1, 2021, the Arkansas General Assembly authorized legislation to replace Arkansas Works with Arkansas Health and Opportunity for Me (ARHOME), effective on or after Jan. 1, 2022.<sup>4</sup> One key modification is the removal of the work and community engagement requirement as a condition of eligibility. Instead, ARHOME enrollees will be incentivized to participate in "economic independence initiatives" including work and community engagement and could be transferred from their QHP coverage to the Medicaid fee-for-service program for non-participation. ARHOME enrollees will also be subject to premium and cost-sharing obligations, to be collected by the HIM issuers. The legislation also establishes community bridge organizations to provide assistance to targeted populations, including: women with high-risk pregnancies, individuals in need of treatment for serious mental illness or substance use disorder, and young adults who were formerly in foster care, were formerly incarcerated, or are veterans.



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2013

## APRIL 23

Health Care Independence Act authorized by the Arkansas General Assembly; program to use state Medicaid funding to provide coverage to low-income Arkansans through the premium assistance model.<sup>5</sup>

## AUGUST 2

HCIP Section 1115 waiver submitted to CMS.<sup>6</sup>

## SEPTEMBER 27

HCIP Section 1115 waiver approved by CMS.<sup>7</sup>

## SEPTEMBER

A one-time Supplemental Nutrition Assistance Program-facilitated enrollment strategy implemented to enroll potentially eligible beneficiaries. Approximately 45,000 individuals enrolled through this process.<sup>1</sup>

## OCTOBER 1

The HCIP initial enrollment period starts. Eligible individuals enroll by completing the Health Care Needs Assessment and selecting a plan at the insureark.org portal.<sup>1</sup>

Individuals who did not select a QHP are auto-assigned to a QHP in their region. The auto-assignments are distributed among insurers to enhance competition by providing each issuer a target minimum market share of enrollees.<sup>6</sup>

2014

Average Benchmark Premium:<sup>8</sup>

**\$294\***

HIM Issuers Participating:<sup>9</sup>

**3**

## JANUARY 1

HCIP coverage starts.

## MARCH 7 AND 13

The Arkansas General Assembly prohibited HCIP advertising and outreach by state agencies in appropriation bills.<sup>10, 11, 12</sup>

## MARCH 24

Section 1115 waiver evaluation design approved by CMS.<sup>13</sup>

## JUNE 5

Arkansas Department of Insurance (AID)/Department of Human Services (DHS) release guidance restricting enrollment to plans that provide only essential health benefits (EHB).<sup>14</sup>

<sup>1-30</sup> For the full list of references, visit <https://achi.net/library/coverage-expansion-arkansas/>

\* Average benchmark premiums were calculated using the second-lowest-cost silver plan for a 40-year-old.



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## 2014

(CONTINUED)

## 2015

Average Benchmark Premium:<sup>8</sup>

**\$285\***

HIM Issuers Participating:<sup>9</sup>

**3**

### SEPTEMBER 15

HCIP Section 1115 Waiver amendment submitted. The waiver amendments include:

- Non-emergency transportation use limitations.
- Establishment of health independence accounts.
- Cost-sharing for beneficiaries with incomes above 50% of FPL.<sup>10, 11, 12</sup>

### DECEMBER 31

CMS approves HCIP Section 1115 waiver amendment.<sup>15</sup>

### JANUARY 1

Start of HIAs. HCIP beneficiaries earning between 101% and 138% of FPL contribute \$10–15, depending on income, into HIAs to cover cost-sharing expenses in subsequent months.<sup>16</sup>

### JANUARY 30

State plan amendment for limitations on non-emergency transportation use approved.<sup>17</sup>

### FEBRUARY 12

Arkansas Health Reform Act authorized, which creates the Health Reform Legislative Task Force to recommend an alternative coverage model and ensure continued coverage. Suspends provision requirements for:

- Transition of ARKids B-eligible children and Medicaid beneficiaries from 0% to 17% of FPL into the HIM.
- Cost-sharing for HCIP beneficiaries earning below 100% of FPL.<sup>18</sup>

### MARCH 5

AID/DHS release guidance on price sensitive plan purchasing strategy<sup>19</sup>

### June 15

Conditional approval from CMS to establish a state-based marketplace.<sup>20</sup>

### July 14

Submission of technical corrections to the Section 1115 waiver to suspend cost-sharing requirements for HCIP beneficiaries earning below 100% of FPL.<sup>21</sup>

### AUGUST 14

CMS approves the Arkansas Health Care Independence Accounts Operational Protocol.<sup>22</sup>

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## 2016

Average Benchmark Premium:<sup>8</sup>

**\$298\***

HIM Issuers Participating:<sup>9</sup>

**4**

### JANUARY 1

Price-sensitive plan purchasing strategy goes into effect. In each service area, DHS will only purchase the EHB-only, silver-level QHPs within 10% of the second-lowest-cost QHP.<sup>17</sup>

### APRIL 8

Arkansas Works Act authorized to establish Arkansas Works, a program that retains the foundation of the HCIP, but adds new features, including:

- ESI premium assistance program.
- Premium payments of less than 2% of income for beneficiaries earning between 101% and 138% of FPL.
- Elimination of 90-day retroactive eligibility coverage.
- Referral of beneficiaries with incomes up to 50% of FPL to the Department of Workforce Services for participation in job training and job search programs.
- A requirement for a wellness visit with a primary care provider within the first year of program participation.<sup>23</sup>

### JUNE 28

Section 1115 waiver extension application submitted to transition to Arkansas Works.<sup>24</sup>

### JUNE 30

End of HIAs.<sup>25</sup>

### DECEMBER 8

CMS approves Arkansas Works Section 1115 waiver extension.<sup>26</sup>

### DECEMBER 31

End of HCIP.

### JANUARY 1

Start of Arkansas Works coverage.

### MAY 4

Amendments to the Arkansas Works Act signed to allow state flexibility in determining whether to be an assessment or determination state, eliminate the ESI premium assistance program, and require a small employer health insurance coverage study. The state must also seek state plan amendment or waiver changes to cap eligibility at 100% of FPL and establish work requirements for beneficiaries, with certain exemptions.<sup>3</sup>

## 2017

Average Benchmark Premium:<sup>8</sup>

**\$281\***

HIM Issuers Participating:<sup>9</sup>

**3**

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## 2017

(CONTINUED)

## 2018

Average Benchmark Premium:<sup>8</sup>

**\$364\***

HIM Issuers Participating:<sup>9</sup>

**3**

## 2019

Average Benchmark Premium:<sup>8</sup>

**\$378\***

HIM Issuers Participating:<sup>9</sup>

**3**

### JUNE 30

Arkansas Works Section 1115 waiver amendment submitted to request:

- Termination of the ESI premium assistance program.
- Work and community engagement requirement as a condition of eligibility for individuals ages 19–49 with certain exemptions.
- Lowering of the Arkansas Works income eligibility upper limit from 138% to 100% of FPL.
- Elimination of 90-day retroactive eligibility coverage.
- Transition of Arkansas from a determination to an assessment state.<sup>27</sup>

### MARCH 5

Arkansas Works Section 1115 waiver amendment approved by CMS without the income eligibility cap. Retroactive eligibility coverage reduced to 30 days.

### JUNE 1

In a phased-in approach, work and community engagement requirement begins for Arkansas Works enrollees ages 30–49 at or below 100% of FPL, with certain exemptions.

### AUGUST 14

Lawsuit challenging the work and community engagement requirement filed against the U.S. Department of Health and Human Services.

### DECEMBER 31

By the end of December, 18,164 Arkansas Works enrollees have lost coverage due to non-compliance with the work and community engagement requirement.

### JANUARY 1

Work and community engagement requirement begins for all Arkansas Works enrollees ages 19–49 up to 138% of FPL, with certain exemptions.

### MARCH 27

Arkansas Works work and community engagement requirement halted by D.C. district judge's ruling.

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## 2020

Average Benchmark Premium:<sup>8</sup>

**\$365\***

HIM Issuers Participating:<sup>9</sup>

**3**

## 2021

Average Benchmark Premium:<sup>8</sup>

**\$394\***

HIM Issuers Participating:<sup>9</sup>

**3**

### FEBRUARY 14

The U.S. Federal Court of Appeals affirms the D.C. District Court's ruling that halted the Arkansas Works work and community engagement requirement.

### DECEMBER 4

The U.S. Supreme Court agrees to hear the cases regarding Arkansas's and New Hampshire's work and community engagement requirements.<sup>28</sup>

### DECEMBER 31

Enrollment in Arkansas Works increases to 307,303 by the last day of the month due to the COVID-19 pandemic.<sup>29</sup>

### MARCH 11

The U.S. Supreme Court cancels oral arguments in pending work and community engagement cases at the request of the Biden administration.<sup>28</sup>

### MARCH 17

CMS withdraws its March 5, 2018, approval of the work and community engagement requirement in the Arkansas Works Section 1115 waiver amendment.<sup>30</sup>

### APRIL 1

The Arkansas Health and Opportunity for Me Act of 2021 authorized to replace Arkansas Works with five-year waiver program, Arkansas Health and Opportunity for Me (ARHOME) which:<sup>4</sup>

- Changes the court-halted work and community engagement requirement as a condition of eligibility to an "economic independence incentive," with failure to participate potentially resulting in disenrollment from a QHP and transition to fee-for-service Medicaid.
- Diverts individuals with a serious mental illness or substance use disorder diagnosis into existing provider-led managed care organizations.
- Establishes premium and cost-sharing obligations for all individuals enrolled in ARHOME.
- Creates community bridge organizations to provide assistance to targeted at-risk populations including: women with high-risk pregnancies, individuals in need of treatment for serious mental illness or substance use disorder, and young adults who were formerly in foster care, were formerly incarcerated, or are veterans.

### APRIL 20

The appropriation for ARHOME passed by the Arkansas House of Representatives and Senate, pending signature by the governor.

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