



STATE OF ARKANSAS

ASA HUTCHINSON

GOVERNOR

June 30, 2017

The Honorable Thomas E. Price, M.D.
Secretary
U.S. Department of Health and Human Services
200 Independence Ave. SW
Washington, DC 20201

Dear Mr. Secretary:

On behalf of the citizens of Arkansas, I am pleased to submit an amendment to the Special Terms and Conditions for the Arkansas Works Section 1115 Medicaid demonstration. The changes proposed in this amendment were authorized by the Arkansas General Assembly during the First Extraordinary Session of 2017. In December 2016, the Centers for Medicare & Medicaid Services (CMS) approved the Arkansas Works demonstration, which implemented a new approach to health coverage for Arkansans. To date, the demonstration and its predecessor have been successful in providing continuity of coverage, smoothing the "seams" across the continuum of coverage, improving access to providers, and furthering quality improvement and delivery system reform initiatives. The changes we are seeking will build on these successes and increase the sustainability of the Arkansas Works program.

This amendment proposes four substantive changes to the Arkansas Works demonstration: (1) modify income eligibility for expansion adults to less than or equal to 100 percent of the federal poverty level (FPL) as of January 1, 2018; (2) institute work requirements as a condition of Arkansas Works eligibility as of January 1, 2018; (3) eliminate the Arkansas Works employer-sponsored insurance (ESI) premium assistance program on December 31, 2017; and (4) implement the state's waiver of retroactive eligibility on or after July 1, 2017. Together, these amendments to the demonstration seek to test innovative approaches to promoting personal responsibility and work, encouraging movement up the economic ladder, and facilitating transitions from Arkansas Works to employer-sponsored insurance and Marketplace coverage. The state is not requesting any changes related to budget neutrality.

I appreciate your ongoing partnership with our state and look forward to your continued support of Arkansas Works. Please do not hesitate to contact me if you have questions or need additional information.

Sincerely,

A handwritten signature in blue ink, reading "Asa Hutchinson", is written over a horizontal line.

Asa Hutchinson

**CENTERS FOR MEDICARE AND MEDICAID SERVICES
EXPENDITURE AUTHORITY**

NUMBER: 11-W-00287/6

TITLE: Arkansas Works Section 1115 Demonstration

AWARDEE: Arkansas Department of Human Services

Under the authority of section 1115(a)(2) of the Social Security Act (the Act), expenditures made by the state for the items identified below, which are not otherwise included as expenditure under section 1903 shall, for the period of this demonstration be regarded as expenditures under the state's Title XIX plan but are further limited by the special terms and conditions (STCs) for the Arkansas Works Section 1115 demonstration.

The expenditure authorities listed below promote the objectives of title XIX by: increasing overall coverage of low-income individuals in the state, improving health outcomes for Medicaid and other low-income populations in the state, and increasing access to, stabilizing, and strengthening the availability of providers and provider networks to serve Medicaid and low-income individuals in the state.

The following expenditure authorities shall enable Arkansas to implement the Arkansas Works section 1115 demonstration:

1. **Premium Assistance and Cost Sharing Reduction Payments.** Expenditures for part or all of the cost of private insurance premiums in the individual market, and for payments to reduce cost sharing under such coverage for certain individuals eligible under the approved state plan new adult group described in section 1902(a)(10)(A)(i)(VIII) of the Act.
- ~~2. **Premium Assistance Payments for Employer-Sponsored Insurance.** Expenditures for the employee share of cost-effective small group employer-sponsored insurance when the employer contributes at least 25 percent of the overall cost of the coverage for individuals enrolled in the new adult group described in section 1905(a)(10)(A)(i)(VIII) of the Act, that would not meet the requirements for premium assistance under the state plan.~~
- ~~3. **Employer Incentives for New Or Expanded Employer-Sponsored Insurance.** Expenditures for the employer share of cost-effective small group employer-sponsored insurance attributable to individuals receiving premium assistance under demonstration expenditure authority #2, to the extent that the remaining employer contribution is no less than 25 percent of the overall cost of the coverage, limited to a three year period per employer and only for employers who either (1) offer coverage effective on or after January 1, 2017 and had not offered coverage in calendar year 2016 or (2) offer non-grandfathered small group coverage effective on or after January 1, 2017 and had previously offered only grandfathered coverage.~~

Requirements Not Applicable to the Expenditure Authority:

1. Cost Effectiveness

Section 1902(a)(4) and
42 CFR 435.1015(a)(4)

To the extent necessary to permit the state to offer, with respect to individuals covered under this demonstration through qualified health plans, premium assistance and cost sharing reduction payments that are determined to be cost effective using state developed tests of cost effectiveness that differ from otherwise permissible tests for cost effectiveness.

CENTERS FOR MEDICARE & MEDICAID SERVICES WAIVER LIST

NUMBER: 11-W-00287/6
TITLE: Arkansas Works Section 1115 Demonstration
AWARDEE: Arkansas Department of Human Services

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in accompanying expenditure authorities, shall apply to the demonstration project effective from January 1, 2017 through December 31, 2021.

In addition, these waivers may only be implemented consistent with the approved amended Special Terms and Conditions (STCs).

Under the authority of section 1115(a)(1) of the Social Security Act (the Act), the following waivers of state plan requirements contained in section 1902 of the Act are granted subject to the STCs.

1. Freedom of Choice Section 1902(a)(23)(A)

To the extent necessary to enable Arkansas to limit beneficiaries' freedom of choice among providers to the providers participating in the network of the Arkansas Works beneficiary's Qualified Health Plan ~~or Employer Sponsored Insurance.~~ No waiver of freedom of choice is authorized for family planning providers.

2. Payment to Providers Section 1902(a)(13) and Section 1902(a)(30)

To the extent necessary to permit Arkansas to provide for payment to providers equal to the market-based rates determined by the Qualified Health Plan ~~or Employer Sponsored Insurance participating under Arkansas Works.~~

3. Prior Authorization Section 1902(a)(54) insofar as it incorporates Section 1927(d)(5)

To permit Arkansas to require that requests for prior authorization for drugs be addressed within 72 hours, and for expedited review in exigent circumstances within 24 hours, rather than 24 hours for all circumstances as is currently required in their state policy. A 72- hour supply of the requested medication will be provided in the event of an emergency.

4. Premiums Section 1902(a)(14) insofar as it incorporates Sections 1916 and 1916A

To the extent necessary to enable the state to collect monthly premiums for individuals in the eligibility group found at Section 1902(a)(10)(A)(i)(VIII) of the Act with incomes above 100 ~~up to and including 133~~ percent of the federal poverty level (FPL) as described in STC 17.

5. Comparability

Section 1902(a)(10)(B)

To the extent necessary to enable the state to impose targeted cost sharing on individuals in the eligibility group found at Section 1902(a)(10)(A)(i)(~~V-n~~VIII) of the Act: with incomes above 100 percent of the FPL as described in STC 17.

To the extent necessary to enable the state to phase out demonstration eligibility for individuals in the eligibility group found at Section 1902(a)(10)(A)(i)(VIII) of the Act with incomes above 100 percent of the FPL as described in STC 17.

6. Non-Emergency Medical Transportation

~~Section 1902(a)(4) insofar as it incorporates 42 CFR 431.53~~

~~To the extent necessary to relieve the state of its obligation to provide non-emergency medical transportation to and from providers for individuals who are enrolled in employer-sponsored insurance and have not demonstrated a need for such transportation.~~

76. Retroactive Eligibility

Section 1902(a)(34)

~~To enable the state to not provide retroactive eligibility for the affected populations on or after July 1, 2017. This provision will become effective 30 days after the later of CMS receiving written assurance from the state that it complies with the reasonable opportunity provisions in Section 1137(d) of the Social Security Act and CMS receiving written assurance from the state that the state has successfully completed the Arkansas MAGI Backlog Mitigation Plan as provided for in STC 20. The state shall also implement the Affordable Care Act provision on presumptive eligibility determinations by qualified hospitals as provided for in STC 20.~~

7. Reasonable Promptness

Section 1902(a)(3)

To enable the state to prohibit re-enrollment for the remainder of the calendar year for individuals disenrolled from coverage for failing to meet work requirements.

CENTERS FOR MEDICARE AND MEDICAID SERVICES SPECIAL TERMS AND CONDITIONS

NUMBER: 11-W-00287/6

TITLE: Arkansas Works

AWARDEE: Arkansas Department of Human Services

I. PREFACE

The following are the amended Special Terms and Conditions (STCs) for the Arkansas Works section 1115(a) Medicaid demonstration (hereinafter demonstration) to enable the Arkansas Department of Human Services (state) to operate this demonstration. The Centers for Medicare & Medicaid Services (CMS) has granted waivers of requirements under section 1902(a) of the Social Security Act (Act), and expenditure authorities authorizing federal matching of demonstration costs that are not otherwise matchable, and which are separately enumerated. These STCs set forth in detail the nature, character, and extent of federal involvement in the demonstration and the state's obligations to CMS during the life of the demonstration. Enrollment into the demonstration ~~will be~~ statewide and is approved through December 31, 2021.

The STCs have been arranged into the following subject areas:

- I. Preface
- II. Program Description and Objectives
- III. General Program Requirements
- IV. Populations Affected
- V. Arkansas Works Premium Assistance Enrollment
- VI. Premium Assistance Delivery System
- VII. Benefits
- VIII. Premiums & Cost Sharing
- IX. Work Requirements
- ~~X.~~ Appeals
- ~~XI.~~ General Reporting Requirements
- ~~XII.~~ General Financial Requirements
- ~~XIII.~~ Monitoring Budget Neutrality
- ~~XIV.~~ Evaluation
- ~~XV.~~ Monitoring

II. PROGRAM DESCRIPTION AND OBJECTIVES

Under the Arkansas Works demonstration, the state has been providing premium assistance to support the purchase by beneficiaries eligible under the new adult group under the state plan of coverage from qualified health plans (QHPs) offered in the individual market through the Marketplace. Enrollment activities for the new adult population began on October 1, 2013 for ~~the qualified health plan (QHP)~~ QHPs with eligibility effective January 1, 2014. ~~In~~

Arkansas Beginning in 2014, individuals eligible for coverage under the new adult group are as individuals described at Section 1902(a)(10)(A)(i)(~~V~~IVIII) of the Social Security Act and is further specified in the state plan (collectively Arkansas Works beneficiaries). ~~Arkansas expected approximately 200,000 beneficiaries to be enrolled into the Marketplace through this demonstration program.~~

~~With this amendment and extension, the state will test innovative approaches to promoting individual financial responsibility for care and to minimizing churn through strengthening employer sponsored insurance (ESI). All Arkansas Works beneficiaries with incomes above 100 percent of the FPL will be charged monthly premium payments. Additionally, Through the approved December 2016 extension and amendment to the demonstration, the state required that all Arkansas Works beneficiaries age 21 and over who receive the alternative benefit plan (ABP) and who have access to cost-effective employer sponsored insurance (ESI) through participating Arkansas Works employers will be required to participate in ESI. (as described below, the Arkansas Works ESI premium assistance program will terminate on December 31, 2017).~~

With this amendment, the state will test innovative approaches to promoting personal responsibility and work, encouraging movement up the economic ladder, and facilitating transitions between and among Arkansas Works, ESI, and the Marketplace for Arkansas Works enrollees. On January 1, 2018, the state will limit Arkansas Works income eligibility to 100 percent of the federal poverty level (FPL), including the 5 percent income disregard required for the purposes of determining income eligibility based on modified adjusted gross income (MAGI) standards. When enrollees have their first eligibility redetermination or submit a change in circumstances on or after January 1, 2018, those determined to have an income above 100 percent of the FPL will no longer be eligible for Arkansas Works. Individuals may enroll in QHPs supported by federal tax credits or, for those individuals with access to ESI, may enroll in ESI.

Beginning on January 1, 2018, the state will also institute work requirements as a condition of Arkansas Works eligibility. Once work requirements are fully implemented, Arkansas Works beneficiaries will who are ages 19-49 must work or engage in specified educational, job training, or job search activities for at least 80 hours per month to remain covered through Arkansas Works, unless they meet exemption criteria established by the state. Arkansas Works beneficiaries who are subject to work requirements will be required to demonstrate that they are meeting the work requirements on a monthly basis. Arkansas Works beneficiaries who fail to meet the work requirements for any three months during a plan year will be disenrolled from Arkansas Works and will not be permitted to re-enroll until the following plan year.

Finally, the state will eliminate its ESI premium assistance program under the demonstration. As of January 1, 2018, all Arkansas Works beneficiaries who were enrolled in ESI premium assistance and who remain eligible for Arkansas Works will transition to QHP coverage.

Arkansas Works beneficiaries receive a state plan ABP. Services ~~will be~~are delivered primarily through the service delivery network of the QHP that they select ~~(or of the ESI plan, if applicable)~~ and the QHP ~~(or ESI, if applicable)~~ will be the primary payer for such services. Beneficiaries ~~will~~ have cost sharing obligations consistent with the state plan.

With this demonstration Arkansas proposes to further the objectives of Title XIX by:

- ~~Promoting~~Providing continuity of coverage for individuals,
- Improving access to providers,
- Improving continuity of care across the continuum of coverage,
- Furthering quality improvement and delivery system reform initiatives that are successful across population groups, and
- ~~Leveraging employer contributions for insurance coverage to enhance Medicaid coverage.~~
- Promoting independence through employment.

Arkansas proposes that the demonstration will provide integrated coverage for low-income Arkansans, leveraging the efficiencies and experience of the private market to improve continuity, access, and quality for Arkansas Works beneficiaries that should ultimately result in lowering the rate of growth in premiums across population groups. The state proposes that the demonstration will also drive structural health care system reform and more competitive premium pricing for all individuals purchasing coverage through the Marketplace by at least doubling the size of the population enrolling in QHPs offered through the Marketplace, as well as expanding use of ESI.

The state proposes to demonstrate the following key features:

Continuity of coverage and care - For households with members eligible for coverage under Title XIX and Marketplace coverage as well as those who have income fluctuations that cause their eligibility to change year-to-year, or multiple times throughout the year, the demonstration will create continuity of health plans available for selection as well as provider networks. Households may stay enrolled in the same plan regardless of whether their coverage is subsidized through Medicaid, or Advanced ~~Payment~~Premium Tax Credits/Cost Sharing Reductions (APTC/CSRs). ~~Similarly, individuals with access to ESI will be able to maintain coverage through their ESI, regardless of whether their income fluctuates above or below Medicaid levels.~~

Support equalization of provider reimbursement and improve provider access - The demonstration will support equalization of provider reimbursement across payers, toward the end of expanding provider access and eliminating the need for providers to cross-subsidize. Arkansas Medicaid provides rates of reimbursement lower than Medicare or commercial payers, causing some providers to forego participation in the program and others to “cross subsidize” their Medicaid patients by charging more to private insurers.

Integration ~~and~~, efficiency, quality improvement and delivery system reform - Arkansas is proposing taking an integrated and market-based approach to covering uninsured Arkansans. It is anticipated that QHPs will bring the experience of successful private sector models that can improve access to high quality services and lead delivery system reform. One of the benefits of this demonstration should be to gain a better understanding of how the private sector uses incentives to engage individuals in healthy behaviors.

~~*Strengthening the state's employer sponsored insurance market*—The state will strengthen its employer-sponsored insurance market by expanding the number of potential individuals covered through employer-sponsored insurance and by reducing changes in coverage due to fluctuations in income for individuals covered through employer-sponsored insurance.~~

~~*Promoting employment* - By instituting work requirements as a condition of eligibility, the demonstration will incentivize employment and increase the number of employed Arkansas Works beneficiaries.~~

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The state must comply with all applicable federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.
2. **Compliance with Medicaid and Children's Health Insurance Program (CHIP) Law, Regulation, and Policy.** All requirements of the Medicaid program and CHIP, expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in the waiver and expenditure authority documents (of which these terms and conditions are part), apply to the demonstration.
3. **Changes in Medicaid and CHIP Law, Regulation, and Policy.** The state must, within the timeframes specified in law, regulation, or policy statement, come into compliance with any changes in federal law, regulation, or policy affecting the Medicaid or CHIP program that occur during this demonstration approval period, unless the provision being changed is expressly waived or identified as not applicable. In addition, CMS reserves the right to amend the STCs to reflect such changes and/or changes without requiring the state to submit an amendment to the demonstration under STC 7. CMS will notify the state 30 days in advance of the expected approval date of the amended STCs to provide the state with additional notice of the changes.
4. **Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**
 - a. To the extent that a change in federal law, regulation, or policy requires either a reduction or an increase in federal financial participation (FFP) for expenditures made under this demonstration, the state must adopt, subject to CMS approval, a modified budget neutrality agreement as well as a modified allotment neutrality worksheet for the demonstration as necessary to comply with such change. The modified budget neutrality agreement will be effective upon the implementation of the change.
 - b. If mandated changes in the federal law require state legislation, the changes must take effect on the day such state legislation becomes effective, or on the last day such legislation was required to be in effect under the law.

5. **State Plan Amendments.** If the eligibility of a population eligible through the Medicaid or CHIP state plan is affected by a change to the demonstration, a conforming amendment to the appropriate state plan may be required, except as otherwise noted in these STCs. In all such instances the Medicaid state plan governs.
 - a. Should the state amend the state plan to make any changes to eligibility for this population, upon submission of the state plan amendment, the state must notify CMS demonstration staff in writing of the pending state plan amendment, and request a corresponding technical correction to the demonstration.
6. **Changes Subject to the Amendment Process.** Changes related to demonstration features including eligibility, enrollment, benefits, enrollee rights, delivery systems, cost sharing, evaluation design, sources of non-federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with section 1115 of the Act. The state must not implement changes to these elements without prior approval by CMS either through an approved amendment to the Medicaid state plan and/or amendment to the demonstration. Amendments to the demonstration are not retroactive and FFP will not be available for changes to the demonstration that have not been approved through the amendment process set forth in STC 7 below.
7. **Amendment Process.** Requests to amend the demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change and may not be implemented until approved. CMS reserves the right to deny or delay approval of a demonstration amendment based on non-compliance with these STCs, including but not limited to failure by the state to submit required reports and other deliverables in a timely fashion according to the deadlines specified herein. Amendment requests must include, but are not limited to, the following:
 - a. An explanation of the public process used by the state, consistent with the requirements of STC 15, prior to submission of the requested amendment;
 - b. A data analysis worksheet which identifies the specific “with waiver” impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include current total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the “with waiver” expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;
 - c. An up-to-date CHIP allotment neutrality worksheet, if necessary;
 - d. A detailed description of the amendment, including impact on beneficiaries, with sufficient supporting documentation; and

- e. A description of how the evaluation design will be modified to incorporate the amendment provisions.
- 8. Extension of the Demonstration.** States that intend to request demonstration extensions under sections 1115(e) or 1115(f) are advised to observe the timelines contained in those statutes. Otherwise, no later than 12 months prior to the expiration date of the demonstration, the governor or chief executive officer of the state must submit to CMS either a demonstration extension request or a transition and phase-out plan consistent with the requirements of STC 9.
- a. Compliance with Transparency Requirements at 42 CFR Section 431.412.
 - b. As part of the demonstration extension requests the state must provide documentation of compliance with the transparency requirements 42 CFR Section 431.412 and the public notice and tribal consultation requirements outlined in STC 15.
- 9. Demonstration Phase Out.** The state may only suspend or terminate this demonstration in whole, or in part, consistent with the following requirements.
- a. Notification of Suspension or Termination: The state must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and a transition and phase-out plan. The state must submit its notification letter and a draft plan to CMS no less than six (6) months before the effective date of the demonstration's suspension or termination. Prior to submitting the draft plan to CMS, the state must publish on its website the draft transition and phase-out plan for a 30-day public comment period. In addition, the state must conduct tribal consultation in accordance with its approved tribal consultation state plan Amendment. Once the 30-day public comment period has ended, the state must provide a summary of each public comment received, the state's response to the comment and how the state incorporated the received comment into the revised plan.
 - b. The state must obtain CMS approval of the transition and phase-out plan prior to the implementation of the phase-out activities. Implementation of activities must be no sooner than 14 days after CMS approval of the plan.
 - c. Transition and Phase-out Plan Requirements: The state must include, at a minimum, in its plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), ~~the process by which the state will conduct administrative reviews of Medicaid eligibility prior to the termination of the program for the affected beneficiaries, and ensure ongoing coverage for those beneficiaries determined eligible,~~ as well as any community outreach activities including community resources that are available.

- d. **Phase-out Procedures:** The state must comply with all notice requirements found in 42 CFR Sections 431.206, 431.210, and 431.213. In addition, the state must assure all appeal and hearing rights afforded to demonstration participants as outlined in 42 CFR Sections 431.220 and 431.221. If a demonstration participant requests a hearing before the date of action, the state must maintain benefits as required in 42 CFR Section 431.230. ~~In addition, the state must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category. 42 CFR Section 435.916.~~
 - e. **Exemption from Public Notice Procedures** 42 CFR Section 431.416(g). CMS may expedite the federal and state public notice requirements in the event it determines that the objectives of title XIX and XXI would be served or under circumstances described in 42 CFR Section 431.416(g).
 - f. **Federal Financial Participation (FFP):** If the project is terminated or any relevant waivers suspended by the state, FFP shall be limited to normal closeout costs associated with terminating the demonstration including services and administrative costs of disenrolling participants.
- 10. Pre-Approved Transition and Phase Out Plan.** The state may elect to submit a draft transition and phase-out plan for review and approval at any time, including prior to when a date of termination has been identified. Once the transition and phase-out plan has been approved, implementation of the plan may be delayed indefinitely at the option of the state.
- 11. Federal Financial Participation (FFP).** If the project is terminated or any relevant waivers suspended by the State, FFP shall be limited to normal closeout costs associated with terminating the demonstration including services and administrative costs of disenrolling enrollees.
- 12. Expiring Demonstration Authority.** For demonstration authority that expires prior to the demonstration's expiration date, the State must submit a transition plan to CMS no later than six months prior to the applicable demonstration authority's expiration date, consistent with the following requirements:
- a. **Expiration Requirements.** The State must include, at a minimum, in its demonstration expiration plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the State will conduct administrative reviews of Medicaid eligibility for the affected beneficiaries, and ensure ongoing coverage for eligible individuals, as well as any community outreach activities.
 - b. **Expiration Procedures.** The State must comply with all notice requirements found in 42 CFR Sections 431.206, 431.210 and 431.213. In addition, the State must assure all appeal and hearing rights afforded to demonstration enrollees as

outlined in 42 CFR Sections 431.220 and 431.221. If a demonstration enrollee requests a hearing before the date of action, the State must maintain benefits as required in 42 CFR Section 431.230. In addition, the State must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category as discussed in October 1, 2010, State Health Official Letter #10-008.

- c. **Federal Public Notice.** CMS will conduct a 30-day federal public comment period consistent with the process outlined in 42 CFR Section 431.416 in order to solicit public input on the State's demonstration expiration plan. CMS will consider comments received during the 30-day period during its review and approval of the State's demonstration expiration plan. The State must obtain CMS approval of the demonstration expiration plan prior to the implementation of the expiration activities. Implementation of expiration activities must be no sooner than 14 days after CMS approval of the plan.
 - d. **Federal Financial Participation (FFP):** FFP shall be limited to normal closeout costs associated with the expiration of the demonstration including services and administrative costs of disenrolling enrollees.
13. **Withdrawal of Demonstration Authority.** CMS reserves the right to amend and withdraw waivers or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of Title XIX. CMS will promptly notify the State in writing of the determination and the reasons for the amendment and withdrawal, together with the effective date, and afford the State an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn or amended, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services and administrative costs of disenrolling enrollees.
 14. **Adequacy of Infrastructure.** The State must ensure the availability of adequate resources for implementation and monitoring of the demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other demonstration components.
 15. **Public Notice, Tribal Consultation, and Consultation with Interested Parties.** The State must comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994). The State must also comply with the tribal consultation requirements in section 1902(a)(73) of the Act as amended by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the implementing regulations for the Review and Approval Process for Section 1115 demonstrations at 42 CFR Section 431.408, and the tribal consultation requirements contained in the State's approved state plan, when any program changes to the demonstration are proposed by the State.

- a. In States with federally recognized Indian tribes consultation must be conducted in accordance with the consultation process outlined in the July 17, 2001 letter or the consultation process in the State's approved Medicaid state plan if that process is specifically applicable to consulting with tribal governments on waivers (42 CFR Section 431.408(b)(2)).
 - b. In States with federally recognized Indian tribes, Indian health programs, and/or Urban Indian organizations, the State is required to submit evidence to CMS regarding the solicitation of advice from these entities prior to submission of any demonstration proposal, amendment and/or renewal of this demonstration (42 CFR Section 431.408(b)(3)).
 - c. The State must also comply with the Public Notice Procedures set forth in 42 CFR Section 447.205 for changes in statewide methods and standards for setting payment rates.
16. **Federal Financial Participation (FFP).** No federal matching for administrative or service expenditures for this demonstration will take effect until the effective date identified in the demonstration approval letter.

IV. POPULATIONS AFFECTED

The State will use this demonstration to ensure coverage for Arkansas Works eligible beneficiaries provided primarily through QHPs offered in the individual market ~~or through ESI~~ instead of the fee-for-service delivery system that serves the traditional Medicaid population. The State will provide premium assistance to aid ~~individuals~~ Arkansas Works beneficiaries in enrolling in coverage through QHPs in the Marketplace ~~or ESI for Arkansas Works beneficiaries.~~

- 17. Populations Affected by the Arkansas Works Demonstration.** Except as described in STCs 18 and 19, the Arkansas Works Demonstration affects the delivery of benefits, as set forth in section 1905(y)(2)(B) of the Act and codified at 42 CFR Section 433.204(a)(2), to adults aged 19 through 64 ~~eligible under the state plan under 1902(a)(10)(A)(i)(VIII) of the Act, 42 CFR Section 435.119. Eligibility and coverage for these individuals who have incomes up to and including 100 percent of the FPL, including the 5 percent income disregard required for the purposes of determining income eligibility based on MAGI standards, eligible under the state plan under 1902(a)(10)(A)(i)(VIII) of the Act, 42 CFR Section 435.119. During calendar year 2018, the Arkansas Works Demonstration will also affect the delivery of benefits, as set forth in section 1905(y)(2)(B) of the Act and codified at 42 CFR Section 433.204(a)(2), to adults aged 19 through 64 who have incomes above 100 percent of the FPL, including the 5 percent income disregard required for the purposes of determining income eligibility based on MAGI standards, eligible under the state plan under 1902(a)(10)(A)(i)(VIII) of the Act, 42 CFR Section 435.119 to the extent they were enrolled in 2017 and remain enrolled (hereinafter transitional enrollees). Beginning in 2018, when the state assesses at eligibility redetermination or upon a change in circumstances submission that an Arkansas Works beneficiary has an income above 100 percent of the FPL, he or she will no longer be eligible for the demonstration.~~

Eligibility and coverage for Arkansas Works beneficiaries is subject to all applicable Medicaid laws and regulations in accordance with the Medicaid state plan, except as expressly waived in this demonstration and as described in these STCs. Any Medicaid state plan amendments to this eligibility group, including the conversion to a modified adjusted gross income standard on January 1, 2014, will apply to this demonstration.

Table 1 Eligibility Groups

Medicaid State Plan Mandatory Groups	Federal Poverty Level	Funding Stream	Expenditure and Eligibility Group Reporting
New Adult Group	<p>This group includes adults Adults up to and including 133 100 percent of the FPL who meet the other criteria specified in Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act</p> <p><u>In 2018 only, adults above 100 percent of the FPL to the extent they were enrolled in Arkansas Works in 2017 and remain enrolled who meet the other criteria specified in Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act (transitional enrollees)</u></p>	Title XIX	MEG - 1

~~17.18. Medically Frail Individuals.~~ Arkansas ~~will institute~~ has instituted a process to determine whether an individual is medically frail. The process is described in the Alternative Benefit state plan. Medically frail individuals ~~will be~~ are excluded from the demonstration, except for the purposes of STC 20. ~~with the following exception for individuals who have access to and chose to enroll in ESI. Specifically, these STCs, the terms “medically frail” or “medically frail individuals” shall exclude any individuals identified as medically frail by the state, consistent with the process described in the Alternative Benefit state plan, if that individual is age 21 or over and has elected to receive the Alternative Benefit Plan, and has access to cost-effective ESI through an employer participating in Arkansas Works. All such individuals will be covered through the demonstration and will be required to enroll in ESI. For the purposes of these STCs, these individuals will be included in the term “Arkansas Works beneficiaries,” unless~~

~~expressly noted otherwise. Medically frail individuals will only be subject to cost sharing under the terms of this demonstration if they are age 21 or over, have elected to receive the Alternative Benefit Plan, and are enrolled in cost-effective ESI through an employer participating in Arkansas Works.~~

- a. Individuals excluded from enrolling in QHPs through the Arkansas Works as a result of a determination of medical frailty as that term is defined above will have the option of receiving direct coverage through the state of either the same ABP offered to the new adult group or an ABP that includes all benefits otherwise available under the approved Medicaid state plan (the standard Medicaid benefit package). Direct coverage will be provided through a fee- for- service (FFS) system.

~~18.19.~~ **American Indian/Alaska Native Individuals.** Individuals identified as American Indian or Alaskan Native (AI/AN) will not be required to enroll in QHPs ~~or ESI~~ in this demonstration, but can choose to opt into the demonstration and access coverage pursuant to all the terms and conditions of this demonstration. Individuals who are AI/AN and who have not opted into the Arkansas Works will receive the ABP available to the new adult group and operated through a fee for service (FFS) system. An AI/AN individual will be able to access covered benefits through Indian Health Service (IHS), Tribal or Urban Indian Organization (collectively, I/T/U) facilities funded through the IHS. Under the Indian Health Care Improvement Act (IHCIA), I/T/U facilities are entitled to payment notwithstanding network restrictions.

~~19.20.~~ **Retroactive Coverage.** Beginning on or after July 1, 2017, the State will provide coverage effective as of the first day of the month in which an individual eligible under the demonstration applies for coverage. Upon completion of the Arkansas MAGI Backlog Mitigation Plan, the state shall submit written assurance with supporting documentation that the backlog has been eliminated and that eligibility determinations and redeterminations are completed on a timely basis. The state shall submit data on a quarterly basis to CMS to demonstrate continued compliance with timely determinations of eligibility.

~~The state shall submit written assurance with supporting documentation that it provides benefits during a reasonable opportunity period to individuals who are otherwise eligible for Medicaid and who attest to eligible immigration status, consistent with Section 1137(d) of the Social Security Act.~~

~~The state will also implement the Affordable Care Act requirement that allows qualified hospitals to make presumptive eligibility (PE) determinations for certain Medicaid populations and have an approved State Plan Amendment for hospitals to make presumptive eligibility (PE) determinations by April 1, 2017. Any Medicaid-enrolled hospital that agrees to the PE determination process established by the state will be considered a qualified hospital.~~

- 21. Work Requirements.** Arkansas Works beneficiaries ages 19 to 49 will be subject to work requirements as a condition of eligibility, unless they are deemed exempt. See STCs 47 through 51 for further discussion of work requirements.

V. ARKANSAS WORKS PREMIUM ASSISTANCE ENROLLMENT

~~20.22.~~ **Arkansas Works.** For Arkansas Works beneficiaries, enrollment in ~~either a QHP or ESI~~ will be a condition of receiving benefits. ~~All Arkansas Works beneficiaries ages 21 and over with access to cost-effective ESI through an employer participating in the Arkansas Works program will be required to enroll in ESI; all other Arkansas Works beneficiaries will be required to enroll in a QHP, unless they have been determined to be medically frail.~~

~~21.23.~~ **Notices.** Arkansas Works beneficiaries will receive a notice or notices from Arkansas Medicaid or its designee advising them of the following:

~~a. Requirement to Enroll in ESI or QHP. The notice will inform Arkansas Works beneficiaries whether they are required to enroll in ESI or QHPs to receive coverage.~~

~~b.a.~~ **QHP Plan Selection.** ~~If applicable, the~~The notice will include information regarding how Arkansas Works beneficiaries ~~who are required to enroll in QHPs~~ can select a QHP and information on the State's auto-assignment process in the event that the beneficiary does not select a plan.

~~e. ESI Enrollment. If applicable, the notice will include information regarding how Arkansas Works beneficiaries who are required to enroll in ESI should enroll in ESI and how the beneficiary will access services before ESI begins.~~

~~d.b.~~ **State Premiums and Cost-Sharing.** The notice will include information about the ~~individuals~~individual's premium and cost-sharing obligations, if any, as well as the quarterly cap on premiums and cost-sharing.

~~e.c.~~ **Access to Services until QHP/ESI Enrollment is Effective.** The notice will include the Medicaid client identification number (CIN) and information on how beneficiaries can use the CIN number to access services until their QHP ~~or ESI~~ enrollment is effective. ~~In addition to a CIN number, Arkansas Works beneficiaries who are required to enroll in ESI will receive an Arkansas Works card to access services prior to ESI enrollment and any wrapped benefits after ESI enrollment.~~enrollment is effective.

~~f.d.~~ **Wrapped Benefits.** The notice will also include information on how beneficiaries can access wrapped benefits. The notice will include specific information regarding services that are covered directly through fee-for-service Medicaid; and what phone numbers to call or websites to visit to access wrapped services; ~~and any cost-sharing for wrapped services pursuant to STC 37.~~

~~g-e.~~ Appeals. The notice will also include information regarding the grievance and appeals process.

~~h-f.~~ Identification of Medically Frail. The notice will include information describing how Arkansas Works beneficiaries who believe they ~~may be exempt from the Arkansas Works ABP, and individuals who~~ are medically frail, can request a determination of whether they are exempt from the ABP. The notice will also include alternative benefit ~~plans~~plan options.

~~g.~~ Change in Arkansas Works Eligibility Limit. The notice will include information about the change in the Arkansas Works eligibility limit to 100 percent of the FPL.

~~h.~~ Work Requirements. The notice will include information describing the Arkansas Works work requirements. The notice will describe the population subject to and exempt from work requirements; the process for enrollees to demonstrate that they are meeting the work requirements; the activities that count towards meeting the work requirements; and the penalties for failing to meet the work requirements.

~~22,24.~~ **QHP Selection.** The ~~QHP~~QHPs in which Arkansas Works beneficiaries ~~will enroll will~~ beare certified through the Arkansas Insurance Department's QHP certification process. The QHPs available for selection by the beneficiary ~~will beare~~ determined by the Medicaid agency.

~~23.~~ ~~**Enrollment Process.** In accordance with the state established timeframes established in the Enrollment Protocols, individuals will enroll through the process described in operational protocols developed by the state and approved by CMS.~~

~~24,25.~~ **Auto-assignment.** In the event that an individual is determined eligible for coverage through the Arkansas Works QHP premium assistance program, but does not select a plan, the State will auto-assign the enrollee to one of the available QHPs in the beneficiary's rating area. Individuals who are auto-assigned will be notified of their assignment, and the effective date of QHP enrollment, and will be given a thirty-day period from the date of enrollment to request enrollment in another plan.

~~25,26.~~ **Distribution of Members Auto-assigned.** Arkansas Works QHP auto-assignments will be distributed among QHP issuers in good standing with the Arkansas Insurance Department offering certified silver-level QHPs certified by the Arkansas Insurance Department ~~with the aim of achieving a target minimum market share of Arkansas Works enrollees for each QHP issuer in a rating region. Specifically, the target minimum market share for a QHP issuer offering silver QHP in a rating region will vary based on the number of competing QHP issuers as follows:~~

~~Two QHP issuers: 33 percent of Arkansas Works enrollees in that region.~~

~~Three QHP issuers: 25 percent of Arkansas Works enrollees in that region.~~

~~Four QHP issuers: 20 percent of Arkansas Works enrollees in that region.~~

~~More than four QHP issuers; 10 percent of Arkansas Works enrollees in that region.~~

~~26.27. Changes to Auto-assignment Methodology.~~ The state will advise CMS ~~60 days~~ prior to implementing a change to the auto-assignment methodology.

~~27.28. Disenrollment.~~ Enrollees ~~in the Arkansas Works QHP Premium Assistance Program~~ may be disenrolled ~~from the demonstration~~ if they are determined to be medically frail after they were previously determined eligible. ~~Enrollees in the Arkansas Works ESI Premium Assistance Program may be disenrolled if they are determined to be medically frail and select to receive the standard benefit package at any time.~~

~~28. Operational Protocols.~~ By April 30, 2017, the state will submit for CMS approval ~~operational protocols further describing, among other things the enrollment/disenrollment process for all Arkansas Works beneficiaries. The protocol must include, at a minimum, a description of the following items:~~

- ~~a. The process for identifying participating employers;~~
- ~~b. The process for demonstrating cost effectiveness in ESI;~~
- ~~c. The process for assisting beneficiaries in enrolling in ESI;~~
- ~~d. The process for ensuring beneficiaries have access to services before ESI coverage become effective;~~
- ~~e. The methodology for determining employer incentives for new or expanded ESI;~~
- ~~f. The beneficiary incentive benefit structure and design;~~
- ~~g. The process for qualifying for the beneficiary incentive benefit; and~~
- ~~h. Information on how beneficiaries can access wrapped services and cost sharing, including services from a non-Medicaid provider.~~

VI. PREMIUM ASSISTANCE DELIVERY SYSTEM

29. **Memorandum of Understanding for QHP Premium Assistance.** The Arkansas Department of Human Services and the Arkansas Insurance Department have entered into a memorandum of understanding (MOU) with each QHP that ~~will enroll~~enrolls individuals covered under the ~~Demonstration~~demonstration. Areas to be addressed in the MOU include, but are not limited to:

- a. Enrollment of individuals in populations covered by the ~~Demonstration~~demonstration;
- b. Payment of premiums and cost-sharing reductions, including the process for collecting and tracking beneficiary premiums for transitional enrollees;

- c. Reporting and data requirements necessary to monitor and evaluate the Arkansas Works including those referenced in STC ~~7477~~, ensuring enrollee access to EPSDT and other covered benefits through the QHP;
 - d. Requirement for QHPs to provide, consistent with federal and state laws, claims and other data as requested to support state and federal evaluations, including any corresponding state arrangements needed to disclose and share data, as required by 42 CFR 431.420(f)(2), to CMS or CMS' evaluation contractors.
 - e. Noticing requirements; and,
 - f. Audit rights.
30. **Qualified Health Plans.** The State will use premium assistance to support the purchase of coverage for Arkansas Works beneficiaries through Marketplace QHPs.
31. **Choice of QHPs.** Each Arkansas Works beneficiary required to enroll in a QHP will have the option to choose between at least two silver plans covering only Essential Health Benefits that are offered in the individual market through the Marketplace. The State will pay the full cost of QHP premiums.
- a. Arkansas Works beneficiaries will be able to choose from at least two silver plans covering only Essential Health Benefits that are in each rating area of the State.
 - b. Arkansas Works beneficiaries will be permitted to choose among all silver plans covering only Essential Health Benefits that are offered in their geographic area and that meet the purchasing guidelines established by the State in that year, and thus all Arkansas Works beneficiaries will have a choice of at least two ~~qualified health plans~~ QHPs.
 - c. The State will comply with Essential Community Provider network requirements, as part of the ~~Qualified Health Plan~~ QHP certification process.
 - d. Arkansas Works beneficiaries will have access to the same networks as other individuals enrolling in silver level QHPs through the individual Marketplace.
- ~~32. Memorandum of Understanding for ESI Premium Assistance.~~ The Arkansas Department of Human Services will require that its vendor enter into a memorandum of understanding with all employers participating in the ESI Premium Assistance Program.
- ~~33.~~ 32. **Coverage Prior to Enrollment in a QHP ~~or ESI~~.** The State will provide coverage through fee-for-service Medicaid from the date an individual is determined eligible for the New Adult Group until the individual's enrollment in the QHP ~~or ESI~~ becomes effective.
- a. For individuals who enroll in a QHP (whether by selecting the QHP or through auto-assignment) ~~or ESI~~ between the first and fifteenth day of a month, QHP ~~ESI~~

coverage will become effective as of the first day of the month following QHP/~~ESI~~ enrollment.

- b. For individuals who enroll in a QHP (whether by selecting the QHP or through auto-assignment) ~~or ESI~~ between the sixteenth and last day of a month, QHP/~~ESI~~ coverage will become effective as of the first day of the second month following QHP/~~ESI~~ selection (or auto-assignment).

~~34.33.~~ **Family Planning.** If family planning services are accessed at a facility that the QHP/~~ESI~~~~considers~~ considers to be an out-of-network provider, the State's fee-for-service Medicaid program will cover those services.

~~35.34.~~ **NEMT.** Non-emergency medical transport services will be provided through the State's fee-for-service Medicaid program. See STC ~~4341~~ for further discussion of non-emergency medical transport services.

VII. BENEFITS

~~36.35.~~ **Arkansas Works Benefits.** Individuals affected by this demonstration will receive benefits as set forth in section 1905(y)(2)(B) of the Act and codified at 42 CFR Section 433.204(a)(2). These benefits are described in the Medicaid state plan.

~~37.36.~~ **Alternative Benefit Plan.** The benefits provided under an alternative benefit plan for the new adult group are reflected in the State ABP state plan.

~~38.37.~~ **Medicaid Wrap Benefits.** The State will provide through its fee-for-service system wrap-around benefits that are required for the ABP but not covered by ~~qualified health plans or ESI QHPs~~. These benefits include non-emergency transportation and Early Periodic Screening Diagnosis and Treatment (EPSDT) services for individuals participating in the demonstration who are under age 21.

~~39.38.~~ **Access to Wrap Around Benefits.** In addition to receiving an insurance card from the applicable QHP ~~or ESI~~ issuer, Arkansas Works beneficiaries will have a Medicaid CIN ~~or Arkansas Works card (for ESI-enrolled beneficiaries)~~ through which providers may bill Medicaid for wrap-around benefits. The notice containing the CIN ~~or card~~ will include information about which services Arkansas Works beneficiaries may receive through fee-for-service Medicaid and how to access those services. This information ~~willis~~ will also be posted on Arkansas Department of Human Service's Medicaid website and will be provided through information at the Department of Human Service's call centers and through QHP issuers ~~or through the call center for ESI enrollees established by the state or its vendor.~~

~~40.39.~~ **Early and Periodic Screening, Diagnosis, and Treatment (EPSDT).** The State must fulfill its responsibilities for coverage, outreach, and assistance with respect to EPSDT services that are described in the requirements of sections 1905(a)(4)(b) (services), 1902(a)(43) (administrative requirements), and 1905(r) (definitions).

~~41.40.~~ **Access to Federally Qualified Health Centers and Rural Health Centers.** Arkansas Works enrollees will have access to at least one QHP in each service area that contracts with at least one FQHC and RHC. ~~Arkansas Works beneficiaries receiving coverage through ESI will have access to at least one FQHC and RHC through their ESI. If their ESI does not contract with an FQHC and RHC, they may access an FQHC and RHC through fee-for-service Medicaid.~~

~~42.41.~~ **Access to Non-Emergency Medical Transportation.** For individuals in the eligibility group established under Section 1902(a)(10)(A)(i)(VIII), the state will establish prior authorization for NEMT in the ABP. Individuals served by IHS or Tribal facilities, and medically frail individuals will be exempt from such requirements. ~~The state will have no obligation to provide NEMT to individuals covered through ESI premium assistance to individuals who have not demonstrated a need for such services.~~

~~43.42.~~ **Incentive Benefits.** To the extent an amendment is approved by CMS ~~and also described in operational protocols developed by the state~~, Arkansas will offer an additional benefit not otherwise provided under the Alternative Benefit Plan for transitional Arkansas Works enrollees who make timely premium payments (if above 100 percent FPL) and engage with a primary care provider (PCP). Arkansas Works enrollees with incomes at or below 100 percent FPL and others who are exempt from premiums, will be eligible for an incentive benefit at the time the amendment is approved.

VIII. PREMIUMS & COST SHARING

~~44.43.~~ **Premiums & Cost ~~sharing~~Sharing.** Cost sharing for Arkansas Works enrollees must be in compliance with federal requirements that are set forth in statute, regulation and policies, including exemptions from cost-sharing set forth in 42 CFR Section 447.56(a).

~~45.44.~~ **Premiums & Cost Sharing Parameters for the Arkansas Works ~~program~~Program.** With the approval of this ~~Demonstration~~demonstration:

- a. Enrollees up to and including 100 percent of the FPL will have no cost sharing.
- b. ~~Enrollees~~Transitional enrollees above 100 percent of the FPL will have cost sharing consistent with Medicaid requirements.
- c. ~~Enrollees~~Transitional enrollees above 100 percent of the FPL will be required to pay monthly premiums of up to 2 percent of household income.
- d. Premiums and cost-sharing will be subject to an aggregate cap of no more than 5 percent of family monthly or quarterly income.
- e. Cost sharing limitations described in 42 CFR 447.56(a) will be applied to all program enrollees.

- f. Copayment and coinsurance amounts will be consistent with federal requirements regarding Medicaid cost sharing and with the state's approved state plan; premium, copayment, and coinsurance amounts are listed in Attachment B.

~~46.~~**45. Payment Process for Payment of Cost Sharing Reduction to QHPs.** Agreements with QHP issuers may provide for advance monthly cost-sharing reduction (CSR) payments to cover the costs associated with the reduced cost sharing for Arkansas Works beneficiaries. Such payments will be subject to reconciliation at the conclusion of the benefit year based on actual expenditures by the QHP for cost sharing reduction. If a QHP issuer's actuary determines during the benefit year that the estimated advance CSR payments are significantly different than the CSR payments the QHP issuer will be entitled to during reconciliation, the QHP issuer may ask Arkansas' Department of Human Services to adjust the advance payments. Arkansas' reconciliation process will follow 45 CFR Section 156.430 to the extent applicable.

~~47.~~**47. Grace Period/Debt Collection.** Transitional Arkansas Works ~~members-enrollees~~ will have two months from the date of the payment invoice to make the required monthly premium contribution. Arkansas and/or its vendor may attempt to collect unpaid premiums and the related debt from beneficiaries, but may not report the debt to credit reporting agencies, place a lien on an individual's home, refer the case to debt collectors, file a lawsuit, or seek a court order to seize a portion of the individual's earnings for enrollees at any income level. The state and/or its vendor may not "sell" the debt for collection by a third party.

~~**Process for Cost Sharing for ESI.** The state will pay cost sharing in excess of levels specified in Attachment B for all Arkansas Works beneficiaries enrolled in ESI whose ESI imposes cost sharing. The state will pay such excess cost sharing directly to providers, provided that such providers are enrolled in the Medicaid program.~~

~~**48. Tracking.** The state will create a process for individuals enrolled in the ESI premium assistance program to submit receipts of their cost sharing, if it reaches an aggregate cap of no more than 5 percent of family monthly or quarterly income. Once the state verified that the limit had been reached, the state will shut off the individual's cost sharing for the remainder of that quarter. This interim tracking of beneficiary cost sharing will only be allowed until March 31, 2018. At such time, the state will track beneficiary's cost sharing through its MMIS system. The state will provide quarterly updates to CMS on its progress in implementing the new MMIS system for purposes of tracking.~~

~~**49.****46. Appeals.** The state will create a process for individuals enrolled in ESI premium assistance to have access to the state fair hearing system for denial or reduction of benefits or services similar to the one already used for the QHP premium assistance programs. If the procedure for accessing state fair hearings for individuals enrolled in ESI premium assistance differs from the one used in QHP premium assistance programs, the state will submit a new single state agency SPA to document such changes.~~

IX. WORK REQUIREMENTS

- 47. Population Subject to Work Requirements.** Beginning on January 1, 2018, the state will phase in work requirements by age group. Once work requirements are fully implemented, Arkansas Works beneficiaries ages 19 to 49 who do not meet established exemption criteria described in STC 48 will be required to meet work requirements as a condition of Arkansas Works eligibility. Work requirements will not apply to Arkansas Works beneficiaries ages 50 and older. Medically frail individuals are not covered under the demonstration, and therefore, are not subject to work requirements.
- 48. Exemption from Work Requirements.** Arkansas Works beneficiaries meeting one of the criteria below will be exempt from work requirements. Exemptions will be identified through a beneficiary's initial application for coverage, an electronic submission demonstrating the exemption, or a change in circumstances submission. Exemptions will be valid for the duration specified below. When a beneficiary's exemption expires, he or she may be required to demonstrate that the exemption is still valid.

<u>Exemption Criteria</u>	<u>Duration of Exemption</u>
<u>Beneficiary's income is consistent with being employed or self-employed at least 80 hours per month</u>	<u>Exemption valid until a change in circumstances or renewal</u>
<u>Beneficiary attends high school, an institution of higher education, vocational training, or job training on a full-time basis</u>	<u>Exemption valid for six months before beneficiary is required to demonstrate that he or she is still exempt; beneficiary must demonstrate meeting the exemption again at renewal</u>
<u>Beneficiary is exempt from Supplemental Nutrition Assistance Program (SNAP) work requirements</u>	<u>Exemption valid for duration of SNAP exemption</u>
<u>Beneficiary is receiving TEA Cash Assistance</u>	<u>Exemption valid for duration that individual is receiving TEA Cash Assistance</u>
<u>Beneficiary is incapacitated in the short-term or is medically certified as physically or mentally unfit for unemployment</u>	<u>Exemption valid for two months before beneficiary is required to demonstrate that he or she is still exempt; beneficiary must demonstrate meeting the exemption again at renewal</u>
<u>Beneficiary is caring for an incapacitated person or a dependent child under age 6</u>	<u>Exemption valid for two months before beneficiary is required to demonstrate that he or she is still exempt; beneficiary must demonstrate meeting the exemption again at renewal</u>
<u>Beneficiary lives in a home with a minor dependent child age 17 or younger</u>	<u>Exemption valid until a change in circumstances</u>
<u>Beneficiary is receiving unemployment</u>	<u>Exemption valid for six months before</u>

<u>Exemption Criteria</u>	<u>Duration of Exemption</u>
<u>benefits</u>	<u>beneficiary is required to demonstrate that he or she is still exempt; beneficiary must demonstrate meeting the exemption again at renewal</u>
<u>Beneficiary is currently participating in a treatment program for alcoholism or drug addiction</u>	<u>Exemption valid for two months before beneficiary is required to demonstrate that he or she is still exempt; beneficiary must demonstrate meeting the exemption again at renewal</u>
<u>Beneficiary is pregnant</u>	<u>Exemption valid until end of post-partum care</u>

49. Work Requirements. Arkansas Works beneficiaries who are subject to the work requirements will be required to demonstrate electronically on a monthly basis that they are meeting them. Arkansas Works beneficiaries can meet the work requirements by either meeting SNAP work requirements or by completing at least 80 hours per month of some combination of the following activities as deemed appropriate by the state.

- a. Employed or self-employed
- b. Enrollment in an educational program, including high school, higher education, or GED classes
- c. Participating in on-the-job training
- d. Participating in vocational training
- e. Volunteering
- f. Participating in independent job search (up to 40 hours per month)
- g. Participating in job search training (up to 40 hours per month)
- h. Participating in a class on health insurance, using the health system, or healthy living (up to 20 hours per year)
- i. Participating in activities or programs available through the Arkansas Department of Workforce Services

50. Disenrollment for Failure to Meet Work Requirements. Enrollees who are subject to work requirements will lose eligibility for Arkansas Works if they fail to meet work requirements for any three months during the coverage year, either consecutive or non-consecutive months. Effective the end of the third month of noncompliance, such beneficiaries who fail to meet the work requirements will be terminated from coverage

after proper notice and subject to a lockout of coverage until the beginning of the next coverage year, at which point they will be permitted to reenroll in Arkansas Works.

51. Catastrophic Events. Enrollees who have experienced a catastrophic event will be exempt from work requirements.

IX.X. APPEALS

Beneficiary safeguards of appeal rights will be provided by the State, including fair hearing rights. No waiver will be granted related to appeals. The State must ensure compliance with all federal and State requirements related to beneficiary appeal rights. Pursuant to the Intergovernmental Cooperation Act of 1968, the State has submitted a state plan amendment delegating certain responsibilities to the Arkansas Insurance Department.

X.XI. GENERAL REPORTING REQUIREMENTS

50.52. Deferral for Failure to Submit Timely Demonstration Deliverables. The state agrees that CMS may issue deferrals in the amount of \$5,000,000 when deliverables are not submitted timely to CMS or are found to not be consistent with the requirements approved by CMS.

- a. Thirty (30) days after the deliverable was due, CMS will issue a written notification to the state providing advance notification of a pending deferral for late or non-compliant submissions of required deliverables.
- b. For each deliverable, the state may submit a written request for an extension in which to submit the required deliverable. Should CMS agree to the state's request, a corresponding extension of the deferral process described below can be provided. CMS may agree to a corrective action as an interim step before applying the deferral, if requested by the state.
- c. The deferral would be issued against the next quarterly expenditure report following the written deferral notification.
- d. When the state submits the overdue deliverable(s) that are accepted by CMS, the deferral(s) will be released.
- e. As the purpose of a section 1115 demonstration is to test new methods of operation or service delivery, a state's failure to submit all required reports, evaluations and other deliverables may preclude a state from renewing a demonstration or obtaining a new demonstration.
- f. CMS will consider with the state an alternative set of operational steps for implementing the intended deferral to align the process with the state's existing deferral process, for example the structure of the state request for an extension, what quarter the deferral applies to, and how the deferral is released.

51.53. Post Award Forum. Pursuant to 42 CFR 431.420(c), within six months of the demonstration's implementation, and annually thereafter, the state shall afford the public with an opportunity to provide meaningful comment on the progress of the demonstration. At least 30 days prior to the date of the planned public forum, the state must publish the date, time and location of the forum in a prominent location on its website. Pursuant to 42 CFR 431.420(c), the state must include a summary of the comments in the Quarterly Report associated with the quarter in which the forum was held, as well as in its compiled Annual Report.

52.54. Electronic Submission of Reports. The state shall submit all required plans and reports using the process stipulated by CMS, if applicable.

53.55. Compliance with Federal Systems Innovation. As federal systems continue to evolve and incorporate 1115 demonstration reporting and analytics, the state shall work with CMS to revise the reporting templates and submission processes to accommodate timely compliance with the requirements of the new systems. The state will submit the monitoring reports and evaluation reports to the appropriate system as directed by CMS.

XI.XII. GENERAL FINANCIAL REQUIREMENTS

This project is approved for Title XIX expenditures applicable to services rendered during the demonstration period. This section describes the general financial requirements for these expenditures.

54.56. Quarterly Expenditure Reports. The State must provide quarterly Title XIX expenditure reports using Form CMS-64, to separately report total Title XIX expenditures for services provided through this demonstration under section 1115 authority. CMS shall provide Title XIX FFP for allowable demonstration expenditures, only as long as they do not exceed the pre-defined limits on the costs incurred, as specified in section XII of the STCs.

55.57. Reporting Expenditures under the Demonstration. The following describes the reporting of expenditures subject to the budget neutrality agreement:

- a. **Tracking Expenditures.** In order to track expenditures under this demonstration, the State will report demonstration expenditures through the Medicaid and State Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in section 2500 and Section 2115 of the SMM. All demonstration expenditures subject to the budget neutrality limit must be reported each quarter on separate forms CMS-64.9 Waiver and/or 64.9P Waiver, identified by the demonstration project number assigned by CMS (including the project number extension, which indicates the DY in which services were rendered or for which capitation payments were made). For monitoring purposes, and consistent with annual CSR reconciliation, cost settlements must be recorded on the appropriate prior period adjustment schedules (forms CMS-64.9 Waiver) for the summary line 10B, in lieu of lines 9 or 10C. For any other cost settlements (i.e., those not attributable to this

demonstration), the adjustments should be reported on lines 9 or 10C, as instructed in the SMM. The term, “expenditures subject to the budget neutrality limit,” is defined below in STC ~~6265~~.

- b. **Cost Settlements.** For monitoring purposes, and consistent with annual CSR reconciliation, cost settlements attributable to the demonstration must be recorded on the appropriate prior period adjustment schedules (forms CMS-64.9P Waiver) for the summary sheet line 10B, in lieu of lines 9 or 10C. For any cost settlement not attributable to this demonstration, the adjustments should be reported as otherwise instructed in the SMM.
- c. **Premium and Cost Sharing Contributions.** Premiums and other applicable cost sharing contributions from enrollees that are collected by the state from enrollees under the demonstration must be reported to CMS each quarter on Form CMS-64 summary sheet line 9.D, columns A and B. In order to assure that these collections are properly credited to the demonstration, premium and cost-sharing collections (both total computable and federal share) should also be reported separately by DY on the form CMS-64 narrative. In the calculation of expenditures subject to the budget neutrality expenditure limit, premium collections applicable to demonstration populations will be offset against expenditures. These section 1115 premium collections will be included as a manual adjustment (decrease) to the demonstration’s actual expenditures on a quarterly basis.
- d. **Pharmacy Rebates.** Pharmacy rebates are not considered here as this program is not eligible.
- e. **Use of Waiver Forms for Medicaid.** For each DY, separate Forms CMS-64.9 Waiver and/or 64.9P Waiver shall be submitted reporting expenditures for individuals enrolled in the demonstration, subject to the budget neutrality limit (Section XII of these STCs). The State must complete separate waiver forms for the following eligibility groups/waiver names:
 - i. **MEG 1 - “New Adult Group”**
- f. **The first Demonstration Year (DY1) will begin on January 1, 2014. Subsequent DYs will be defined as follows:**

Table 3 Demonstration Populations

Demonstration Year 1 (DY1)	January 1, 2014	12 months
Demonstration Year 2 (DY2)	January 1, 2015	12 months
Demonstration Year 3 (DY3)	January 1, 2016	12 months
Demonstration	January 1, 2017	12 months

Page 27 of 43

Arkansas Works

Approval Period: January 1, 2017 through December 31, 2021

Amended: [DATE], 2017

Year 4 (DY4)		
Demonstration Year 5 (DY5)	January 1, 2018	12 months
Demonstration Year 6 (DY6)	January 1, 2019	12 months
Demonstration Year 7 (DY7)	January 1, 2020	12 months
Demonstration Year 8 (DY8)	January 1, 2021	12 months

56.58. Administrative Costs. Administrative costs will not be included in the budget neutrality limit, but the State must separately track and report additional administrative costs that are directly attributable to the demonstration, using Forms CMS-64.10 Waiver and/or 64.10P Waiver, with waiver name Local Administration Costs (“ADM”).

57.59. Claiming Period. All claims for expenditures subject to the budget neutrality limit (including any cost settlements resulting from annual reconciliation) must be made within 2 years after the calendar quarter in which the State made the expenditures. Furthermore, all claims for services during the demonstration period (including any cost settlements) must be made within 2 years after the conclusion or termination of the demonstration. During the latter 2-year period, the State must continue to identify separately net expenditures related to dates of service during the operation of the section 1115 demonstration on the Form CMS-64 and Form CMS-21 in order to properly account for these expenditures in determining budget neutrality.

58.60. Reporting Member Months. The following describes the reporting of member months for demonstration populations:

- a. For the purpose of calculating the budget neutrality expenditure cap and for other purposes, the State must provide to CMS, as part of the quarterly report required under STC ~~8385~~, the actual number of eligible member months for the demonstration populations defined in STC 17. The State must submit a statement accompanying the quarterly report, which certifies the accuracy of this information. To permit full recognition of “in-process” eligibility, reported counts of member months may be subject to revisions after the end of each quarter. Member month counts may be revised retrospectively as needed.
- b. The term “eligible member months” refers to the number of months in which persons are eligible to receive services. For example, a person who is eligible for three months contributes three eligible member months to the total. Two individuals who are eligible for two months each contribute two eligible member months to the total, for a total of four eligible member months.

59.61. Standard Medicaid Funding Process. The standard Medicaid funding process must be used during the demonstration. The State must estimate matchable demonstration expenditures (total computable and federal share) subject to the budget neutrality

expenditure cap and separately report these expenditures by quarter for each federal fiscal year on the Form CMS-37 for both the Medical Assistance Payments (MAP) and State and Local Administration Costs (ADM). CMS will make federal funds available based upon the State's estimate, as approved by CMS. Within 30 days after the end of each quarter, the State must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. The CMS will reconcile expenditures reported on the Form CMS-64 quarterly with federal funding previously made available to the State, and include the reconciling adjustment in the finalization of the grant award to the State.

60.62. Extent of FFP for the Demonstration. Subject to CMS approval of the source(s) of the non-federal share of funding, CMS will provide FFP at the applicable federal matching rate for the demonstration as a whole as outlined below, subject to the limits described in ~~STC 6365~~:

- a. Administrative costs, including those associated with the administration of the demonstration.
- b. Net expenditures and prior period adjustments of the Medicaid program that are paid in accordance with the approved State plan.
- c. Medical Assistance expenditures made under section 1115 demonstration authority, including those made in conjunction with the demonstration, net of enrollment fees, cost sharing, pharmacy rebates, and all other types of third party liability or CMS payment adjustments.

61.63. Sources of Non-Federal Share. The State must certify that the matching non-federal share of funds for the demonstration is state/local monies. The State further certifies that such funds shall not be used as the match for any other federal grant or contract, except as permitted by law. All sources of non-federal funding must be compliant with section 1903(w) of the Act and applicable regulations. In addition, all sources of the non-federal share of funding are subject to CMS approval.

- a. CMS may review the sources of the non-federal share of funding for the demonstration at any time. The State agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.
- b. Any amendments that impact the financial status of the program shall require the State to provide information to CMS regarding all sources of the non-federal share of funding.
- c. The State assures that all health care-related taxes comport with section 1903(w) of the Act and all other applicable federal statutory and regulatory provisions, as well as the approved Medicaid State plan.

62.64. State Certification of Funding Conditions. The State must certify that the following conditions for non-federal share of demonstration expenditures are met:

- a. Units of government, including governmentally operated health care providers, may certify that State or local tax dollars have been expended as the non-federal share of funds under the demonstration.
- b. To the extent the State utilizes certified public expenditures (CPEs) as the funding mechanism for Title XIX (or under section 1115 authority) payments, CMS must approve a cost reimbursement methodology. This methodology must include a detailed explanation of the process by which the State would identify those costs eligible under Title XIX (or under section 1115 authority) for purposes of certifying public expenditures.
- c. To the extent the State utilizes CPEs as the funding mechanism to claim federal match for payments under the demonstration, governmental entities to which general revenue funds are appropriated must certify to the State the amount of such tax revenue (State or local) used to satisfy demonstration expenditures. The entities that incurred the cost must also provide cost documentation to support the State's claim for federal match.
- d. The State may use intergovernmental transfers to the extent that such funds are derived from State or local tax revenues and are transferred by units of government within the State. Any transfers from governmentally operated health care providers must be made in an amount not to exceed the non-federal share of Title XIX payments.

Under all circumstances, health care providers must retain 100 percent of the reimbursement amounts claimed by the State as demonstration expenditures. Moreover, no pre-arranged agreements (contractual or otherwise) may exist between the health care providers and the State and/or local government to return and/or redirect any portion of the Medicaid payments. This confirmation of Medicaid payment retention is made with the understanding that payments that are the normal operating expenses of conducting business (such as payments related to taxes - including health care provider-related taxes - fees, and business relationships with governments that are unrelated to Medicaid and in which there is no connection to Medicaid payments) are not considered returning and/or redirecting a Medicaid payment.

~~XIV.~~XIII. **MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION**

~~63.~~65. **Limit on Title XIX Funding.** The State shall be subject to a limit on the amount of federal Title XIX funding that the State may receive on selected Medicaid expenditures during the period of approval of the demonstration. The limit is determined by using the per capita cost method described in STC ~~6668~~, and budget neutrality expenditure limits are set on a yearly basis with a cumulative budget neutrality expenditure limit for the length of the entire demonstration. The data supplied by the State to CMS to set the annual caps is subject to review and audit, and if found to be inaccurate, will result in a modified budget neutrality expenditure limit. CMS' assessment of the State's compliance with these annual limits will be done using the Schedule C report from the CMS-64.

64.66. Risk. The State will be at risk for the per capita cost (as determined by the method described below) for demonstration populations as defined in STC **6368**, but not at risk for the number of enrollees in the demonstration population. By providing FFP without regard to enrollment in the demonstration populations, CMS will not place the State at risk for changing economic conditions that impact enrollment levels. However, by placing the State at risk for the per capita costs of current eligibles, CMS assures that the demonstration expenditures do not exceed the levels that would have been realized had there been no demonstration.

65.67. Calculation of the Budget Neutrality Limit. For the purpose of calculating the overall budget neutrality limit for the demonstration, separate annual budget limits will be calculated for each DY on a total computable basis, as described in STC **6668** below. The annual limits will then be added together to obtain a budget neutrality limit for the entire demonstration period. The federal share of this limit will represent the maximum amount of FFP that the State may receive during the demonstration period for the types of demonstration expenditures described below. The federal share will be calculated by multiplying the total computable budget neutrality limit by the Composite Federal Share, which is defined in STC **6769** below.

66.68. Demonstration Populations Used to Calculate the Budget Neutrality Limit. For each DY, separate annual budget limits of demonstration service expenditures will be calculated as the product of the trended monthly per person cost times the actual number of eligible/member months as reported to CMS by the State under the guidelines set forth in STC **6671**. The trend rates and per capita cost estimates for each Mandatory Enrollment Group (MEG) for each year of the demonstration are listed in the table below.

Table 4 Per Capita Cost Estimate

MEG	TREND	DY 4 - PMPM	DY 5 - PMPM	DY 6 - PMPM	DY 7 - PMPM	DY 8 - PMPM
New Adult Group	4.7%	\$570.50	\$597.32	\$625.39	\$654.79	\$685.56

- a. If the State's experience of the take up rate for the new adult group and other factors that affect the costs of this population indicates that the PMPM limit described above in paragraph (a) may underestimate the actual costs of medical assistance for the new adult group, the State may submit an adjustment to paragraph (a), along with detailed expenditure data to justify this, for CMS review without submitting an amendment pursuant to STC 7. Adjustments to the PMPM limit for a demonstration year must be submitted to CMS by no later than October 1 of the demonstration year for which the adjustment would take effect.
- b. The budget neutrality cap is calculated by taking the PMPM cost projection for the above group in each DY, times the number of eligible member months for that group and DY, and adding the products together across DYs. The federal share of

the budget neutrality cap is obtained by multiplying total computable budget neutrality cap by the federal share.

- c. The State will not be allowed to obtain budget neutrality “savings” from this population.

- 67.69. Composite Federal Share Ratio.** The Composite Federal Share is the ratio calculated by dividing the sum total of federal financial participation (FFP) received by the State on actual demonstration expenditures during the approval period, as reported through the MBES/CBES and summarized on Schedule C (with consideration of additional allowable demonstration offsets such as, but not limited to, premium collections) by total computable demonstration expenditures for the same period as reported on the same forms. Should the demonstration be terminated prior to the end of the extension approval period (see STC 9), the Composite Federal Share will be determined based on actual expenditures for the period in which the demonstration was active. For the purpose of interim monitoring of budget neutrality, a reasonable estimate of Composite Federal Share may be developed and used through the same process or through an alternative mutually agreed upon method.
- 68.70. Future Adjustments to the Budget Neutrality Expenditure Limit.** CMS reserves the right to adjust the budget neutrality expenditure limit to be consistent with enforcement of impermissible provider payments, health care related taxes, new federal statutes, or policy interpretations implemented through letters, memoranda, or regulations with respect to the provision of services covered under the demonstration.
- 69.71. Enforcement of Budget Neutrality.** CMS shall enforce budget neutrality over the life of the demonstration rather than on an annual basis. However, if the State’s expenditures exceed the calculated cumulative budget neutrality expenditure cap by the percentage identified below for any of the demonstration years, the State must submit a corrective action plan to CMS for approval. The State will subsequently implement the approved corrective action plan.

Table 5 Cap Thresholds

Year	Cumulative target definition	Percentage
DY 4	Cumulative budget neutrality limit plus:	0%
DY 5	Cumulative budget neutrality limit plus:	0%
DY 6	Cumulative budget neutrality limit plus:	0%
DY 7	Cumulative budget neutrality limit plus:	0%
DY 8	Cumulative budget neutrality limit plus:	0%

~~70.72.~~ **Exceeding Budget Neutrality.** If at the end of the demonstration period the cumulative budget neutrality limit has been exceeded, the excess federal funds will be returned to CMS. If the demonstration is terminated prior to the end of the budget neutrality agreement, an evaluation of this provision will be based on the time elapsed through the termination date.

~~XIII.~~**XIV. EVALUATION**

~~71.73.~~ **Evaluation Design and Implementation.** The State shall submit a draft evaluation design for Arkansas Works to CMS no later than 60 days after the award of the ~~Demonstration~~demonstration extension. Such revisions to the evaluation design and the STCs shall not affect previously established timelines for report submission for the Health Care Independence Program. The state must submit a final evaluation design within 60 days after receipt of CMS' comments. Upon CMS approval of the evaluation design, the state must implement the evaluation design and submit their evaluation implementation progress in each of the quarterly and annual progress reports, including the rapid cycle assessments as outlined in the Monitoring Section of these STCs. The final evaluation design will be included as an attachment to the STCs. Per 42 CFR 431.424(c), the state will publish the approved evaluation design within 30 days of CMS approval.

~~72.74.~~ **Evaluation Budget.** A budget for the evaluation shall be provided with the evaluation design. It will include the total estimated cost, as well as a breakdown of estimated staff, administrative and other costs for all aspects of the evaluation such as any survey and measurement development, quantitative and qualitative data collection and cleaning, analyses, and reports generation. A justification of the costs may be required by CMS if the estimates provided do not appear to sufficiently cover the costs of the design or if CMS finds that the design is not sufficiently developed.

~~73.75.~~ **Cost-effectiveness.** While not the only purpose of the evaluation, the core purpose of the evaluation is to support a determination as to whether the preponderance of the evidence about the costs and effectiveness of the Arkansas Works Demonstration using premium assistance when considered in its totality demonstrates cost effectiveness taking into account both initial and longer term costs and other impacts such as improvements in service delivery and health outcomes.

- a. The evaluation will explore and explain through developed evidence the effectiveness of the demonstration for each hypothesis, including total costs in accordance with the evaluation design as approved by CMS.
- b. Included in the evaluation will be examinations using a robust set of measures of provider access and clinical quality measures under the Arkansas Works demonstration compared to what would have happened for a comparable population in Medicaid fee-for-service.

- c. The State will compare total costs under the Arkansas Works demonstration to costs of what would have happened under a traditional Medicaid expansion. This will include an evaluation of provider rates, healthcare utilization and associated costs, and administrative expenses over time.
- d. The State will compare changes in access and quality to associated changes in costs within the Arkansas Works. To the extent possible, component contributions to changes in access and quality and their associated levels of investment in Arkansas will be determined and compared to improvement efforts undertaken in other delivery systems.

74.76. Evaluation Requirements. The demonstration evaluation will meet the prevailing standards of scientific and academic rigor, as appropriate and feasible for each aspect of the evaluation, including standards for the evaluation design, conduct, and interpretation and reporting of findings. The demonstration evaluation will use the best available data; use controls and adjustments for and reporting of the limitations of data and their effects on results; and discuss the generalizability of results.

The State shall acquire an independent entity to conduct the evaluation. The evaluation design shall discuss the State's process for obtaining an independent entity to conduct the evaluation, including a description of the qualifications the entity must possess, how the State will assure no conflict of interest, and a budget for evaluation activities.

75.77. Evaluation Design. The Evaluation Design shall include the following core components to be approved by CMS:

- a. Research questions and hypotheses: This includes a statement of the specific research questions and testable hypotheses that address the goals of the demonstration. At a minimum, the research questions shall address the goals of improving access, reducing churning, improving quality of care thereby leading to enhanced health outcomes, and lowering costs. The research questions will have appropriate comparison groups and may be studied in a time series. The analyses of these research questions will provide the basis for a robust assessment of cost effectiveness.

The following are among the hypotheses to be considered in development of the evaluation design and will be included in the design as appropriate:

- i. Premium Assistance beneficiaries will have equal or better access to care, including primary care and specialty physician networks and services.
- ii. Premium Assistance beneficiaries will have equal or better access to preventive care services.
- iii. Premium Assistance beneficiaries will have lower non-emergent use of emergency room services.

- iv. Premium Assistance beneficiaries will have fewer gaps in insurance coverage.
- v. Premium Assistance beneficiaries will maintain continuous access to the same health plans, and will maintain continuous access to providers.
- vi. Premium Assistance beneficiaries, including those who become eligible for Exchange Marketplace coverage, will have fewer gaps in plan enrollment, improved continuity of care, and resultant lower administrative costs.
- vii. Premium Assistance beneficiaries will have lower rates of potentially preventable emergency department and hospital admissions.
- viii. Premium assistance beneficiaries will report equal or better satisfaction in the care provided.
- ix. ~~QHP~~ Premium Assistance beneficiaries who are young adults eligible for EPSDT benefits will have at least as satisfactory and appropriate access to these benefits.
- x. ~~QHP~~ Premium Assistance beneficiaries will have appropriate access to non-emergency transportation.
- xi. ~~QHP~~ Premium Assistance will reduce overall premium costs in the Exchange Marketplace and will increase quality of care.
- xii. The cost for covering Premium Assistance beneficiaries will be comparable to what the costs would have been for covering the same expansion group in Arkansas Medicaid fee-for-service in accordance with STC ~~6975~~ on determining cost effectiveness and other requirements in the evaluation design as approved by CMS.
- ~~xiii. The use of ESI premium assistance will result in reduced costs to Medicaid compared to costs through QHP premium assistance.~~
- ~~xiv. ESI premium assistance Work requirements will increase the number of employers offering ESI coverage Arkansas Works beneficiaries who are employed.~~
- ~~xv. Continuity of coverage under ESI premium assistance will be improved compared to QHP premium assistance for individuals with access to ESI.~~

~~xvi-xiv.~~ Incentive benefits offered to Arkansas Works beneficiaries will ~~increase participation rates for premium contributions compared to historical experience with Independence Accounts~~ and increase primary care utilization.

These hypotheses should be addressed in the demonstration reporting described in STC ~~8385~~ and ~~8486~~ with regard to progress towards the expected outcomes.

- b. Data: This discussion shall include:
 - i. A description of the data, including a definition/description of the sources and the baseline values for metrics/measures;
 - ii. Method of data collection;
 - iii. Frequency and timing of data collection.

The following shall be considered and included as appropriate:

- i. Medicaid encounters and claims data;
 - ii. Enrollment data; and
 - iii. Consumer and provider surveys
- c. Study Design: The design will include a description of the quantitative and qualitative study design, including a rationale for the methodologies selected. The discussion will include a proposed baseline and approach to comparison; examples to be considered as appropriate include the definition of control and/or comparison groups or within-subjects design, use of propensity score matching and difference in differences design to adjust for differences in comparison populations over time. To the extent possible, the former will address how the effects of the demonstration will be isolated from those other changes occurring in the state at the same time through the use of comparison or control groups to identify the impact of significant aspects of the demonstration. The discussion will include approach to benchmarking, and should consider applicability of national and state standards. The application of sensitivity analyses as appropriate shall be considered
- d. Study Population: This includes a clear description of the populations impacted by each hypothesis, as well as the comparison population, if applicable. The discussion may include the sampling methodology for the selected population, as well as support that a statistically reliable sample size is available.
- e. Access, Service Delivery Improvement, Health Outcome, Satisfaction and Cost Measures: This includes identification, for each hypothesis, of quantitative and/or qualitative process and/or outcome measures that adequately assess the

effectiveness of the ~~Demonstration~~demonstration. Nationally recognized measures may be used where appropriate. Measures will be clearly stated and described, with the numerator and denominator clearly defined. To the extent possible, the State may incorporate comparisons to national data and/or measure sets. A broad set of performance metrics may be selected from nationally recognized metrics, for example from sets developed by the Center for Medicare and Medicaid Innovation, for meaningful use under HIT, and from the Medicaid Core Adult sets. Among considerations in selecting the metrics shall be opportunities identified by the State for improving quality of care and health outcomes, and controlling cost of care.

- f. Assurances Needed to Obtain Data: The design report will discuss the State's arrangements to assure needed data to support the evaluation design are available.
- g. Data Analysis: This includes a detailed discussion of the method of data evaluation, including appropriate statistical methods that will allow for the effects of the ~~Demonstration~~demonstration to be isolated from other initiatives occurring in the State. The level of analysis may be at the beneficiary, provider, and program level, as appropriate, and shall include population stratifications, for further depth. Sensitivity analyses may be used when appropriate. Qualitative analysis methods may also be described, if applicable.
- h. Timeline: This includes a timeline for evaluation-related milestones, including those related to procurement of an outside contractor, and the deliverables outlined in this section. Pursuant to 42 CFR 431.424(c)(v), this timeline should also include the date by which the final summative evaluation report is due.
- i. Evaluator: This includes a discussion of the State's process for obtaining an independent entity to conduct the evaluation, including a description of the qualifications that the selected entity must possess; how the state will assure no conflict of interest, and a budget for evaluation activities.
- j. ~~j~~-State additions: The state may provide to CMS any other information pertinent to the state's research on the policy operations of the demonstration operations. The state and CMS may discuss the scope of information necessary to clarify what is pertinent to the state's research.

~~76-78.~~ **Interim Evaluation Report.** The state must submit a draft Interim Evaluation Report one year prior to this renewal period ending December 31, 2021. The Interim Evaluation Report shall include the same core components as identified in STC ~~7779~~ for the Summative Evaluation Report and should be in accordance with the CMS approved evaluation design. The State shall submit the final Interim Evaluation Report within 30 days after receipt of CMS' comments.

~~77-79.~~ **Summative Evaluation Reports.**

- a. The state shall provide the summative evaluation reports described below to capture the different demonstration periods.
 - i. The state shall provide a Summative Evaluation Report for the Arkansas Private Option demonstration period September 27, 2013 through December 31, 2016. This Summative Evaluation Report is due July 1, 2018, i.e., eighteen months following the date by which the demonstration would have ended except for this extension.
 - ii. The state shall provide two Summative Evaluation Reports for the Arkansas Works demonstration period starting January 1, 2017 through December 31, 2021.
 - a. The first of these is due within 210 days of the end of this demonstration period, i.e., July 28, 2022. This report shall include documentation of outstanding assessments due to data lags to complete the summative evaluation.
 - b. The second of these is due within 500 days of the end of this demonstration period, i.e., May 15, 2023. The State should respond to comments and submit the final Summative Evaluation Report within 30 days after receipt of CMS' comments.
- b. The Summative Evaluation Report shall include the following core components:
 - i. Executive Summary. This includes a concise summary of the goals of the ~~Demonstration~~demonstration; the evaluation questions and hypotheses tested; and key findings including whether the evaluators find the demonstration to be budget neutral and cost effective, and policy implications.
 - ii. Demonstration Description. This includes a description of the ~~Demonstration~~demonstration programmatic goals and strategies, particularly how they relate to budget neutrality and cost effectiveness.
 - iii. Study Design. This includes a discussion of the evaluation design employed including research questions and hypotheses; type of study design; impacted populations and stakeholders; data sources; and data collection; analysis techniques, including controls or adjustments for differences in comparison groups, controls for other interventions in the State and any sensitivity analyses, and limitations of the study.
 - iv. Discussion of Findings and Conclusions. This includes a summary of the key findings and outcomes, particularly a discussion of cost

effectiveness, as well as implementation successes, challenges, and lessons learned.

- v. Policy Implications. This includes an interpretation of the conclusions; the impact of the ~~Demonstration~~demonstration within the health delivery system in the State; the implications for State and Federal health policy; and the potential for successful ~~Demonstration~~demonstration strategies to be replicated in other State Medicaid programs.
- vi. Interactions with Other State Initiatives. This includes a discussion of this demonstration within an overall Medicaid context and long range planning, and includes interrelations of the demonstration with other aspects of the State's Medicaid program, and interactions with other Medicaid waivers, the SIM award and other federal awards affecting service delivery, health outcomes and the cost of care under Medicaid.

~~78-80.~~ **State Presentations for CMS.** The State will present to and participate in a discussion with CMS on the final design plan, post approval, in conjunction with STC ~~7473~~. The State will present on its interim evaluation in conjunction with STC ~~7678~~. The State will present on its summative evaluation in conjunction with STC ~~7779~~.

~~79-81.~~ **Public Access.** The State shall post the final approved Evaluation Design, Interim Evaluation Report, and Summative Evaluation Report on the State Medicaid website within 30 days of approval by CMS.

- a. For a period of 24 months following CMS approval of the Summative Evaluation Report, CMS will be notified prior to the public release or presentation of these reports and related journal articles, by the State, contractor or any other third party. Prior to release of these reports, articles and other documents, CMS will be provided a copy including press materials. CMS will be given 30 days to review and comment on journal articles before they are released. CMS may choose to decline some or all of these notifications and reviews.

~~80-82.~~ **Cooperation with Federal Evaluators.** Should CMS undertake an evaluation of the demonstration or any component of the demonstration, the state shall cooperate timely and fully with CMS and its contractors. This includes, but is not limited to, submitting any required data to CMS or the contractor in a timely manner. Failure to cooperate with federal evaluators in a timely manner, including but not limited to entering into data use agreements covering data that the state is legally permitted to share, providing a technical point of contact, providing data dictionaries and record layouts of any data under control of the state that the state is legally permitted to share, and/or disclosing data may result in CMS requiring the state to cease drawing down federal funds until satisfactory cooperation, until the amount of federal funds not drawn down would exceed \$5,000,000.

81.83. Cooperation with Federal Learning Collaboration Efforts. The State will cooperate with improvement and learning collaboration efforts by CMS.

XIV.XV. MONITORING

82.84. Monitoring Calls. CMS will convene periodic conference calls with the state. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the demonstration. CMS will provide updates on any amendments or concept papers under review, as well as federal policies and issues that may affect any aspect of the demonstration. The state and CMS will jointly develop the agenda for the calls.

Areas to be addressed include, but are not limited to:

- a. Transition and implementation activities;
- b. Stakeholder concerns;
- c. QHP operations and performance;
- d. Enrollment;
- e. Cost sharing;
- f. Quality of care;
- g. Beneficiary access,
- h. Benefit package and wrap around benefits;
- i. Audits;
- j. Lawsuits;
- k. Financial reporting and budget neutrality issues;
- l. Progress on evaluation activities and contracts;
- m. Related legislative developments in the state; and
- n. Any demonstration changes or amendments the state is considering.

83.85. Quarterly Reports. The state must submit three Quarterly Reports and one compiled Annual Report each DY.

- a. The state will submit the reports following the format established by CMS. All Quarterly Reports and associated data must be submitted through the designated electronic system(s). The Quarterly Reports are due no later than 60 days

following the end of each demonstration quarter, and the compiled Annual Report is due no later than 90 days following the end of the DY.

- b. The reports shall provide sufficient information for CMS to understand implementation progress of the demonstration, including the reports documenting key operational and other challenges, underlying causes of challenges, how challenges are being addressed, as well as key achievements and to what conditions and efforts successes can be attributed.
- c. Monitoring and performance metric reporting templates are subject to review and approval by CMS. Where possible, information will be provided in a structured manner that can support federal tracking and analysis.
- d. The Quarterly Report must include all required elements and should not direct readers to links outside the report, except if listed in a Reference/Bibliography section. The reports shall provide sufficient information for CMS to understand implementation progress and operational issues associated with the demonstration and whether there has been progress toward the goals of the demonstration.
 - i. Operational Updates - The reports shall provide sufficient information to document key operational and other challenges, underlying causes of challenges, how challenges are being addressed, as well as key achievements and to what conditions and efforts successes can be attributed. The discussion should also include any lawsuits or legal actions; unusual or unanticipated trends; legislative updates; and descriptions of any public forums held.
 - ii. Performance Metrics - Progress on any required monitoring and performance metrics must be included in writing in the Quarterly and Annual Reports. Information in the reports will follow the framework provided by CMS and be provided in a structured manner that supports federal tracking and analysis.
 - iii. Budget Neutrality and Financial Reporting Requirements - The state must provide an updated budget neutrality workbook with every Quarterly and Annual Report that meets all the reporting requirements for monitoring budget neutrality set forth in the General Financial Requirements section of these STCs, including the submission of corrected budget neutrality data upon request. In addition, the state must report quarterly expenditures associated with the populations affected by this demonstration on the Form CMS-64.
 - iv. Evaluation Activities and Interim Findings. The state shall include a summary of the progress of evaluation activities, including key milestones accomplished, as well as challenges encountered and

how they were addressed. The state shall specify for CMS approval a set of performance and outcome metrics and network adequacy, including their specifications, reporting cycles, level of reporting (e.g., the state, health plan and provider level, and segmentation by population) to support rapid cycle assessment in trends for monitoring and evaluation of the demonstration.

- e. The Annual Report must include all items included in the preceding three quarterly reports, which must be summarized to reflect the operation/activities throughout the whole DY. All items included in the quarterly report pursuant to STC ~~83~~85 must be summarized to reflect the operation/activities throughout the DY. In addition, the annual report must, at should include the requirements outlined below.
 - i. Total annual expenditures for the demonstration population for each DY, with administrative costs reported separately;
 - ii. Total contributions, withdrawals, balances, and credits; and,
 - iii. Yearly unduplicated enrollment reports for demonstration enrollees for each DY (enrollees include all individuals enrolled in the demonstration) that include the member months, as required to evaluate compliance with the budget neutrality agreement.

~~84-86.~~ **Final Report.** Within 120 days following the end of the demonstration, the state must submit a draft final report to CMS for comments. The state must take into consideration CMS' comments for incorporation into the final report. The final report is due to CMS no later than 120 days after receipt of CMS' comments.

ATTACHMENT B

Copayment Amounts¹

General Service Description	Cost Sharing for Transitional Enrollees with Incomes >100% FPL
Behavioral Health - Inpatient	\$140/day 60
Behavioral Health - Outpatient	\$4
Behavioral Health - Professional	\$4
Durable Medical Equipment	\$4
Emergency Room Services	-
FQHC	\$8
Inpatient	\$140/day 60
Lab and Radiology	-
Skilled Nursing Facility	\$20/day
Other	\$4
Other Medical Professionals	\$4
Outpatient Facility	-
Primary Care Physician	\$8
Specialty Physician	\$10
Pharmacy - Generics	\$4
Pharmacy - Preferred Brand Drugs	\$4
Pharmacy - Non-Preferred Brand Drugs, including specialty drugs	\$8

No copayments for individuals at or below 100% FPL.

¹ ~~Enrollees~~ **Transitional enrollees** with incomes above 100% FPL will also be required to pay monthly premiums of up to 2 percent of household income.

**APPENDIX A
Public Notice**

The Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) is providing public notice of its intent to submit to the Centers of Medicare and Medicaid Services (CMS) a written request to amend the Arkansas Works 1115 Demonstration waiver and to hold public hearings to receive comments on the amendments to the Demonstration.

The State will request amendments to the Arkansas Works 1115 Demonstration waiver to: (1) limit income eligibility for individuals in the eligibility group found at Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act (hereinafter “the new adult group”) to less than or equal to 100 percent of the federal poverty level (FPL) as of January 1, 2018; (2) institute work requirements as a condition of Arkansas Works eligibility as of January 1, 2018; (3) eliminate the Arkansas Works employer-sponsored insurance (ESI) premium assistance program on December 31, 2017; and (4) implement its waiver of retroactive eligibility on or after July 1, 2017.

With this amendment, on January 1, 2018, the State will limit income eligibility for individuals in the new adult group to less than or equal to 100 percent of the FPL, including the 5 percent income disregard required for the purposes of determining income eligibility based on modified adjusted gross income (MAGI) standards. The change in the eligibility limit will apply to both Arkansas Works enrollees and medically frail individuals covered under the State’s fee-for-service Medicaid program. When members of the new adult group have their first eligibility redetermination or submit a change in circumstances after January 1, 2018, those determined to have an income above 100 percent of the FPL will no longer be eligible for Arkansas Works or Medicaid fee-for-service coverage. Individuals may enroll in qualified health plans (QHPs) supported by federal tax credits, or, for those individuals with access to ESI, may enroll in ESI.

Beginning on January 1, 2018, the State will institute work requirements as a condition of Arkansas Works eligibility. Once work requirements are fully implemented, all Arkansas Works enrollees who are ages 19-49 must work or engage in specified educational, job training, or job search activities for at least 80 hours per month to remain covered through Arkansas Works, unless they meet exemption criteria established by the State. Arkansas Works enrollees who are subject to work requirements will be required to demonstrate that they are meeting the work requirements on a monthly basis. Arkansas Works enrollees who fail to meet the work requirements for any three months during a plan year will be disenrolled from Arkansas Works and will not be permitted to re-enroll until the following plan year. Individuals who experience a catastrophic event will be exempt from work requirements.

Under this amendment, the State will also eliminate its ESI premium assistance program under the Demonstration on December 31, 2017. As of January 1, 2018, all Arkansas Works beneficiaries who were enrolled in ESI premium assistance and who remain eligible for Arkansas Works will transition to QHP coverage.

Finally, as part of this amendment, the State will modify the terms and conditions associated with implementing its waiver of retroactive eligibility. Beginning on or after July 1, 2017, the State will no longer provide retroactive coverage to the new adult group, including both Arkansas Works enrollees and medically frail individuals covered through the State’s fee-for-service Medicaid program. Coverage will be effective as of the first day of the month that an individual applies for coverage.

The State will request the following waivers to implement the changes to the Demonstration:

- § 1902(a)(10)(B): To enable the State to phase out demonstration eligibility for individuals with incomes above 100 percent of the FPL.
- § 1902(a)(3): To enable the State to prohibit re-enrollment for the remainder of the calendar year for individuals disenrolled from coverage for failing to meet work requirements.

In addition, the State will request to modify its existing waivers to reflect that it: will no longer operate an ESI premium assistance program under the Demonstration; will limit income eligibility for the new adult group to 100 percent of the FPL; and plans to implement its waiver of retroactive eligibility by modifying the current terms and conditions to remove language on the enrollment backlog, reasonable opportunity, and hospital presumptive eligibility. Specifically, the State will request the following changes:

- § 1902(a)(23)(A): To enable Arkansas to limit beneficiaries' freedom of choice among providers to the providers participating in the network of the Arkansas Works beneficiary's QHP. No waiver of freedom of choice is authorized for family planning providers.
- § 1902(a)(13) and § 1902(a)(30): To permit Arkansas to provide for payment to providers equal to the market-based rates determined by the QHP.
- § 1902(a)(14) insofar as it incorporates § 1916 and § 1916A: To enable the State to collect monthly premiums for individuals with incomes above 100 percent of the FPL who remain enrolled in the Demonstration.
- § 1902(a)(10)(B): To enable the State to impose targeted cost sharing on individuals in the eligibility group found at § 1902(a)(10)(A)(i)(VIII) of the Act with incomes above 100 percent of the FPL who remain enrolled in the Demonstration.
- § 1902(a)(34): To enable the state to not provide retroactive eligibility for the affected populations; current conditions related to the enrollment backlog, reasonable opportunity, and hospital presumptive eligibility will no longer apply.

The State will seek to eliminate the following waiver and expenditure authorities related to its ESI premium assistance program:

Waiver

- § 1902(a)(4) insofar as it incorporates 42 CFR 431.53: To relieve the State of its obligation to provide non-emergency medical transportation to and from providers for individuals who are enrolled in employer-sponsored insurance and have not demonstrated a need for such transportation.

Expenditure Authorities

- Premium Assistance Payments for Employer-Sponsored Insurance. Expenditures for the employee share of cost-effective small group employer-sponsored insurance when the employer contributes at least 25 percent of the overall cost of the coverage for individuals enrolled in the new adult group described in Section 1902(a)(10)(A)(i)(VIII) of the Act, that would not meet the requirements for premium assistance under the state plan.
- Employer Incentives for New Or Expanded Employer-Sponsored Insurance: Expenditures for the employer share of cost-effective small group employer-sponsored insurance attributable to individuals receiving premium assistance under Demonstration expenditure authority #2 [Premium Assistance Payments for Employer-Sponsored Insurance], to the extent that the

remaining employer contribution is no less than 25 percent of the overall cost of the coverage, limited to a three year period per employer and only for employers who either (1) offer coverage effective on or after January 1, 2017 and had not offered coverage in calendar year 2016 or (2) offer non-grandfathered small group coverage effective on or after January 1, 2017 and had previously offered only grandfathered coverage.

The State continues to evaluate whether it will request other waivers or expenditure authorities.

The amendments to the Demonstration will further the objectives of Title XIX by providing continuity and smoothing the "seams" across the continuum of coverage, improving provider access, and promoting independence through employment.

These amendments will be statewide and will operate from calendar years 2018 through 2021, with the exception of the waiver of retroactive eligibility that will be implemented on or after July 1, 2017. The State anticipates that this amendment will affect most of the approximately 280,000 individuals covered under the Demonstration.

The Demonstration, including the proposed amendments, will test hypotheses related to access to care, quality of care, churning, cost-comparability, the elimination of retroactive coverage, and the impact of work requirements. The State expects that, over the life of the Demonstration, covering Arkansas Works enrollees will be comparable to what the costs would have been for covering the same group of Arkansas adults using traditional Medicaid. The State does not anticipate that the amendments to the Demonstration will affect its current waiver trend rate or per capita cost estimates, which can be found below.

Mandatory Enrollment Group	Trend	Demonstration Year (DY) 4 (2017) - Per Member Per Month (PMPM)	DY 5 (2018) - PMPM	DY 6 (2019) - PMPM	DY 7 (2020) - PMPM	DY 8 (2021) - PMPM
New Adult Group	4.7%	\$570.50	\$597.32	\$625.39	\$654.79	\$685.56

The complete version of the current draft of the Demonstration application will be available for public review as of Friday, May 19, at

<https://www.medicaid.state.ar.us/General/comment/demowaivers.aspx>. The Demonstration application may also be viewed from 8 AM – 4:30 PM Monday through Friday at:

Arkansas Department of Human Services
700 Main Street
Little Rock, AR 72201
Contacts: Becky Murphy or Jean Hecker

Public comments may be submitted until midnight on Sunday, June 18, 2017. Comments may be submitted by email to hciw@arkansas.gov or by regular mail to PO Box 1437, S-295, Little Rock, AR 72203-1437.

To view comments that others have submitted, please visit

<https://www.medicaid.state.ar.us/general/comment/comment.aspx>.

Comments may also be viewed from 8 AM – 4:30 PM Monday through Friday at:

Arkansas Department of Human Services
700 Main Street
Little Rock, AR 72201
Contact: Becky Murphy

The State will host two public hearings during the public comment period.

1. Arkansas Works Waiver Amendment Public Hearing

Date: May 25, 2017

Time: 5:30 pm – 7:30 pm CDT

Location: Central Arkansas Main Library in Little Rock, Darragh Center Auditorium

Address: 100 S. Rock St, Little Rock, AR 72201

You may also join by webinar on May 25, 2017 at 5:30 pm CDT.

<https://attendee.gotowebinar.com/register/474930032278317569>

After registering, you will receive a confirmation email containing information about joining the webinar.

2. Arkansas Works Waiver Amendment Public Hearing

Date: June 06, 2017

Time: 5:30 pm – 7:30 pm CDT

Location: Arkansas State University in Jonesboro, Cooper Alumni Center

Address: 2600 Alumni Blvd., Jonesboro, AR 72401

You may also join by webinar on June 6, 2017 at 5:30 pm CDT.

<https://attendee.gotowebinar.com/register/3155727397286233858>

After registering, you will receive a confirmation email containing information about joining the webinar.

APPENDIX B

Overview of Public Notice Process for Arkansas Works Waiver Amendment

1) Start and end dates of the state's public comment period.

The State's comment period was from May 19, 2017 to June 18, 2017.

2) Certification that the state provided public notice of the application, along with a link to the state's web site and a notice in the state's Administrative Record or newspaper of widest circulation 30 days prior to submitting the application to CMS.

Arkansas certifies that it provided public notice of the application on the State's Medicaid website (<https://www.medicaid.state.ar.us/>) beginning on May 19, 2017. Arkansas also certifies that it provided notice of the proposed amendment to the Demonstration in the *Arkansas Democrat-Gazette*—the newspaper of widest circulation in Arkansas—on May 19, 20, and 21. A copy of the notice that appeared in the newspaper is included here as Appendix A.

3) Certification that the state convened at least 2 public hearings, of which one hearing included teleconferencing and/or web capability, 20 days prior to submitting the application to CMS, including dates and a brief description of the hearings conducted.

Arkansas certifies that it convened two public hearings at least twenty days prior to submitting the Demonstration amendment application to CMS. Specifically, Arkansas held the following hearings:

- *Little Rock – May 25, 2017, from 5:30 – 7:30 pm.* Mary Franklin, Director of the Arkansas Division of County Operations, provided an overview of the amendment to the Demonstration. Individuals could also access this public hearing by teleconference and webinar.
- *Jonesboro – June 6, 2017 from 5:30 pm – 7:30 pm.* Mary Franklin, Director of the Arkansas Division of County Operations, provided an overview of the amendment to the Demonstration. Individuals could also access this public hearing by teleconference and webinar.

4) Certification that the state used an electronic mailing list or similar mechanism to notify the public. (If not an electronic mailing list, please describe the mechanism that was used.)

Arkansas certifies that it used an electronic mailing list to provide notice of the proposed amendment to the Demonstration to the public. Specifically, Arkansas Medicaid provided notice through email lists of key stakeholders, including payers, providers, and advocates.

5) Comments received by the state during the 30-day public notice period.

Arkansas received 58 comments during the public notice period.

6) Summary of the state's responses to submitted comments, and whether or how the state incorporated them into the final application.

We attach here at Appendix C a document summarizing and responding to the comments received. In addition, we have included all public comments received in Appendix D.

7) Certification that the state conducted tribal consultation in accordance with the consultation process outlined in the state's approved Medicaid State plan, or at least 60 days prior to submitting this Demonstration application if the Demonstration has or would have a direct effect on Indians, tribes, on Indian health programs, or on urban Indian health organizations, including dates and method of consultation.

Arkansas contains no federally recognized tribes or Indian health programs. As a result, tribal consultation was not required.

APPENDIX C

Responses to Public Comments on Arkansas Works Waiver Amendment

General Comments

Comment: Several commenters expressed robust support for the Arkansas Works demonstration and its success in reducing the uninsurance rate. Commenters noted that the coverage provided through Arkansas Works has been crucial to improving the health of Arkansans and increasing access to and quality of care. Commenters also indicated that Arkansas Works has had a positive impact on the State budget and providers' financial stability.

Response: The State appreciates commenters' support for Arkansas Works and is proud that the demonstration has played a key role in improving Arkansans' health. Arkansas looks forward to continuing implementation of the demonstration, while tailoring the program to better meet the needs of all Arkansans. The Department of Human Services (DHS) will continue its work with stakeholders across the State to ensure the demonstration's ongoing success and sustainability.

Comment: Two commenters recommended that Arkansas conduct in-depth outreach and education to ensure that enrollees understand the changes to Arkansas Works. One commenter noted that historically, the State has not conducted sufficient outreach related to demonstration modifications and suggested that the State develop a detailed outreach and education plan for the proposed waiver amendment. Furthermore, the commenter noted the importance of education materials being written at an appropriate reading level.

Response: Arkansas agrees that enrollee outreach and education will be critical to ensuring the success of the proposed waiver amendment. Arkansas is currently working with carriers, providers, and other key stakeholders to develop strategies to inform enrollees about upcoming changes to Arkansas Works. These efforts have focused on proposals to implement work requirements and modify income eligibility for expansion adults in Arkansas to 100% of the federal poverty level (FPL). Together with carriers, providers, and other stakeholders, the State will launch a multi-pronged outreach strategy in the months before any changes are implemented, including extensive direct outreach to enrollees through notices. The State will ensure that all direct-to-enrollee communications are at an appropriate readability level.

Comment: Three commenters expressed concern that the State is seeking to amend the Arkansas Works demonstration while Congress is contemplating significant changes to the federal health care landscape. Two commenters noted that in particular, it is unclear whether advance premium tax credits (APTCs) and cost-sharing reduction (CSR) payments will continue to be available on the Marketplace in the future, and if these subsidies cease to exist, it will be difficult for current Arkansas Works enrollees with incomes above 100% FPL to afford coverage on the Marketplace.

Response: The State agrees that changes in federal support for health insurance could affect options available to individuals transitioning off Arkansas Works. Accordingly, Arkansas is closely monitoring legislation being considered by Congress. Depending on what, if any, changes to federal health care programs are enacted by Congress, the State may consider modifying Arkansas Works.

Comment: Several commenters indicated that they believe that the proposed Arkansas Works waiver amendment does not align with the goals of the Medicaid program.

Response: The proposed changes to Arkansas Works are intended to strengthen Arkansas's Medicaid program and ensure that it remains sustainable. Although enrollees with incomes above 100% FPL will transition out of Arkansas Works, these individuals will be able to maintain coverage and access to providers through Marketplace and employer-sponsored insurance (ESI) coverage—plans they can remain in as they continue to climb the income ladder. Further, with these changes, Arkansas Works will be better positioned to focus on continuing to improve health outcomes and the quality of care for the most vulnerable enrollees.

Comment: Several commenters opposed the waiver amendment request, expressing concern that proposed features such as changing the income eligibility limit to 100% FPL and the implementation of work requirements will increase the number of uninsured Arkansans.

Response: The State notes that all individuals currently enrolled in Arkansas Works will continue to have access to coverage when the waiver amendment is implemented. Individuals with incomes above 100% FPL will be able to enroll in qualified health plans (QHPs) on the Marketplace with financial support from APTCs and CSRs or employer-sponsored coverage. Individuals with incomes at or below 100% FPL will remain covered through the demonstration and may be subject to work requirements as a condition of eligibility. The proposed waiver amendment emphasizes the importance of personal responsibility in maintaining coverage, and as described above, DHS will conduct extensive education and outreach to promote continuity of coverage. Over the length of the demonstration, the State will monitor Arkansas's uninsurance rate.

Comment: Two commenters flagged that they believe that features of the proposed waiver amendment, including the reduction in the income eligibility to 100% FPL, the implementation of work requirements, and the elimination of retroactive eligibility, will negatively impact access to and continuity of care.

Response: The State agrees that access to and continuity of care are critical to improving health outcomes in Arkansas. Arkansas's QHP premium assistance model is designed to promote continuity of care as individuals move between Medicaid and Marketplace coverage. Many individuals with incomes above 100% FPL will be able to remain in the same QHP when they transition to Marketplace coverage. Individuals with incomes at or below 100% FPL who comply with or are exempt from work requirements will retain their current coverage.

Comment: Several commenters noted that individuals who become uninsured may forego necessary medical treatment, worsening the State's health outcomes, or that they may rely on the emergency room as their primary source of care.

Response: As discussed above, the State anticipates that most enrollees transitioning off of Arkansas Works will enroll in other coverage that enables them to continue receiving all medically necessary care. In addition to the State's efforts to work with carriers and brokers to promote seamless coverage, Arkansas is also working closely with providers to ensure that providers are equipped to assist their patients in obtaining and maintaining coverage. This multi-pronged outreach and engagement strategy will promote continued coverage and access to care.

Comment: Several commenters expressed concern that proposed features of the waiver amendment, including adjusting the income eligibility limit to 100% FPL, implementing work requirements, and eliminating retroactive eligibility, will decrease financial stability for providers serving low-income

populations. In particular, commenters noted that the State's proposal may increase uncompensated care costs and bad debt.

Response: The State is committed to ensuring the financial stability of Arkansas's providers. In the coming months, DHS will collaborate with the provider community to develop strategies to achieve this objective. Arkansas will also monitor any changes in uncompensated care over the course of the demonstration.

Comment: Several commenters flagged that proposed changes to Arkansas Works will be administratively complex and costly for the State to implement. Commenters expressed particular concerns about how the State will operationalize the work requirement, noting that the State will need to build new technology and hire new staff to monitor compliance with the requirement.

Response. The State appreciates these comments and is in the midst of a year-long planning process to ensure the smooth implementation of this waiver amendment. Arkansas is working with its vendors to enact in the most cost-effective way possible the systems changes necessary to operationalize features of the waiver amendment, including the adjustment in income eligibility for expansion adults, implementation of work requirements, and the elimination of retroactive eligibility.

Comment: One commenter noted that the proposed waiver amendment will result in more frequent changes to individuals' Arkansas Works eligibility. The commenter noted that frequent eligibility changes will be onerous for insurance carriers covering Arkansas Works enrollees.

Response: The State is grateful for its continued partnership with carriers throughout implementation of Arkansas Works and seeks to minimize carriers' administrative burden to the extent possible. As described above, DHS is collaborating with carriers to develop strategies promoting continuity of coverage as the State implements the Arkansas Works waiver amendment.

Income Eligibility for Expansion Adults

Comment: Several commenters expressed concern that individuals with incomes above 100% FPL transitioning from Arkansas Works to the Marketplace will be subject to higher maximum out-of-pocket spending than they would have paid under Arkansas Works. Commenters flagged that higher cost sharing on the Marketplace may deter individuals from seeking medically necessary care.

Response: Arkansas agrees that it is essential for low-income individuals to have access to affordable coverage. Under current law, individuals with incomes above 100% FPL who are transitioning to the Marketplace will have access to APTCs and CSRs, which will ensure that premiums and cost-sharing remain at levels similar to those in Arkansas Works. Specifically, the State has evaluated premiums charged by silver plans on the Arkansas Marketplace and believes that enrollees transitioning to the Marketplace will only experience minimal premium increases after accounting for the APTCs. Finally, Arkansas requires all carriers in its Marketplace to offer a 94% AV silver plan that complies with a standardized cost-sharing design meeting Medicaid cost-sharing requirements. Individuals transitioning from Arkansas Works to the Marketplace will have the option of remaining in the same QHP, meaning that if they remain in their current plan, their cost sharing will remain the largely the same with the exception of a deductible.

Comment: Three commenters indicated that affordability of coverage will be a particular concern for individuals with incomes above 100% FPL transitioning out of Arkansas Works who have access to ESI.

They noted that ESI is considered affordable if an employee's premiums are less than 9.69% of household income.

Response: The State considers affordable ESI a priority for Arkansans at all income levels. While ESI affordability standards are established by the federal government, analyses by the State have found that Arkansas employers contribute generously to ESI premiums. Over the course of the demonstration, the State will monitor whether ESI premiums present a barrier to coverage for low-income employees in Arkansas.

Commenter: One commenter noted that by decreasing the Arkansas Works income eligibility limit to 100% FPL, the State will increase the number of families subject to the Affordable Care Act's "family glitch." Under the "family glitch," ESI affordability for a household is determined based on the cost of employee-only coverage instead of the cost of a family plan.

Response: The State agrees that the "family glitch" is problematic and notes that the federal government establishes ESI affordability standards. Further, children will continue to be eligible for Medicaid coverage up to 138% FPL.

Comment: One commenter requested that Arkansas consider permitting medically frail expansion adults with incomes above 100% FPL, including individuals in active cancer treatment and recent cancer survivors, to remain covered by Arkansas Medicaid until they no longer meet medical frailty criteria. In addition, the commenter recommended that if the State does not permit medically frail expansion adults with incomes above 100% FPL to remain enrolled in Medicaid, that it establish continuity of care policies to ensure that individuals undergoing cancer treatment can retain their providers and course of treatment.

Response: Arkansas appreciates these recommendations and agrees that continuity of care is a priority for medically frail individuals. The vast majority of medically frail individuals have incomes below 100% FPL, and as a result, will remain enrolled in Arkansas Medicaid in 2018. DHS believes that it is important that all current expansion adults with incomes above 100% FPL are treated comparably by the State and intends to transition all individuals with incomes above 100% to the Marketplace or ESI. The State will work with carriers to develop strategies promoting continuity of coverage for medically frail individuals with incomes above 100% FPL.

Comment: Two commenters expressed concern that modifying the expansion adult income eligibility limit to 100% FPL will increase the amount of churn between Medicaid, the Marketplace, and being uninsured.

Response: Arkansas recognizes that regardless of the Medicaid eligibility limit, enrollees may churn between Medicaid and the Marketplace. The State created Arkansas Works, and its predecessor, the Private Option, to smooth the "seams" between Medicaid and Marketplace coverage and permit individuals to remain in the same health plan as their income changes. As a result, when Arkansas modifies the expansion adult eligibility limit to 100% FPL and transitions this population to the Marketplace, these enrollees will have the opportunity to remain in their current plan unless they have access to affordable ESI. As noted above, the State intends to work with carriers, agents, brokers, and other stakeholders to promote continuity of coverage.

Comment: Three commenters asked whether the State will continue to receive the enhanced federal medical assistance percentage (FMAP) for expansion adults with its proposal to limit Arkansas Works income eligibility to 100% FPL.

Response: Arkansas will continue to receive enhanced FMAP for expansion adults who remain covered under the demonstration and is working with the Centers for Medicare and Medicaid Services (CMS) to confirm this understanding.

Comment: One commenter expressed concern about the State's projection that modifying the Arkansas Works income eligibility level to 100% FPL will increase premiums in the individual market by 0.8% to 1.7%. In addition, the commenter was unsure whether the State will approve adequate carrier rate increases to reflect the change in the Arkansas Works income eligibility.

Response: DHS is working closely with carriers to promote a smooth transition for individuals with incomes above 100% FPL from Arkansas Works to the Marketplace and projects that adjusting the Arkansas Works income eligibility limit will only result in minimal changes to the cost of insurance premiums on the individual market. Since Arkansas Works employs a QHP premium assistance model, Arkansas Works enrollees are currently in the same risk pool as Marketplace enrollees and will remain in the same risk pool in the future. Accordingly, the State expects that the individual market risk pool will remain largely the same with changes to the demonstration. When reviewing carriers' proposed rate increases, the Arkansas Insurance Department will ensure that the rates are sufficient to ensure access and provider stability, while avoiding excessive increases that would be unaffordable for consumers.

Other Eligibility Provisions

Comment: Several commenters opposed the State's proposal to implement its waiver of retroactive eligibility for reasons including concerns regarding medical debt, gaps in coverage, and increased uncompensated care costs.

Response: Arkansas agrees that it is important to promote affordable coverage, minimize gaps in coverage, and promote timely enrollment in Medicaid. Arkansas believes that the need for retroactive coverage is limited and that waiving this provision will not have a large impact on uncompensated care costs.

Comment: Several commenters encouraged Arkansas to institute hospital presumptive eligibility, particularly in light of the State's request to implement its waiver of retroactive eligibility.

Response: As noted above, the State agrees that timely access to Medicaid coverage is crucial and has developed multiple pathways to provide individuals with such timely access to coverage.

Comment: Two commenters noted that with the requested changes to Arkansas Works, it will be critical for the State to conduct administrative reviews to evaluate whether individuals with incomes above 100% FPL may be eligible for another Medicaid eligibility category or subsidies in the Marketplace. Another commenter requested clarification around Arkansas's administrative review process.

Response: Arkansas agrees that it is essential to assist enrollees with transitions between insurance affordability programs and that renewals should be as seamless as possible. The Arkansas Division of County Operations will leverage the account transfer service to transfer files for individuals who are no longer eligible for Arkansas Works to the Marketplace. The State is also working with carriers, agents,

and brokers, among other stakeholders, to promote smooth transitions between Arkansas Works and the Marketplace.

Premium Assistance for Employer-Sponsored Insurance

Comment: Several commenters opposed the State's proposal to eliminate the Arkansas Works ESI premium assistance program, citing that this change will make it more difficult for individuals to obtain coverage.

Response: While Arkansas believes that encouraging employer and employee adoption of ESI is an important priority, the State has determined that it is more efficient to deliver Arkansas Works coverage through QHPs. Currently, there is limited enrollment in the Arkansas Works ESI premium assistance program, meaning that the elimination of this program will cause minimal disruption to enrollees while streamlining the program's administration.

Work Requirements

Comment: Two commenters supported Arkansas's interest promoting employment, creating household independence, promoting financial stability, and increasing opportunities for economic advancement.

Response: The State thanks commenters for their support of these important objectives. The Arkansas Works work requirements aim to encourage individuals to climb the economic ladder.

Comment: One commenter appreciated that enrollees will be able to meet the work requirement through a range of activities, including employment, job training, education, and volunteerism.

Response: The State recognizes that there are many pathways to economic advancement, including employment, on-the-job training, vocational training, and education, among other activities. In designing the Arkansas Works work requirement, the State felt that it was important to give individuals multiple options for obtaining skills necessary for success in the workplace.

Comment: Several commenters requested clarification of Arkansas's goals for work requirements. They noted that many Arkansas Works enrollees are already employed, and that many unemployed enrollees experience significant barriers to employment, such as a chronic illness or family caregiving responsibilities.

Response: In proposing work requirements, Arkansas is seeking to promote independence through employment. The State believes that work requirements are a critical vehicle for incentivizing individuals to engage in work. Many individuals who experience barriers to working, such as individuals who are medically frail or care for an incapacitated person or dependent under age six, will either not be subject to or exempt from work requirements.

Comment: Several commenters opposed Arkansas's proposed work requirements approach. Specifically, they were concerned that individuals who fail to meet requirements for three months will be disenrolled from Arkansas Works and locked out of coverage until the next plan year.

Response: To incentivize enrollees to work and encourage personal responsibility, Arkansas believes that it is crucial that compliance with work requirements be a condition of Medicaid eligibility. All individuals subject to the work requirement will have the opportunity to remain enrolled in Arkansas Works, and

the State has identified a wide range of activities that enrollees can participate in to meet the requirement.

Comment: One commenter requested assurance that federally mandated appeals rights, including the right to a fair hearing on eligibility determinations and coverage issues, will apply when Arkansas implements work requirements. Another commenter asked for details about the process through which enrollees can appeal decisions related to work requirements.

Response: The State is committed to ensuring that Arkansas Works enrollees will retain all federally mandated appeals rights. With the implementation of work requirements, the State will ensure that enrollees maintain their appeals rights, including the right to a fair hearing. Through notices, the State will provide enrollees with information about how they can appeal decisions related to work requirements.

Comment: One commenter requested clarification about whether the State will provide employment services to individuals subject to work requirements.

Response: The State is committed to providing employment services to individuals subject to the work requirement. DHS is working with the Arkansas Department of Workforce Services (DWS) to ensure the availability of employment services for enrollees subject to work requirements.

Comment: Two commenters suggested that the State reallocate funds designated for implementation of work requirements and instead fund voluntary employment and education programs.

Response: The State thanks commenters for this recommendation. Arkansas believes that a mandatory work requirement is important to achieving maximum gains in employment among the Arkansas Works population and will be investing in employment and education programs to support enrollees.

Comment: Several commenters expressed concern that it may be challenging for enrollees to report their compliance with or exemption from work requirements. Commenters flagged that individuals who are in compliance with the work requirement may lose coverage if they misunderstand processes for reporting.

Response: The State is planning to conduct a robust outreach and education campaign around work requirements to ensure that enrollees understand the reporting process. Arkansas Works call center staff will be available to assist enrollees who have difficulties reporting their compliance with the work requirement. In addition, as Arkansas continues to develop its electronic portal for reporting on work requirements, it will strive for the tool to be as user friendly as possible.

Comment: Three commenters stated that some Arkansas Works enrollees may not have reliable internet access, meaning that they will have difficulty accessing the electronic work requirements portal.

Response: If enrollees do not have home or mobile internet access, they will be able to access the portal at Division of County Operations offices.

Comment: Two commenters expressed concern that the process for obtaining exemptions from work requirements will be onerous for enrollees. One commenter noted that it may be confusing that the duration of exemptions differs across exemptions.

Response: Arkansas agrees that it is important that the exemption process is consumer friendly. As noted above, the State will undertake an extensive enrollee education and outreach campaign related to work requirements and will strive to make the work requirements portal easy for enrollees to use.

Comment: Commenters requested additional information about the State's intended process for assessing compliance with work requirements.

Response: Arkansas is building an electronic work requirements portal, which will be the primary mechanism for assessing compliance with the work requirement. Enrollees who are subject to work requirements will be required to login to the State's electronic work requirements portal on a monthly basis and attest compliance for the previous month no later than the fifth day of the month. If an enrollee does not attest by the fifth day of the month, DHS will send a notice informing the enrollee that he/she has accrued a month of non-compliance. If an enrollee is in the third month of non-compliance, the State will send a notice informing the enrollee that he/she will be disenrolled from coverage at the end of the month unless he/she attests to compliance by the fifth day of the next month.

Comment: Several commenters expressed concern that the proposed work requirements will be costly and complex for Arkansas to administer and noted that the State will need to establish systems to track compliance with the work requirement and send notices to enrollees.

Response: The State agrees that administering work requirements will require changes to State systems and the creation of a new work requirements portal. Over the past six months, Arkansas has conducted extensive planning on systems changes and other administrative issues to facilitate the smooth and cost-effective rollout and implementation of work requirements.

Comment: One commenter appreciated that the State exempted certain populations from the work requirement.

Response: Arkansas thanks the commenter for this support and understands that certain enrollees, such as those who are medically frail, caring for an incapacitated person, or participating in a drug or alcohol treatment program, may experience barriers that prevent them from meeting the work requirement.

Comment: One commenter requested that the State clarify the definition of a "catastrophic event" that would exempt an enrollee from work requirements.

Response: Arkansas will establish a process to identify a "catastrophic event" that would exempt an enrollee from work requirements. This exemption is intended to prevent the disenrollment of enrollees who experience an unexpected hardship that prevents them from meeting work requirements.

Comment: Several commenters indicated concern about the potential for medically frail individuals to be disenrolled from coverage for failure to meet the work requirement.

Response: The State agrees that medically frail individuals should not be subject to the work requirement. Medically frail individuals are covered through Arkansas's Medicaid fee-for-service program, which is outside of the Arkansas Works demonstration. As a result, they will not be subject to work requirements.

Comment: One commenter suggested that Arkansas should expand its definition of medically frail individuals to include cancer patients and recent cancer survivors since these populations will have difficulty meeting work requirements.

Response: The State thanks the commenter for this recommendation and agrees that cancer patients and recent cancer survivors may have difficulty meeting work requirement. The State expects that cancer patients and many recent cancer survivors will either be exempt from the work requirement on the basis of having a short-term incapacitation or will not be subject to the work requirement on the basis of being medically frail.

Comment: One commenter expressed concern about 19- and 20-year old Arkansas Works enrollees being subject to the work requirement. The commenter noted that 19- and 20-year olds are assuming many new responsibilities as they transition from school to work, and they may have particular difficulty reporting compliance with the work requirement.

Response: Arkansas agrees that 19- and 20-year olds face many new responsibilities as they transition into adulthood. Accordingly, this transition is a pivotal time to incentivize work. The State notes that 19- and 20-year olds will not be subject to the work requirement in the first year of implementation, and during that year, the State will consider outreach strategies targeted towards this age group.

Comment: One commenter requested that Arkansas provide further clarification on the State's definition of "incapacitated," noting that individuals with a short-term incapacitation and individuals who are caring for an incapacitated person are exempt from the work requirement.

Response: The State is in the process of refining its definition of "incapacitated" and will provide more detailed specification for the exemption criteria as part of the educational materials on work requirements.

Comment: One commenter expressed concern that when the work requirement is implemented, individuals with disabilities will have difficulty obtaining an exemption because of physical or mental challenges that they face, such as difficulty understanding the exemption process or traveling to a medical appointment necessary to validate an exemption.

Response: The State agrees that individuals with disabilities should not be subject to work requirements. Medicaid enrollees who receive Supplemental Security Income (SSI) or who are medically frail are not eligible for the Arkansas Works demonstration, and therefore will not be subject to work requirements. As part of education and outreach efforts, Arkansas will provide Arkansas Works enrollees with detailed information about how to notify DHS if they believe that they should not be subject to the work requirement on the basis of being medically frail or should be exempt from the work requirement on the basis of having a short-term incapacitation, participating in an alcohol or drug treatment program, or any other specified exemption criteria.

Comment: One commenter suggested that the State develop a medical or hardship exemption from work requirements to ensure that individuals managing complex medical conditions are not subject to disenrollment if they do not comply with requirements.

Response: The State appreciates this comment and anticipates that many enrollees managing complex medical conditions will either not be subject to or will be exempt from work requirements on the basis

of being medically frail or having a short-term incapacitation. Enrollees will have the ability to attest to having short-term incapacitation or being medically frail throughout the coverage year.

Comment: One commenter requested that Arkansas exempt enrollees with mental illness from work requirements.

Response: Arkansas agrees that if an individual is mentally unable to work, he or she should be exempt from the work requirement. The State will treat inability to work because of a physical or mental issue comparably. Arkansas anticipates that many individuals who are unable to work because of mental illness will either be not subject to or will be exempt from work requirements on the basis of being medically frail or having a short-term incapacitation. As noted above, enrollees will have the ability to attest to a short-term incapacitation or medical frailty throughout year.

Comment: Two commenters flagged that Arkansas Works enrollees residing in rural areas of the State may face significant barriers to meeting work requirements. The commenters noted that rural areas have higher rates of unemployment and poverty than other areas of Arkansas and experience transportation challenges.

Response: DHS is working closely with DWS to ensure that Arkansas Works enrollees in all regions of the State have sufficient opportunities to meet work requirements.

Comment: One commenter questioned whether work requirements are permissible under federal law.

Response: Arkansas appreciates that the Trump Administration has indicated a willingness to grant states increased flexibility to tailor their Medicaid programs to their populations. At the federal level, the Department of Health and Human Services has signaled strong interest in testing innovative programs that promote employment. The State believes that the proposed Arkansas Works work requirements are in line with this federal priority.

Benefits

Comment: One commenter expressed concern about the demonstration eliminating the non-emergency medical transportation (NEMT) benefit for Arkansas Works enrollees.

Response: The State wishes to clarify that it is not seeking to eliminate the NEMT benefit in Arkansas Works and that enrollees will continue to have access to this benefit. Arkansas recognizes that lack of transportation is a barrier to seeking appropriate medical care, particularly in rural areas of the State.

Comment: One commenter recommended that the State consider implementing a healthy behavior incentive program targeted towards prevention and management of chronic conditions.

Response: The State appreciates this recommendation and is currently considering strategies to promote healthy behaviors through Arkansas Works.

Evaluation

Comment: To reflect new program features proposed through the waiver amendment, two commenters suggested that the State incorporate additional hypotheses into its evaluation design. Commenters recommended the inclusion of hypotheses related to the impact of modifying the expansion adult

income eligibility limit to 100% FPL, eliminating retroactive eligibility, and implementing work requirements as a condition of Arkansas Works eligibility.

Response: The State agrees that it is important to evaluate the impact of new Arkansas Works features. In response to commenters' recommendations, the State will be adding new hypotheses to the waiver amendment evaluation.

Appendix D

Arkansas Works Waiver Phase-Out and Transition Plan

June 30, 2017

DRAFT

The [Arkansas Works Act of 2016](#) requires that “Within thirty (30) days of a reduction in federal medical assistance percentages...the Department of Human Services shall present to the Centers [for] Medicare and Medicaid Services a plan to terminate the Arkansas Works Program and transition eligible individuals out of the Arkansas Works Program within one hundred twenty (120) days of a reduction in any of the following federal medical assistance percentages:

- (A) Ninety-five percent (95%) in the year 2017;
- (B) Ninety-four percent (94%) in the year 2018;
- (C) Ninety-three percent (93%) in the year 2019; and
- (D) Ninety percent (90%) in the year 2020 or any year after the year 2020.”

To meet the requirements of this Act and enable the State to have the flexibility to expeditiously terminate coverage for the adult expansion group in the case of a reduction in the federal medical assistance percentage (FMAP), Arkansas is holding a 30-day public comment period beginning on [INSERT DATE] on its waiver phase-out and transition plan. After the 30-day public comment period, on [INSERT DATE], Arkansas will submit the plan to the Centers for Medicare and Medicaid Services (CMS). Once approved, this plan will “sit on the shelf” at CMS unless and until a reduction in FMAP causes the State to terminate the Arkansas Works demonstration and coverage for the adult expansion group. The State will notify CMS of its intent to activate the phase-out and transition plan within 30 days of a reduction in FMAP for the adult expansion group. The basis for this notification will be the effective date of the FMAP reduction thereby triggering the termination procedures as outlined in this plan.

Introduction

The United States Congress passed legislation reducing the FMAP for the adult expansion group to [INSERT PERCENTAGE] beginning on [INSERT DATE], thereby triggering termination procedures for the Arkansas Works Section 1115 waiver and coverage for the adult expansion group in Arkansas. This document describes Arkansas’s waiver phase-out and transition plan that will be implemented, beginning [INSERT DATE], to meet State statutory requirements. Coverage for the adult expansion group in Arkansas will terminate on [INSERT DATE].

Summary of Arkansas Works Eligibility

Under the Arkansas Works demonstration, Arkansas has provided premium assistance to support individuals in the adult expansion group to purchase qualified health plans (QHPs) offered on the Marketplace and cost-effective employer-sponsored insurance (ESI) coverage offered through their participating employers. Medically frail individuals are only eligible for coverage under the demonstration if they have access to cost-effective ESI and they elect to receive the alternative benefit plan.

Since the State is terminating coverage for the entire adult expansion group, the provisions of this waiver phase-out and transition plan apply to medically frail adults receiving coverage outside of the

demonstration, in addition to all members of the adult expansion group covered under Arkansas Works. The remainder of this document applies to all members of the adult expansion group in Arkansas, regardless of whether they are covered under the Arkansas Works demonstration.

Adult Expansion Group Coverage Phase-Out and Noticing Process

Beginning on [

DATE], Arkansas's Division of County Operations (DCO) will begin the coverage termination process for all members of the adult expansion group. The process will be completed as follows:

DCO will send members of the adult expansion group notices regarding the termination of Arkansas Works and coverage for the adult expansion group, including information regarding appeal and hearing rights. The State will comply with all appeal and fair hearing requirements.

Initial Notices Regarding Termination of Coverage for the Adult Expansion Group

The State will send all adults in the adult expansion group notices regarding the termination of Arkansas Works. This notice will include the effective date that adult expansion coverage will end. This notice will inform individuals who are pregnant or disabled how to apply for continued coverage through other Medicaid eligibility categories. The notice will also provide information on the right and process to appeal.

Individuals Found Eligible for Another Eligibility Category

DCO will send notices to members of the adult expansion group who apply for and are found eligible for coverage under a different Medicaid eligibility category. The notice will also provide information on the right and process to appeal.

Notices Informing Individuals of the Outcome of Appeals

Individuals who have been found ineligible for another Medicaid eligibility category or who have failed to submit their application for an eligibility determination in another Medicaid category can appeal their eligibility determination and the termination of coverage.

DCO will send members of the adult expansion group who are found eligible for coverage under a different Medicaid eligibility category on the basis of an appeal a notice informing them that they will be disenrolled from their current coverage and immediately enrolled in Medicaid under another eligibility category. DCO will send individuals found ineligible for coverage under a different Medicaid eligibility category on the basis of an appeal a notice informing them that their Arkansas Works coverage will be terminated and their eligibility information will be sent to the FFM.

Arkansas will leverage its existing notice and eligibility processes to complete this phase-out and transition.

Eligibility for Other Insurance Affordability Programs.

At the time that notices are generated to the adult expansion group informing them of the end of the program and the effective date their coverage will end, the State will transfer their files to the federally-facilitated Marketplace (FFM) through the Account Transfer service for determination of advanced premium tax credit eligibility.

Community Outreach

Arkansas will conduct community outreach to ensure that stakeholders are informed about the termination of Arkansas Works and coverage for the adult expansion group. Outreach will include:

Arkansas State Websites. Arkansas will post beneficiary-facing information about the phase-out of Arkansas Works and coverage for the adult expansion group on the Arkansas Medicaid website (<https://www.medicaid.state.ar.us/>) and the Arkansas Works ESI premium assistance program website. In addition, Arkansas will post beneficiary-facing information on the Access Arkansas website (<https://access.arkansas.gov/>), where Arkansans apply for Medicaid and other publicly-funded social service programs, and the Insure Ark website (<https://www.insureark.org/>), the beneficiary portal for QHP selection.

Carriers. Arkansas will hold a meeting for QHP carriers to discuss the Arkansas Works phase-out process. In addition, Arkansas will send carriers written information regarding the termination process and will ask carriers to notify their enrollees about the termination of coverage.

Providers. Arkansas will develop informational materials for carriers to distribute to their provider networks regarding the termination of Arkansas Works.

Employers. Arkansas will notify employers participating in its ESI premium assistance program about the termination of Arkansas Works.

Call Centers. Arkansas will train its Medicaid and ESI premium assistance program call center staff on the specifics of the termination of coverage for the adult expansion group. This training will include information on other coverage options such as HealthCare.gov.

Other Community Stakeholders. Arkansas maintains an email list of key Arkansas Works and Medicaid stakeholders. The State will provide these stakeholders with information about the process for terminating coverage for the adult expansion group and will notify them when the Arkansas Medicaid website has been updated with new information.

Systems Changes

Arkansas will update its eligibility system and the Access Arkansas website to reflect the termination of the adult expansion group. To terminate Medicaid eligibility for the adult expansion group, on [INSERT DATE], Arkansas will submit the Eligibility State Plan Amendment (SPA): "Mandatory Eligibility Groups-Mandatory Coverage: Adult Group" to CMS. Arkansas will also update its eligibility rules in HealthCare.gov using the required CMS form.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

MAR - 5 2018

Administrator
Washington, DC 20201

Cindy Gillespie
Director
Arkansas Department of Human Services
700 Main Street
Little Rock, Arkansas 72201

Dear Ms. Gillespie:

The Centers for Medicare & Medicaid Services (CMS) is approving Arkansas's request for an amendment to its section 1115 demonstration project, entitled "Arkansas Works" (Project Number 11-W-00287/6) in accordance with section 1115(a) of the Social Security Act (the Act).

This approval is effective March 5, 2018, through December 31, 2021, upon which date, unless extended or otherwise amended, all authorities granted to operate this demonstration will expire. CMS's approval is subject to the limitations specified in the attached expenditure authorities, waivers, and special terms and conditions (STCs). The state will begin implementation of the community engagement requirement no sooner than June 1, 2018. The state may deviate from Medicaid state plan requirements only to the extent those requirements have been listed as waived or as not applicable to expenditures.

Extent and Scope of Demonstration

The current Arkansas Works section 1115 demonstration project was implemented by the State of Arkansas ("state") in December 2016. The Arkansas Works program provides certain adult Medicaid beneficiaries with premium assistance to purchase qualified health plan (QHP) coverage through the Health Insurance Marketplace. As originally approved, Arkansas Works was designed to leverage the efficiencies and experience of the commercial market to test whether this premium assistance mode improves continuity, access, and quality for Arkansas Works beneficiaries and results in lowering the growth rate of premiums across population groups. The demonstration project also attempts to facilitate transitions between and among Arkansas Works, ESI, and the Marketplace for Arkansas Works enrollees. Approval of this demonstration amendment allows Arkansas, no sooner than June 1, 2018, to require all Arkansas Works beneficiaries ages 19 through 49, with certain exceptions, to participate in and timely document and report 80 hours per month of community engagement activities, such as employment, education, job skills training, or community service, as a condition of continued Medicaid eligibility. Community engagement requirements will not apply to Arkansas Works beneficiaries ages 50 and older so as to ensure alignment and consistency with the state's Supplemental Nutrition Assistance Program (SNAP) requirements. The alignment is appropriate and consistent with the ultimate objective of improving health and well-being for Medicaid beneficiaries.

CMS also is authorizing authorities for additional features, including:

- Removing the requirement to have an approved-hospital presumptive-eligibility state plan amendment (SPA) as a condition of enacting the state's waiver of retroactive eligibility;
- Clarifying the waiver of the requirement to provide new adult group beneficiaries¹ with retroactive eligibility to reflect the state's intent to not provide retroactive eligibility but for the 30 days prior to the date of application coverage; and
- Removing the waiver and expenditure authorities related to the state's mandatory employer-sponsored insurance (ESI) premium assistance program, as the state no longer intends to continue this program.

Under the new community engagement program, the state will test whether coupling the requirement for certain beneficiaries to engage in and report work or other community engagement activities with meaningful incentives to encourage compliance will lead to improved health outcomes and greater independence. CMS is approving the community engagement program based on our determination that it is likely to assist in promoting the objectives of the Medicaid program. The terms and conditions of Arkansas's community engagement requirement that accompany this approval are consistent with the guidance provided to states through State Medicaid Director's Letter (SMD 18-0002), Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries, issued on January 11, 2018. CMS is not at this time approving Arkansas's request to reduce income eligibility for Arkansas Works beneficiaries to 100 percent of the federal poverty level (FPL).

Determination that the demonstration project is likely to assist in promoting Medicaid's Objectives

Demonstration projects under section 1115 of the Act offer a way to give states more freedom to test and evaluate innovative solutions to improve quality, accessibility and health outcomes in a budget-neutral manner, provided that, in the judgment of the Secretary, the demonstrations are likely to assist in promoting the objectives of Medicaid.

While CMS believes that states are in the best position to design solutions that address the unique needs of their Medicaid-eligible populations, the agency has an obligation to ensure that proposed demonstration programs are likely to better enable states to serve their low-income populations, through measures designed to improve health and wellness, including measures to help individuals and families attain or retain capability for independence or self-care. Medicaid programs are complex and shaped by a diverse set of interconnected policies and components, including eligibility standards, benefit designs, reimbursement and payment policies, information technology (IT) systems, and more. Therefore, in making this determination, CMS considers the proposed demonstration as a whole.

¹ This group includes adults up to and including 133 percent of the FPL who meet the other criteria specified in Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

In its consideration of the proposed changes to Arkansas Works, CMS examined whether the demonstration as amended was likely to assist in improving health outcomes; whether it would address behavioral and social factors that influence health outcomes; and whether it would incentivize beneficiaries to engage in their own health care and achieve better health outcomes. CMS has determined that the Arkansas Works demonstration as amended is likely to promote Medicaid objectives, and that the waivers sought are necessary and appropriate to carry out the demonstration.

1. The demonstration is likely to assist in improving health outcomes through strategies that promote community engagement and address certain health determinants.

Arkansas Works supports coordinated strategies to address certain health determinants, as well as promote health and wellness through increased upward mobility, greater independence, and improved quality of life. Specifically, Arkansas Works' community engagement requirement is designed to encourage beneficiaries to obtain and maintain employment or undertake other community engagement activities that research has shown to be correlated with improved health and wellness.^{2,3} As noted in CMS' SMDL: 18-0002, these activities have been positively correlated with improvements in individuals' health. CMS has long supported policies that recognize meaningful work as essential to the economic self-sufficiency, self-esteem, well-being, and improved health of people with disabilities.

Given the potential benefits of work and community engagement, we believe that state Medicaid programs should be able to design and test incentives for beneficiary compliance. Under Arkansas's demonstration, the state will encourage compliance by making it a condition of continued coverage. Beneficiaries that successfully report compliance on a monthly basis will have no disruption in coverage. It is only when a beneficiary fails to report compliance for 3 months that the state will dis-enroll the beneficiary for the remainder of the calendar year. Beneficiaries that are disenrolled from their plan will be able to re-enroll through Arkansas Works upon the earlier of turning age 50, qualifying for another category of Medicaid eligibility, or the beginning of a new calendar year.

Arkansas' approach is informed by the state's experience with the voluntary work-referral program in its current demonstration, which the state has not found to be an effective incentive. Since January 2017, certain individuals enrolled in Arkansas Medicaid have been referred to the Arkansas Department of Workforce Services (DWS), which provides a variety of services to assist individuals in gaining employment. Through October 2017, only 4.7 percent of beneficiaries followed through with the referral and accessed DWS services. Of those who accessed DWS services, 23 percent have become employed. This result suggests that referrals alone, without any further incentive, may not be sufficient to encourage the Arkansas Works

² Waddell, G. and Burton, AK. Is Work Good For Your Health And Well-Being? (2006) EurErg Centre for Health and Social Care Research, University of Huddersfield, UK

³ Van der Noort, M, Jzelenberg, H, Droomers, M, and Proper, K. Health effects of employment: a systemic review of prospective studies. BMJournals. Occupational and Environmental Medicine. 2014: 71 (10).

population to participate in community engagement activities. CMS will therefore allow Arkansas to test whether the stronger incentive model is more effective in encouraging participation.

Arkansas has tailored the incentive structure to include beneficiary protections, such as an opportunity to maintain coverage for beneficiaries who report that they failed to meet the community engagement hours due to circumstances that give rise to a good cause exemption, as well as the opportunity to apply and reenroll in Arkansas Works in the beginning of the next plan year. Additionally, if Arkansas determines that a beneficiary's failure to comply or report compliance was the result of a catastrophic event or circumstances beyond the beneficiary's control, the beneficiary will receive retroactive coverage to the date coverage ended without need for a new application. The impact of this incentive, as well as other aspects of the demonstration, will be assessed through an evaluation designed to measure how the demonstration affects eligibility, and health outcomes over time for persons subject to the demonstration's policies.

2. The demonstration is expected to strengthen beneficiary engagement in their personal health care.

CMS believes that it is important for beneficiaries to engage in their personal health care, particularly while they are healthy to prevent illness. Accordingly, CMS supports state testing of policies designed to incentivize beneficiaries to obtain and maintain health coverage before they become sick so they can take an active role in engaging in their personal health care while healthy. Consistent with CMS's commitment to support states in their efforts to align Medicaid and private insurance policies for non-disabled adults to help them prepare for private coverage (stated in the letter to governors on March 14, 2017), this amendment removes the requirement that Arkansas provide hospitals with an opportunity to conduct presumptive eligibility (consistent with Section 1902(a)(47)(B)) as a condition of its waiver of retroactive eligibility. It further clarifies the waiver of the requirement to provide new adult group beneficiaries with retroactive eligibility but for the 30 days prior to the date of application coverage. With respect to the waiver of retroactive eligibility, through this approval, we are testing whether eliminating 2 of the 3 months of retroactive coverage will encourage beneficiaries to obtain and maintain health coverage, even when they are healthy. This feature of the amendment is intended to increase continuity of care by reducing gaps in coverage when beneficiaries churn on and off of Medicaid or sign up for Medicaid only when sick with the ultimate objective of improving beneficiary health.

Consideration of Public Comments

Both Arkansas and CMS received comments during the state and federal public comment periods. Consistent with federal transparency requirements, CMS reviewed all of the materials submitted by the state, as well as all the public comments it received, when evaluating whether the demonstration project as a whole was likely to assist in promoting the objectives of the Medicaid program, and whether the waiver authorities sought were necessary and appropriate to implement the demonstration. In addition, CMS took public comments submitted during the federal comment period into account as it worked with Arkansas to develop the STCs that

accompany this approval that will bolster beneficiary protections, including specific state assurances around these protections to further support beneficiaries.

Opposing commenters expressed general disagreement with efforts to modify Arkansas Works. Some offered more specific feedback regarding individual elements of the demonstration or the impact of certain provisions on distinct populations. Some commenters expressed the desire to see greater detail regarding how the program would be operationalized, particularly with respect to provisions like the community engagement requirements. Other comments expressed concerns that these requirements would be burdensome on families or create barriers to coverage. The state has pledged to do beneficiary outreach and education on how to comply with the new community engagement requirements, and intends to use an online reporting system to make reporting easy for enrollees. Further, CMS intends to monitor state-reported data on how the new requirements are impacting enrollment.

Many commenters indicated that many beneficiaries not qualifying for Medicaid on the basis of disability may still have issues gaining and maintaining employment due to their medical or behavioral health conditions. To mitigate these concerns, Arkansas assures that it will provide these beneficiaries reasonable modifications, which could include the reduction of or exemption from community engagement hours. This is a condition of approval, as provided in the STCs.

Some commenters expressed concern that Arkansas's proposal "lacked sufficient detail to permit informed public comments." To ensure meaningful public input at the Federal level, and to facilitate the demonstration application process for States, CMS utilizes standardized demonstration application requirements so that the public, including those with disabilities, and CMS can meaningfully assess states' applications. Upon receipt of Arkansas' proposal, CMS followed its standard protocols for evaluating the completeness of the application and determined that Arkansas application was complete. We continue to believe that Arkansas submitted sufficient detail to permit meaningful public input.

Many commenters who opposed the community engagement requirement emphasized that the community engagement requirements would be burdensome for individuals and families or create barriers to coverage for non-exempt people who might have trouble accessing care. We believe that the community engagement requirements create appropriate incentives for beneficiaries to gain employment. Given that employment is positively correlated with health outcomes, it furthers the purposes of the Medicaid statute to test and evaluate these requirements as a means to improve beneficiaries' health and to promote beneficiary independence. However, CMS has included provisions in these STCs to ensure that CMS may withdraw waivers or expenditure authorities at any time if federal monitoring of data indicates that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of Title XIX and Title XXI, including if data indicates that the community engagement features of this demonstration may not adequately incentivize beneficiary participation or are unlikely to result in improved health outcomes, or that other demonstration features are not operating as intended. In efforts to support beneficiaries, CMS will require Arkansas to provide written notices to beneficiaries that include information such as how to ensure that they are in compliance with the community engagement requirements, how to appeal an eligibility denial, and how to access primary and preventive care during the non-eligibility

period. The state will also implement an outreach strategy to inform beneficiaries how to report compliance with the community engagement requirements.

Additional comments characterized the provisions to terminate coverage for failure to participate in the community engagement process as “causing disruptions in care.” CMS and Arkansas acknowledged these concerns and Arkansas will be exempting from the requirement those individuals who are medically frail, as well as those whom a medical professional has determined are unable to work due to illness or injury. The state will implement an outreach strategy to inform beneficiaries about how to report compliance with the community engagement requirements. In addition, monthly notices will provide information on resources available to beneficiaries who may require assistance reporting community engagement activities.

Several commenters expressed concern about the potential 9-month length of the non-eligibility period. This would only occur where (i) an individual fails to fulfill his or her community engagement obligations in the first month of a calendar year and then after receiving a notice from the State in the second month, fails to respond to that notice by rectifying the situation or seeking an exemption, (ii) the same individual fails to fulfill his or her community engagement obligations in the second month of a calendar year and then after receiving a notice from the State in the third month, fails to respond to that notice by rectifying the situation or seeking an exemption, and (iii) the same individual fails to fulfill his or her community engagement obligations in the third month of a calendar year and then after receiving a notice from the State in the fourth month, fails to respond to that notice by rectifying the situation or seeking an exemption. The program provides the individual with three opportunities to rectify the situation or seek an exemption. Any system that requires individuals to fulfill certain requirements as a condition of receiving benefits necessarily places some degree of responsibility on these individuals. We believe that the overall health benefits to the effected population through community engagement outweigh the health-risks with respect to those who fail to respond and who fail to seek exemption from the programs limited requirements.

Some comments pointed out that the maximum non-eligibility period is longer than what has been proposed in other state demonstration applications, and does not offer any way to regain eligibility during the non-eligibility period. CMS acknowledges this and Arkansas will be required to monitor and report to CMS certain metrics on compliance rates and health outcomes. CMS will closely monitor this data, and retains the right to suspend, amend or terminate the demonstration if the agency determines that it is not meeting its stated objectives.

Other commenters expressed concern about Arkansas' current eligibility and application operations and their impact on beneficiaries who may reapply for eligibility after serving their disenrollment period for non-compliance with community engagement. To help mitigate these concerns, CMS has added additional assurances to the STCs and Arkansas will submit for CMS approval an eligibility and enrollment monitoring plan within 90 calendar days after approval of the community engagement amendment of this demonstration which will allow CMS to track Arkansas' compliance with the assurances described in the STCs, including several related to eligibility and application processing systems. The state may not take adverse action on a beneficiary for failing to complete community engagement requirements until CMS has reviewed the application processing monitoring plan for completeness and determined that the

Page 7 – Ms. Cindy Gillespie

state has addressed all of the required elements in a reasonable manner. As part of this requirement, CMS will require that Arkansas provide status updates on the implementation of the eligibility and enrollment monitoring plan in the state's quarterly reports.

Finally, many comments expressed concern over the waiver of retroactive eligibility, citing disruptions in care for beneficiaries and potential financial burdens for both providers and beneficiaries. Arkansas had previously received approval for a conditional waiver of retroactive coverage conditioned upon the state coming into compliance with statutory and regulatory requirements related to eligibility determinations. CMS has determined the state has met these requirements. CMS believes that a more limited period of retroactive eligibility will encourage beneficiaries to obtain and maintain health coverage, even when they are healthy. As such, with this amendment we are testing whether this limited retroactive eligibility period supports increased continuity of care by reducing gaps in coverage when beneficiaries churn on and off Medicaid or sign up for Medicaid only when sick and whether this feature will improve health outcomes.

Other Information

CMS's approval of this demonstration is conditioned upon compliance with the enclosed list of waiver and expenditure authorities and the STCs defining the nature, character and extent of anticipated federal involvement in the project. The award is subject to our receiving your written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter.

Your project officer for this demonstration is Ms. Tia Witherspoon. She is available to answer any questions concerning your section 1115 demonstration. Ms. Witherspoon's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop: S2-03-17
7500 Security Boulevard
Baltimore, MD 21244-1850
Email: Tia.Witherspoon@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Witherspoon and Mr. Bill Brooks, Associate Regional Administrator, in our Dallas Regional Office. Mr. Brooks' contact information is as follows:

Mr. Bill Brooks
Associate Regional Administrator
Centers for Medicare & Medicaid Services
Division of Medicaid and Children's Health Operations
1301 Young Street, Suite 833
Dallas, TX 75202

Page 8 – Ms. Cindy Gillespie

If you have questions regarding this approval, please contact Ms. Judith Cash, Acting Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.

Thank you for all your work with us, as well as stakeholders in Arkansas, over the past months to reach approval.

Sincerely,

A large black rectangular redaction box covering the signature area.

Seema Verma

Enclosures

**CENTERS FOR MEDICARE AND MEDICAID SERVICES
EXPENDITURE AUTHORITY**

NUMBER: 11-W-00287/6

TITLE: Arkansas Works Section 1115 Demonstration

AWARDEE: Arkansas Department of Human Services

Under the authority of section 1115(a)(2) of the Social Security Act (the Act), expenditures made by the state for the items identified below, which are not otherwise included as expenditure under section 1903 shall, for the period of this demonstration be regarded as expenditures under the state's Title XIX plan but are further limited by the special terms and conditions (STCs) for the Arkansas Works Section 1115 demonstration.

As discussed in the Centers for Medicare & Medicaid Services' (CMS) approval letter, the Secretary of Health and Human Services has determined that the Arkansas Works section 1115 demonstration, including the granting of the waiver and expenditure authorities described below, is likely to assist in promoting the objectives of title XIX of the Social Security Act. The following expenditure authorities shall enable Arkansas to implement the Arkansas Works section 1115 demonstration:

- 1. Premium Assistance and Cost Sharing Reduction Payments.** Expenditures for part or all of the cost of private insurance premiums in the individual market, and for payments to reduce cost sharing under such coverage for certain beneficiaries as described in these STCs.
- 2. Community Engagement Reporting.** Expenditures to the extent necessary to enable Arkansas to allow a beneficiary to report monthly their community engagement qualifying activities or exemptions using only an online portal as described in these STCs, in a manner inconsistent with requirements under section 1943 of the Act as implemented in 42 CFR 435.907(a).

Requirements Not Applicable to the Expenditure Authority:

- | | |
|------------------------------|---------------------------------------------------------|
| 1. Cost Effectiveness | Section 1902(a)(4) and
42 CFR 435.1015(a)(4) |
|------------------------------|---------------------------------------------------------|

To the extent necessary to permit the state to offer, with respect to beneficiaries through qualified health plans, premium assistance and cost sharing reduction payments that are determined to be cost effective using state developed tests of cost effectiveness that differ from otherwise permissible tests for cost effectiveness as described in these STCs.

**CENTERS FOR MEDICARE & MEDICAID SERVICES
WAIVER LIST**

NUMBER: 11-W-00287/6

TITLE: Arkansas Works Section 1115 Demonstration

AWARDEE: Arkansas Department of Human Services

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in accompanying expenditure authorities, shall apply to the demonstration project effective March 5, 2018 through December 31, 2021. In addition, these waivers may only be implemented consistent with the approved Special Terms and Conditions (STCs).

Under the authority of section 1115(a)(1) of the Social Security Act (the Act), the following waivers of state plan requirements contained in section 1902 of the Act are granted for the Arkansas Works Section 1115 demonstration, subject to the STCs.

1. Freedom of Choice **Section 1902(a)(23)(A)**

To the extent necessary to enable Arkansas to limit beneficiaries' freedom of choice among providers to the providers participating in the network of the beneficiary's Qualified Health Plan. No waiver of freedom of choice is authorized for family planning providers.

2. Payment to Providers **Section 1902(a)(13) and Section 1902(a)(30)**

To the extent necessary to permit Arkansas to provide for payment to providers equal to the market-based rates determined by the Qualified Health Plan.

3. Prior Authorization **Section 1902(a)(54) insofar as it incorporates Section 1927(d)(5)**

To permit Arkansas to require that requests for prior authorization for drugs be addressed within 72 hours, and for expedited review in exigent circumstances within 24 hours, rather than 24 hours for all circumstances as is currently required in their state policy. A 72- hour supply of the requested medication will be provided in the event of an emergency.

4. Premiums **Section 1902(a)(14) insofar as it incorporates Sections 1916 and 1916A**

To the extent necessary to enable Arkansas to collect monthly premium payments, for beneficiaries with incomes above 100 up to and including 133 percent of the federal poverty level (FPL) as described in these STCs.

5. Comparability

Section 1902(a)(10)(B)

To the extent necessary to enable the state to impose targeted cost sharing on beneficiaries as described in these STCs.

6. Retroactive Eligibility

Section 1902(a)(34)

To enable the state to not provide beneficiaries in table 1 retroactive eligibility but for 30 days prior to the date of the application for coverage under the demonstration.

7. Provision of Medical Assistance

Section 1902(a)(8) and Sections 1902(a)(10)

To the extent necessary to enable Arkansas to terminate eligibility for, and not make medical assistance available to, Arkansas Works beneficiaries who fail to comply with community engagement requirements, as described in these STCs, unless the beneficiary is exempted as described in these STCs.

8. Eligibility

Section 1902(a)(10)

To the extent necessary to enable Arkansas to require community engagement as a condition of eligibility as described in these STCs.

To the extent necessary to enable Arkansas to prohibit re-enrollment and deny eligibility, for up to nine months for Arkansas Works program beneficiaries who are disenrolled for failure to timely report community engagement qualifying activities and exemptions for three months, subject to qualifying catastrophic events described in these STCs.

**CENTERS FOR MEDICARE AND MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS**

NUMBER: 11-W-00287/6

TITLE: Arkansas Works

AWARDEE: Arkansas Department of Human Services

I. PREFACE

The following are the amended Special Terms and Conditions (STCs) for the Arkansas Works section 1115(a) Medicaid demonstration (hereinafter demonstration) to enable the Arkansas Department of Human Services (state) to operate this demonstration. The Centers for Medicare & Medicaid Services (CMS) has granted waivers of requirements under section 1902(a) of the Social Security Act (Act), and expenditure authorities authorizing federal matching of demonstration costs that are not otherwise matchable, and which are separately enumerated. These STCs set forth in detail the nature, character, and extent of federal involvement in the demonstration and the state's obligations to CMS during the life of the demonstration. Enrollment into the demonstration is statewide and is approved through December 31, 2021. The STCs have been arranged into the following subject areas:

- I. Preface
 - II. Program Description and Objectives
 - III. General Program Requirements
 - IV. Populations Affected
 - V. Arkansas Works Program Population Affected
 - VI. Premium Assistance Delivery System
 - VII. Benefits
 - VIII. Premiums & Cost Sharing
 - IX. Appeals
 - X. Community Engagement Requirements
 - XI. General Reporting Requirements
 - XII. General Financial Requirements
 - XIII. Monitoring Budget Neutrality
 - XIV. Evaluation
 - XV. Monitoring
- Attachments

II. PROGRAM DESCRIPTION AND OBJECTIVES

Under the Arkansas Works demonstration, the state has been providing premium assistance to support the purchase by beneficiaries eligible under the new adult group under the state plan of coverage from qualified health plans (QHPs) offered in the individual market through the Marketplace. Enrollment activities for the new adult population began on October 1, 2013 for QHPs with eligibility effective January 1, 2014. Beginning in 2014, individuals eligible for

Page 4 of 48

Arkansas Works
Approval Period: March 5, 2018 through December 31, 2021
Amended: March 5, 2018

coverage under the new adult group are described at Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act and are further specified in the state plan (collectively Arkansas Works beneficiaries). Arkansas Works beneficiaries receive a state plan Alternative Benefit Plan (“ABP”).

Effective January 1, 2017, Arkansas Works beneficiaries with incomes above 100 percent of the FPL are charged monthly premium payments. The state will test innovative approaches to promoting community engagement and work, encouraging movement up the economic ladder, and facilitating transitions between and among Arkansas Works, employer sponsored insurance (ESI), and the Marketplace for Arkansas Works beneficiaries. The state will institute community engagement requirements as a condition of Arkansas Works eligibility. Once community engagement requirements are fully implemented, including that beneficiaries have been adequately notified of the requirements, the state will implement an outreach strategy to inform beneficiaries about how to report compliance with the community engagement requirements. In addition, monthly notices will provide information on resources available to beneficiaries who may require assistance reporting community engagement activities. Arkansas will also provide reasonable accommodations for beneficiaries who request assistance due to barriers to accessing the online portal for reporting. Arkansas Works beneficiaries who are ages 19-49 must work or engage in specified educational, job training, or job search activities for at least 80 hours per month to remain covered through Arkansas Works, unless they meet exemption criteria established by the state. Arkansas Works beneficiaries who fail to meet the community engagement requirements or reporting requirements for any three months during a plan year will be disenrolled from Arkansas Works and will not be permitted to re-enroll until the following plan year. After the beneficiary receives notification of disenrollment for either noncompliance with community engagement requirements or for failure to report, eligible beneficiaries may request a good cause exemption as described in these STCs. If Arkansas determines the beneficiary’s failure to comply or report compliance was the result of a catastrophic event or circumstances beyond the beneficiary’s control, the beneficiary will receive retroactive coverage to the date coverage ended without need for a new application. Arkansas will act on the request for good cause exemption and, if approved, restore the beneficiary’s coverage within 5 business days of receiving the request.

Finally, the state will eliminate its ESI premium assistance program under the demonstration. All Arkansas Works beneficiaries who were enrolled in ESI premium assistance and who remain eligible for Arkansas Works will transition to QHP coverage.

Over the demonstration period, the state seeks to demonstrate several demonstration goals. The state’s goals will inform the state’s evaluation design hypotheses, subject to CMS approval, as described in these STCs. The state’s goals include, and are not limited to the following:

- Providing continuity of coverage for individuals,
- Improving access to providers,
- Improving continuity of care across the continuum of coverage,
- Requiring beneficiaries to pay a monthly premium to promote more efficient use of health care services,

- Improving health outcomes and promoting independence through employment and community engagement, and
- Furthering quality improvement and delivery system reform initiatives that are successful across population groups.

Arkansas proposes that the demonstration will provide integrated coverage for low-income Arkansans, leveraging the efficiencies and experience of the private market to improve continuity, access, and quality for Arkansas Works beneficiaries that should ultimately result in lowering the rate of growth in premiums across population groups. The state proposes that the demonstration will also drive structural health care system reform and more competitive premium pricing for all individuals purchasing coverage through the Marketplace by at least doubling the size of the population enrolling in QHPs offered through the Marketplace. The state proposes to demonstrate the following key features:

Continuity of coverage and care - The demonstration will allow qualifying households to stay enrolled in the same plan regardless of whether their coverage is subsidized through Medicaid, or Advanced Premium Tax Credits/Cost Sharing Reductions (APTC/CSRs).

Support equalization of provider reimbursement and improve provider access - The demonstration will support equalization of provider reimbursement across payers, toward the end of expanding provider access and eliminating the need for providers to cross-subsidize. Arkansas Medicaid provides rates of reimbursement lower than Medicare or commercial payers, causing some providers to forego participation in the program and others to “cross subsidize” their Medicaid patients by charging more to private insurers.

Integration, efficiency, quality improvement and delivery system reform - Arkansas is proposing taking an integrated and market-based approach to covering uninsured Arkansans. It is anticipated that QHPs will bring the experience of successful private sector models that can improve access to high quality services and lead delivery system reform. One of the benefits of this demonstration should be to gain a better understanding of how the private sector uses incentives to engage individuals in healthy behaviors.

Promoting community engagement and personal responsibility- By testing innovative approaches to promoting community engagement as a condition of eligibility, the demonstration aims to incentivize employment.

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The state must comply with all applicable federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.
2. **Compliance with Medicaid and Children’s Health Insurance Program (CHIP) Law, Regulation, and Policy.** All requirements of the Medicaid program and CHIP, expressed

Page 6 of 48

Arkansas Works

Approval Period: March 5, 2018 through December 31, 2021

Amended: March 5, 2018

in law, regulation, and policy statement, not expressly waived or identified as not applicable in the waiver and expenditure authority documents (of which these terms and conditions are part), apply to the demonstration.

3. **Changes in Medicaid and CHIP Law, Regulation, and Policy.** The state must, within the timeframes specified in law, regulation, or policy statement, come into compliance with any changes in federal law, regulation, or policy affecting the Medicaid or CHIP program that occur during this demonstration approval period, unless the provision being changed is expressly waived or identified as not applicable. In addition, CMS reserves the right to amend the STCs to reflect such changes and/or changes without requiring the state to submit an amendment to the demonstration under STC 7. CMS will notify the state 30 days in advance of the expected approval date of the amended STCs to provide the state with additional notice of the changes.
4. **Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**
 - a. To the extent that a change in federal law, regulation, or policy requires either a reduction or an increase in federal financial participation (FFP) for expenditures made under this demonstration, the state must adopt, subject to CMS approval, a modified budget neutrality agreement as well as a modified allotment neutrality worksheet for the demonstration as necessary to comply with such change. The modified budget neutrality agreement will be effective upon the implementation of the change.
 - b. If mandated changes in the federal law require state legislation, the changes must take effect on the day such state legislation becomes effective, or on the last day such legislation was required to be in effect under the law.
5. **State Plan Amendments.** If the eligibility of a population eligible through the Medicaid or CHIP state plan is affected by a change to the demonstration, a conforming amendment to the appropriate state plan may be required, except as otherwise noted in these STCs. In all such instances the Medicaid state plan governs.

Should the state amend the state plan to make any changes to eligibility for this population, upon submission of the state plan amendment, the state must notify CMS demonstration staff in writing of the pending state plan amendment, and request a corresponding technical correction to the demonstration.
6. **Changes Subject to the Amendment Process.** If not otherwise specified in these STCs, changes related to demonstration features including eligibility, enrollment, benefits, beneficiary rights, delivery systems, cost sharing, sources of non-federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with section 1115 of the Act. The state must not implement changes to these elements without prior approval by CMS either through an approved amendment to the Medicaid state plan and/or amendment to

the demonstration. Amendments to the demonstration are not retroactive and FFP will not be available for changes to the demonstration that have not been approved through the amendment process set forth in STC 7 below.

7. **Amendment Process.** Requests to amend the demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change and may not be implemented until approved. CMS reserves the right to deny or delay approval of a demonstration amendment based on non-compliance with these STCs, including but not limited to failure by the state to submit required reports and other deliverables in a timely fashion according to the deadlines specified herein. Amendment requests must include, but are not limited to, the following:
 - a. An explanation of the public process used by the state, consistent with the requirements of STC 15, prior to submission of the requested amendment;
 - b. A data analysis worksheet which identifies the specific “with waiver” impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include current total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the “with waiver” expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;
 - c. An up-to-date CHIP allotment neutrality worksheet, if necessary;
 - d. A detailed description of the amendment, including impact on beneficiaries, with sufficient supporting documentation; and
 - e. A description of how the evaluation design will be modified to incorporate the amendment provisions.
8. **Extension of the Demonstration.** States that intend to request demonstration extensions under sections 1115(e) or 1115(f) are advised to observe the timelines contained in those statutes. Otherwise, no later than 12 months prior to the expiration date of the demonstration, the governor or chief executive officer of the state must submit to CMS either a demonstration extension request that meets federal requirements at 42 CFR 431.412(c) or a transition and phase-out plan consistent with the requirements of STC 9.
 - a. Compliance with Transparency Requirements at 42 CFR Section 431.412.
 - b. As part of the demonstration extension requests the state must provide documentation of compliance with the transparency requirements 42 CFR Section 431.412 and the public notice and tribal consultation requirements outlined in STC 15.

9. Demonstration Phase Out. The state may only suspend or terminate this demonstration in whole, or in part, consistent with the following requirements.

- a. **Notification of Suspension or Termination.** The state must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and a transition and phase-out plan. The state must submit its notification letter and a draft plan to CMS no less than six (6) months before the effective date of the demonstration's suspension or termination. Prior to submitting the draft plan to CMS, the state must publish on its website the draft transition and phase-out plan for a 30-day public comment period. In addition, the state must conduct tribal consultation in accordance with its approved tribal consultation state plan Amendment, if applicable. Once the 30-day public comment period has ended, the state must provide a summary of each public comment received, the state's response to the comment and how the state incorporated the received comment into the revised plan.
- b. **Prior CMS Approval.** The state must obtain CMS approval of the transition and phase-out plan prior to the implementation of the phase-out activities. Implementation of activities must be no sooner than 14 calendar days after CMS approval of the plan.
- c. **Transition and Phase-out Plan Requirements.** The state must include, at a minimum, in its plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the state will conduct administrative reviews of Medicaid eligibility prior to the termination of the program for the affected beneficiaries, and ensure ongoing coverage for those beneficiaries determined eligible, as well as any community outreach activities including community resources that are available.
- d. **Phase-out Procedures.** The state must comply with all notice requirements found in 42 CFR Sections 431.206, 431.210, and 431.213. In addition, the state must assure all appeal and hearing rights afforded to demonstration participants as outlined in 42 CFR Sections 431.220 and 431.221. If a demonstration participant is entitled to requests a hearing before the date of action, the state must maintain benefits as required in 42 CFR Section 431.230. In addition, the state must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category. 42 CFR Section 435.916.
- e. **Exemption from Public Notice Procedures 42 CFR Section 431.416(g).** CMS may expedite the federal and state public notice requirements in the event it determines that the objectives of title XIX and XXI would be served or under circumstances described in 42 CFR Section 431.416(g).

- f. **Federal Financial Participation (FFP).** If the demonstration is terminated or any relevant waivers suspended by the state, FFP shall be limited to normal closeout costs associated with terminating the demonstration including services, continued benefits as a result of participant's appeals and administrative costs of disenrolling participants.
- 10. **Pre-Approved Transition and Phase Out Plan.** The state may elect to submit a draft transition and phase-out plan for review and approval at any time, including prior to when a date of termination has been identified. Once the transition and phase-out plan has been approved, implementation of the plan may be delayed indefinitely at the option of the state.
- 11. **Federal Financial Participation (FFP).** If the project is terminated or any relevant waivers suspended by the State, FFP shall be limited to normal closeout costs associated with terminating the demonstration including services and administrative costs of disenrolling beneficiaries.
- 12. **Expiring Demonstration Authority.** For demonstration authority that expires prior to the demonstration's expiration date, the State must submit a transition plan to CMS no later than six months prior to the applicable demonstration authority's expiration date, consistent with the following requirements:
 - a. **Expiration Requirements.** The State must include, at a minimum, in its demonstration expiration plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the State will conduct administrative reviews of Medicaid eligibility for the affected beneficiaries, and ensure ongoing coverage for eligible individuals, as well as any community outreach activities.
 - b. **Expiration Procedures.** The State must comply with all notice requirements found in 42 CFR Sections 431.206, 431.210 and 431.213. In addition, the State must assure all appeal and hearing rights afforded to demonstration beneficiaries as outlined in 42 CFR Sections 431.220 and 431.221. If a demonstration beneficiary requests a hearing before the date of action, the State must maintain benefits as required in 42 CFR Section 431.230. In addition, the State must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category as discussed in October 1, 2010, State Health Official Letter #10-008.
 - c. **Federal Public Notice.** CMS will conduct a 30-day federal public comment period consistent with the process outlined in 42 CFR Section 431.416 in order to solicit public input on the State's demonstration expiration plan. CMS will consider comments received during the 30-day period during its review and approval of the State's demonstration expiration plan. The State must obtain CMS approval of the demonstration expiration plan prior to the implementation of the

expiration activities. Implementation of expiration activities must be no sooner than 14 days after CMS approval of the plan. d. Federal Financial Participation (FFP): FFP shall be limited to normal closeout costs associated with the expiration of the demonstration including services and administrative costs of disenrolling beneficiaries.

13. **Withdrawal of Demonstration Authority.** CMS reserves the right to amend and withdraw waivers or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of Title XIX, including if federal monitoring of data indicates that the community engagement features of this demonstration may not adequately incentivize beneficiary participation or are unlikely to result in improved health outcomes, or that other demonstration features are not operating as intended. CMS will promptly notify the State in writing of the determination and the reasons for the amendment and withdrawal, together with the effective date, and afford the State an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn or amended, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services and administrative costs of disenrolling beneficiaries.
14. **Adequacy of Infrastructure.** The State must ensure the availability of adequate resources for implementation and monitoring of the demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other demonstration components.
15. **Public Notice, Tribal Consultation, and Consultation with Interested Parties.** The State must comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994). The State must also comply with the tribal consultation requirements in section 1902(a)(73) of the Act as amended by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the implementing regulations for the Review and Approval Process for Section 1115 demonstrations at 42 CFR Section 431.408, and the tribal consultation requirements contained in the State's approved state plan, when any program changes to the demonstration are proposed by the State.
 - a. In States with federally recognized Indian tribes consultation must be conducted in accordance with the consultation process outlined in the July 17, 2001 letter or the consultation process in the State's approved Medicaid state plan if that process is specifically applicable to consulting with tribal governments on waivers (42 CFR Section 431.408(b)(2)).
 - b. In States with federally recognized Indian tribes, Indian health programs, and/or Urban Indian organizations, the State is required to submit evidence to CMS regarding the solicitation of advice from these entities prior to submission of any demonstration proposal, amendment and/or renewal of this demonstration (42 CFR Section 431.408(b)(3)).

- c. The State must also comply with the Public Notice Procedures set forth in 42 CFR Section 447.205 for changes in statewide methods and standards for setting payment rates.
16. **Federal Financial Participation (FFP).** No federal matching for administrative or service expenditures for this demonstration will take effect until the effective date identified in the demonstration approval letter.
17. **Common Rule Exemption.** The state shall ensure that the only involvement of human subjects in research activities that may be authorized and/or required by this demonstration is for projects which are conducted by or subject to the approval of CMS, and that are designed to study, evaluate, or otherwise examine the Medicaid or CHIP program – including procedures for obtaining Medicaid or CHIP benefits or services, possible changes in or alternatives to Medicaid or CHIP programs and procedures, or possible changes in methods or levels of payment for Medicaid benefits or services. The Secretary has determined that this demonstration as represented in these approved STCs meets the requirements for exemption from the human subject research provisions of the Common Rule set forth in 45 CFR 46.101(b)(5).

IV. ARKANSAS WORKS PROGRAM POPULATIONS AFFECTED

The State will use this demonstration to ensure coverage for Arkansas Works eligible beneficiaries provided primarily through QHPs offered in the individual market instead of the fee-for-service delivery system that serves the traditional Medicaid population. The State will provide premium assistance to aid Arkansas Works beneficiaries in enrolling in coverage through QHPs in the Marketplace.

18. **Populations Affected by the Arkansas Works Demonstration.** Except as described in STCs 19 and 20, the Arkansas Works demonstration affects adults aged 19 through 64 eligible under the state plan under 1902(a)(10)(A)(i)(VIII) of the Act, 42 CFR Section 435.119. Eligibility and coverage for Arkansas Works beneficiaries is subject to all applicable Medicaid laws and regulations in accordance with the Medicaid state plan, except as expressly waived in this demonstration and as described in these STCs. Any Medicaid state plan amendments to this eligibility group, including the conversion to a modified adjusted gross income (MAGI) standard on January 1, 2014, will apply to this demonstration.

Table 1. Eligibility Groups

Medicaid State Plan Mandatory Groups	Federal Poverty Level	Funding Stream	Expenditure and Eligibility Group Reporting
New Adult Group	This group includes adults up to and including 133 percent of the FPL who meet the other criteria specified in Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act	Title XIX	MEG - 1

- 19. Medically Frail Individuals.** Arkansas has instituted a process to determine whether a beneficiary is medically frail. The process is described in the Alternative Benefit state plan. Beneficiaries excluded from enrolling in QHPs through the Arkansas Works as a result of a determination of medical frailty as that term is defined above will have the option of receiving direct coverage through the state of either the same ABP offered to the beneficiaries or an ABP that includes all benefits otherwise available under the approved Medicaid state plan (the standard Medicaid benefit package). Direct coverage will be provided through a fee- for- service (FFS) system.
- 20. American Indian/Alaska Native Individuals.** Beneficiaries identified as American Indian or Alaskan Native (AI/AN) will not be required to enroll in QHPs in this demonstration, but can choose to opt into a QHP. New applicants will be subject to provisions of STC 21 and coverage will begin 30 days prior to the date an application is submitted for coverage. Beneficiaries who are AI/AN and who have not opted into a QHP will receive the ABP through a fee for service (FFS) system. An AI/AN beneficiary will be able to access covered benefits through Indian Health Service (IHS), Tribal or Urban Indian Organization (collectively, I/T/U) facilities funded through the IHS. Under the Indian Health Care Improvement Act (IHCIA), I/T/U facilities are entitled to payment notwithstanding network restrictions.
- 21. Retroactive Eligibility.** The state will provide coverage effective 30 days prior to the date of submitting an application for coverage for beneficiaries in table 1.

V. ARKANSAS WORKS PREMIUM ASSISTANCE ENROLLMENT

- 22. Arkansas Works.** For Arkansas Works beneficiaries, except as noted in STCs 19 and 20, enrollment in a QHP is a condition of receiving benefits.

- 23. Notices.** Arkansas Works beneficiaries will receive a notice or notices from Arkansas Medicaid or its designee advising them of the following:
- a. **QHP Plan Selection.** The notice will include information regarding how Arkansas Works beneficiaries can select a QHP and information on the State's auto-assignment process in the event that the beneficiary does not select a plan.
 - b. **State Premiums and Cost-Sharing.** The notice will include information about the beneficiary's premium and cost-sharing obligations, if any, as well as the quarterly cap on premiums and cost-sharing.
 - c. **Access to Services until QHP Enrollment is Effective.** The notice will include the Medicaid client identification number (CIN) and information on how beneficiaries can use the CIN number to access services until their QHP enrollment is effective.
 - d. **Wrapped Benefits.** The notice will also include information on how beneficiaries can access wrapped benefits. The notice will include specific information regarding services that are covered directly through fee-for-service Medicaid and what phone numbers to call or websites to visit to access wrapped services.
 - e. **Appeals.** The notice will also include information regarding the grievance and appeals process.
 - f. **Identification of Medically Frail.** The notice will include information describing how Arkansas Works beneficiaries who believe they are medically frail can request a determination of whether they are exempt from the ABP. The notice will also include alternative benefit plan options.
 - g. **Timely and adequate notice concerning adverse actions.** The notice must give beneficiaries timely and adequate notice of proposed action to terminate, discontinue, or suspend their eligibility or to reduce or discontinue services they may receive under Medicaid in accordance with 42 CFR 435.919.
- 24. QHP Selection.** The QHPs in which Arkansas Works beneficiaries enroll are certified through the Arkansas Insurance Department's QHP certification process. The QHPs available for selection by the beneficiary are determined by the Medicaid agency.
- 25. Auto-assignment.** In the event that an beneficiary is determined eligible for coverage through the Arkansas Works QHP premium assistance program, but does not select a plan, the State will auto-assign the beneficiary to one of the available QHPs in the beneficiary's rating area. Beneficiaries who are auto-assigned will be notified of their assignment, and the effective date of QHP enrollment, and will be given a thirty-day period from the date of enrollment to request enrollment in another plan.

26. **Distribution of Members Auto-assigned.** Arkansas Works QHP auto-assignments will be distributed among QHP issuers in good standing with the Arkansas Insurance Department offering certified silver-level QHPs certified by the Arkansas Insurance Department.
27. **Changes to Auto-assignment Methodology.** The state will advise CMS prior to implementing a change to the auto-assignment methodology.
28. **Disenrollment.** Beneficiaries may be disenrolled from the demonstration if they are determined to be medically frail after they were previously determined eligible.

VI. PREMIUM ASSISTANCE DELIVERY SYSTEM

29. **Memorandum of Understanding for QHP Premium Assistance.** The Arkansas Department of Human Services and the Arkansas Insurance Department have entered into a memorandum of understanding (MOU) with each QHP that enrolls beneficiaries. Areas to be addressed in the MOU include, but are not limited to:
 - a. Enrollment of beneficiaries in populations covered by the demonstration;
 - b. Payment of premiums and cost-sharing reductions, including the process for collecting and tracking beneficiary premiums;
 - c. Reporting and data requirements necessary to monitor and evaluate the Arkansas Works including those referenced in STC 79, ensuring beneficiary access to EPSDT and other covered benefits through the QHP;
 - d. Requirement for QHPs to provide, consistent with federal and state laws, claims and other data as requested to support state and federal evaluations, including any corresponding state arrangements needed to disclose and share data, as required by 42 CFR 431.420(f)(2), to CMS or CMS' evaluation contractors.
 - e. Noticing requirements; and
 - f. Audit rights.
30. **Qualified Health Plans.** The State will use premium assistance to support the purchase of coverage for Arkansas Works beneficiaries through Marketplace QHPs.
31. **Choice of QHPs.** Each Arkansas Works beneficiary required to enroll in a QHP will have the option to choose between at least two silver plans covering only Essential Health Benefits that are offered in the individual market through the Marketplace. The State will pay the full cost of QHP premiums.
 - a. Arkansas Works beneficiaries will be able to choose from at least two silver plans covering only Essential Health Benefits that are in each rating area of the State.

- b. Arkansas Works beneficiaries will be permitted to choose among all silver plans covering only Essential Health Benefits that are offered in their geographic area and that meet the purchasing guidelines established by the State in that year, and thus all Arkansas Works beneficiaries will have a choice of at least two QHPs.
 - c. The State will comply with Essential Community Provider network requirements, as part of the QHP certification process.
 - d. Arkansas Works beneficiaries will have access to the same networks as other beneficiaries enrolling in QHPs through the individual Marketplace.
- 32. Coverage Prior to Enrollment in a QHP.** The State will provide coverage through fee-for-service Medicaid from the date a beneficiary is determined eligible until the beneficiary's enrollment in the QHP becomes effective.
- a. For beneficiaries who enroll in a QHP (whether by selecting the QHP or through auto-assignment) between the first and fifteenth day of a month, QHP coverage will become effective as of the first day of the month following QHP enrollment.
 - b. For beneficiaries who enroll in a QHP (whether by selecting the QHP or through auto-assignment) between the sixteenth and last day of a month, QHP coverage will become effective as of the first day of the second month following QHP selection (or auto-assignment).
- 33. Family Planning.** If family planning services are accessed at a facility that the QHP considers to be an out-of-network provider, the State's fee-for-service Medicaid program will cover those services.
- 34. NEMT.** Non-emergency medical transport services will be provided through the State's fee-for-service Medicaid program. See STC 41 for further discussion of non-emergency medical transport services.

VII. BENEFITS

- 35. Arkansas Works Benefits.** Beneficiaries affected by this demonstration will receive benefits as set forth in section 1905(y)(2)(B) of the Act and codified at 42 CFR Section 433.204(a)(2). These benefits are described in the Medicaid state plan.
- 36. Alternative Benefit Plan.** The benefits provided under an alternative benefit plan for the new adult group are reflected in the State ABP state plan.
- 37. Medicaid Wrap Benefits.** The State will provide through its fee-for-service system wrap-around benefits that are required for the ABP but not covered by QHPs. These benefits include non-emergency transportation and Early Periodic Screening Diagnosis

and Treatment (EPSDT) services for beneficiaries participating in the demonstration who are under age 21.

38. **Access to Wrap Around Benefits.** In addition to receiving an insurance card from the applicable QHP issuer, Arkansas Works beneficiaries will have a Medicaid CIN through which providers may bill Medicaid for wrap-around benefits. The notice containing the CIN will include information about which services Arkansas Works beneficiaries may receive through fee-for-service Medicaid and how to access those services. This information is also posted on Arkansas Department of Human Service's Medicaid website and will be provided through information at the Department of Human Service's call centers and through QHP issuers.
39. **Early and Periodic Screening, Diagnosis, and Treatment (EPSDT).** The State must fulfill its responsibilities for coverage, outreach, and assistance with respect to EPSDT services that are described in the requirements of sections 1905(a)(4)(b) (services), 1902(a)(43) (administrative requirements), and 1905(r) (definitions).
40. **Access to Federally Qualified Health Centers and Rural Health Centers.** Arkansas Works beneficiaries will have access to at least one QHP in each service area that contracts with at least one FQHC and RHC.
41. **Access to Non-Emergency Medical Transportation.** The state will establish prior authorization for NEMT in the ABP. Beneficiaries served by IHS or Tribal facilities and medically frail beneficiaries will be exempt from such requirements.
42. **Incentive Benefits.** To the extent an amendment is approved by CMS, Arkansas will offer an additional benefit not otherwise provided under the Alternative Benefit Plan for Arkansas Works beneficiaries who make timely premium payments (if above 100 percent FPL) and engage with a primary care provider (PCP). Arkansas Works beneficiaries with incomes at or below 100 percent FPL and others who are exempt from premiums will be eligible for an incentive benefit at the time the amendment is approved.

VIII. PREMIUMS & COST SHARING

43. **Premiums & Cost Sharing.** Cost sharing for Arkansas Works beneficiaries must be in compliance with federal requirements that are set forth in statute, regulation and policies, including exemptions from cost-sharing set forth in 42 CFR Section 447.56(a).
44. **Premiums & Cost Sharing Parameters for the Arkansas Works Program.** With the approval of this demonstration:
 - a. Beneficiaries up to and including 100 percent of the FPL will have no cost sharing.
 - b. Beneficiaries above 100 percent of the FPL will have cost sharing consistent with Medicaid requirements.

- c. Beneficiaries above 100 percent of the FPL will be required to pay monthly premiums of up to 2 percent of household income.
- d. Premiums and cost-sharing will be subject to an aggregate cap of no more than 5 percent of family monthly or quarterly income.
- e. Cost sharing limitations described in 42 CFR 447.56(a) will be applied to all program beneficiaries.
- f. Copayment and coinsurance amounts will be consistent with federal requirements regarding Medicaid cost sharing and with the state's approved state plan; premium, copayment, and coinsurance amounts are listed in Attachment B.

45. Payment Process for Payment of Cost Sharing Reduction to QHPs. Agreements with QHP issuers may provide for advance monthly cost-sharing reduction (CSR) payments to cover the costs associated with the reduced cost sharing for Arkansas Works beneficiaries. Such payments will be subject to reconciliation at the conclusion of the benefit year based on actual expenditures by the QHP for cost sharing reduction. If a QHP issuer's actuary determines during the benefit year that the estimated advance CSR payments are significantly different than the CSR payments the QHP issuer will be entitled to during reconciliation, the QHP issuer may ask Arkansas' Department of Human Services to adjust the advance payments. Arkansas' reconciliation process will follow 45 CFR Section 156.430 to the extent applicable.

46. Grace Period/Debt Collection. Arkansas Works beneficiaries will have two months from the date of the payment invoice to make the required monthly premium contribution. Arkansas and/or its vendor may attempt to collect unpaid premiums and the related debt from beneficiaries, but may not report the debt to credit reporting agencies, place a lien on an individual's home, refer the case to debt collectors, file a lawsuit, or seek a court order to seize a portion of the individual's earnings for beneficiaries at any income level. The state and/or its vendor may not "sell" the debt for collection by a third party.

IX. APPEALS

47. Beneficiary safeguards of appeal rights will be provided by the State, including fair hearing rights. No waiver will be granted related to appeals. The State must ensure compliance with all federal and State requirements related to beneficiary appeal rights. Pursuant to the Intergovernmental Cooperation Act of 1968, the State has submitted a state plan amendment delegating certain responsibilities to the Arkansas Insurance Department.

X. COMMUNITY ENGAGEMENT REQUIREMENTS

- 48. Overview.** Subject to these STCs, the state will implement a community engagement requirement as a condition of continued eligibility for Arkansas Works members below the age of 50 who are not otherwise subject to an exemption described in STC 49 or 53(a). To maintain Medicaid eligibility, non-exempt members will be required to participate in specified activities that may include employment, education or community services, as specified in these STCs. The work requirements will be implemented no sooner than June 1, 2018, and the state will provide CMS with notice 30 days prior to its implementation.
- 49. Exempt Populations.** The Arkansas Works beneficiaries below are exempt from the community engagement requirements. Beneficiaries who report, in accordance with 42 CFR 435.945(a) that they meet one or more of the following exemptions will not be required to complete community engagement related activities to maintain eligibility:
- Beneficiaries identified as medically frail (under 42 CFR 440.315(f) and as defined in the alternative benefit plan in the state plan)
 - Beneficiaries who are pregnant or 60 days post-partum
 - Full time students
 - Beneficiary is exempt from Supplemental Nutrition Assistance Program (SNAP) community engagement requirements
 - Beneficiary is exempt from Transitional Employment Assistance (TEA)¹ Cash Assistance community engagement requirements
 - Beneficiary receives TEA Cash Assistance
 - Beneficiary is incapacitated in the short-term, is medically certified as physically or mentally unfit for employment, or has an acute medical condition validated by a medical professional that would prevent him or her from complying with the requirements
 - Beneficiary is caring for an incapacitated person
 - Beneficiary lives in a home with his or her minor dependent child age 17 or younger
 - Beneficiary is receiving unemployment benefits
 - Beneficiary is currently participating in a treatment program for alcoholism or drug addiction

Beneficiaries who report that they meet one or more of the above listed exemptions will not be required to complete community engagement related qualifying activities to maintain eligibility. Upon initial notice that a beneficiary must commence community engagement activities, the beneficiary may report an exemption at any time, via electronic submission. Consistent with STC 52, Arkansas will also provide web sites that comply with federal disability rights laws and reasonable accommodations for beneficiaries who are unable to report, or have difficulty reporting, work activities to ensure that they have an equal opportunity to report their participation

¹ Arkansas' Temporary Assistance for Needy Families (TANF) program.

50. Qualifying Activities. Arkansas Works beneficiaries who are not exempt under STC 49 may satisfy their community engagement requirements through a variety of activities, including but not limited to:

- Employment or self-employment, or having an income that is consistent with being employed or self-employed at least 80 hours per month²
- Enrollment in an educational program, including high school, higher education, or GED classes
- Participation in on-the-job training
- Participation in vocational training
- Community Service
- Participation in independent job search (up to 40 hours per month)
- Participation in job search training (up to 40 hours per month)
- Participation in a class on health insurance, using the health system, or healthy living (up to 20 hours per year)
- Participation in activities or programs available through the Arkansas Department of Workforce Services
- Participation in and compliance with SNAP/Transitional Employment Assistance (TEA) employment initiative programs.

51. Hour Requirements. Arkansas Works beneficiaries must complete at least 80 hours per calendar month of one, or any combination, of the qualifying activities listed in STC 50. Beneficiaries will be required to electronically report into the online portal by the 5th of each month for the previous month's qualifying activities. Arkansas will also provide reasonable accommodations to ensure that beneficiaries with disabilities protected by the ADA, Section 504 of the Rehabilitation Act and Section 1557 of the Patient Protection and Affordable Care Act, who are unable to report, or have difficulty reporting, work activities to ensure that they have an equal opportunity to report their participation and therefore to have an equal opportunity to participate in, and benefit from, the program. If the state is unable to provide such a modification to the reporting requirements as required by federal law, then the state must follow the requirements of STC 52, which would require that the state provide a modification in the form of an exemption from participation.

52. Reasonable Modifications. Arkansas must provide reasonable accommodations related to meeting the community engagement requirements for beneficiaries with disabilities protected by the ADA, Section 504 of the Rehabilitation Act and Section 1557 of the Patient Protection and Affordable Care Act, when necessary, to enable them to have an equal opportunity to participate in, and benefit from, the program. The state must also provide reasonable modifications for program protections and procedures, including but not limited to, assistance with demonstrating eligibility for good cause exemptions;

² Arkansas minimum wage is used as a proxy amount to determine this income standard. As of 2017, minimum wage is \$8.50 per hour. Multiplied by 80 hours per month, an individual is considered to be in compliance with the community engagement requirements if they have income or earnings of at least \$736 per month.

appealing disenrollments; documenting community engagement activities and other documentation requirements; understanding notices and program rules related to community engagement requirements; navigating ADA compliant web sites as required by 42 CFR 435.1200(f); and other types of reasonable modifications. The reasonable modifications must include exemptions from participation where an individual is unable to participate or report for disability-related reasons, modification in the number of hours of participation required where an individual is unable to participate for the otherwise-required number of hours, and provision of support services necessary to participate, where participation is possible with supports. In addition, the state should evaluate individuals' ability to participate and the types of reasonable modifications and supports needed.

- 53. Non-Compliance.** Beneficiaries who are subject to community engagement and reporting requirements and do not comply with the requirements will lose eligibility for Arkansas Works consistent with the terms of these STCs. Beneficiaries who submit an appeal request or report a good cause exemption prior to disenrollment will maintain services as provided under 42 CFR 431.230.

Beneficiaries who fail to meet the required community engagement hours or fail to report for any month within a coverage year before they are disenrolled for non-compliance will receive timely and adequate monthly notices in writing to inform them of non-compliance and how to come into compliance.

- a. **Good Cause Exemption.** The state will not count any month of non-compliance with the community engagement requirement or reporting requirements toward the three months under this STC for beneficiaries who demonstrate good cause for failing to meet the community engagement hours otherwise required for that month. The circumstances constituting good cause must have occurred during the month for which the beneficiary is seeking a good cause exemption. . The recognized good cause exemptions include, but are not limited to, at a minimum, the following verified circumstances:
- i. The beneficiary has a disability as defined by the ADA, section 504 of the Rehabilitation Act, or section 1557 of the Patient Protection and Affordable Care Act and was unable to meet the requirement for reasons related to that disability; or has an immediate family member in the home with a disability under federal disability rights laws and was unable to meet the requirement for reasons related to the disability of that family member; or the beneficiary or an immediate family member who was living in the home with the beneficiary experiences a hospitalization or serious illness;
 - ii. The beneficiary experiences the birth, or death, of a family member living with the beneficiary;

- iii. The beneficiary experiences severe inclement weather (including a natural disaster) that renders him or her unable to meet the requirement; or
 - iv. The beneficiary has a family emergency or other life-changing event (e.g., divorce or domestic violence).
- b. **Disenrollment Effective Date.** Disenrollment for non-compliance with the community engagement requirements is effective the first day of the month after proper notice is provided during the third month of non-compliance, unless an appeal is timely filed as specified in STC 54(i) or a good cause exemption is requested as specified in STC 53(a).
- c. **Re-enrollment Following Non-Compliance.** If the beneficiaries are non-compliant with the community engagement requirements or reporting requirements for any three months, eligibility will be terminated until the next plan year, when they must file a new application to receive an eligibility determination. At this time, their previous noncompliance with the community engagement requirement will not be factored into the state's determination of their eligibility. A beneficiary who is disenrolled pursuant to this STC can reapply at any time for coverage and will be eligible to enroll with an effective date consistent with the regulations at 42 CFR. 435.915, (1) if she or he is determined eligible for another eligibility group, or (2) the beneficiary would have qualified for a good cause exemption at the time of disenrollment and Arkansas determines the beneficiary's failure to comply or report compliance was the result of a catastrophic event or circumstances beyond the beneficiary's control. Such beneficiaries who experienced catastrophic events or circumstances beyond their control will receive retroactive coverage to the date coverage ended without need for a new application. Arkansas will act on the request for good cause exemption and, if approved, restore the beneficiary's coverage within 5 business days of receiving the request.

54. Community engagement requirements: State Assurances. Prior to implementation of community engagement requirements as a condition of eligibility, the state will:

- a. Maintain mechanisms to stop payments to a QHP when a beneficiary is terminated for failure to comply with program requirements.
- b. Ensure that there are processes and procedures in place to seek data from other sources including SNAP and Temporary Assistance for Needy Families (TANF), and that the state uses available systems and data sources to verify that beneficiaries are meeting community engagement requirements.
- c. To the extent that it is required by SNAP, beneficiaries who participate in both SNAP and Arkansas Works will have the option of reporting community engagement activities through either program. If a beneficiary reports activities through SNAP, Arkansas will transfer the individual's file to Arkansas Works to

satisfy reporting for both programs. In accordance with all applicable federal and state reporting requirements, beneficiaries enrolled in and compliant with a SNAP work requirement, as well as individuals exempt from a SNAP work requirement, will be considered to be complying with the Arkansas Works community engagement requirements without further need to report.

- d. Ensure that there are timely and adequate beneficiary notices provided in writing, including but not limited to:
 - i. When community engagement requirements will commence for that specific beneficiary;
 - ii. Whether a beneficiary is exempt, how the beneficiary must apply for and document that she or he meets the requirements for an exemption, and under what conditions the exemption would end;
 - iii. Information about resources that help connect beneficiaries to opportunities for activities that would meet the community engagement requirement, and information about the community supports that are available to assist beneficiaries in meeting community engagement requirements;
 - iv. Information about how community engagement hours will be counted and documented;
 - v. What gives rise to disenrollment, what disenrollment would mean for the beneficiary, including how it could affect redetermination, and how to avoid disenrollment, including how to apply for a good cause exemption and what kinds of circumstances might give rise to good cause;
 - vi. If a beneficiary is not in compliance for a particular month, that the beneficiary is out of compliance, and, if applicable, how the beneficiary can be in compliance in the month immediately following;
 - vii. If a beneficiary has eligibility denied, how to appeal, and how to access primary and preventive care during the non-eligibility period.
 - viii. If a beneficiary has requested a good cause exemption, that the good cause exemption has been approved or denied, with an explanation of the basis for the decision and how to appeal a denial.
- e. Conduct active outreach and education beyond standard noticing for Arkansas Works beneficiaries for successful compliance with community engagement requirements as clients move toward self-sufficiency and economic security.

- f. Ensure the state will assess areas within the state that experience high rates of unemployment, areas with limited economies and/or educational opportunities, and areas with lack of public transportation to determine whether there should be further exemptions or alternative compliance standards from the community engagement requirements and/or additional mitigation strategies, so that the community engagement requirements will not be impossible or unreasonably burdensome for beneficiaries to meet in impacted areas.
- g. Develop and maintain an ongoing partnership with the Arkansas Department of Workforce Services to assist Arkansas Works recipients with complying with community engagement requirements and moving toward self-sufficiency.
- h. Leverage the ongoing partnership with QHPs participating in the Arkansas Works premium assistance model for continued outreach, education and encouragement to comply with community engagement requirements.
- i. Provide full appeal rights, consistent with all federal statute and regulation, prior to disenrollment and observe all requirements for due process for beneficiaries who will be disenrolled for failing to comply with the applicable community engagement requirements, including allowing beneficiaries the opportunity to raise additional issues in a hearing (in addition to whether the beneficiary should be subject to termination) or provide additional documentation through the appeals process.
- j. Maintain timely processing of applications to avoid further delays in accessing benefits once the disenrollment period is over.
- k. If a beneficiary has requested a good cause exemption, the state must provide timely notice that the good cause exemption has been approved or denied, with an explanation of the basis for the decision and how to appeal a denial.
- l. Comply with the screening and eligibility determination requirements in 42 CFR 435.916(f).
- m. Establish beneficiary protections, including assuring that Arkansas Works beneficiaries do not have to duplicate requirements to maintain access to all public assistance programs that require community engagement and employment.
- n. With the assistance of other state agencies including the Arkansas Department of Workforce Services and other public and private partners, DHS will make good faith efforts to screen, identify, and connect Arkansas Works beneficiaries to existing community supports that are available to assist beneficiaries in meeting community engagement requirements, including available non-Medicaid assistance with transportation, child care, language access services and other supports; and connect beneficiaries with disabilities as defined in the ADA, section 504 of the Rehabilitation Act, or section 1557 of the Patient Protection

and Affordable Care Act with services and supports necessary to enable them to meet and report compliance with community engagement requirements.

- o. The State makes the general assurance that it is in compliance with protections for beneficiaries with disabilities under ADA, section 504 of the Rehabilitation Act, or section 1557 of the Patient Protection and Affordable Care Act.
- p. Consider the impact of any reporting obligations on persons without access to the Internet. To the extent practicable, the State shall ensure that the availability of Medicaid services will not be diminished under this demonstration for individuals who lack access to the Internet.
- q. The state will provide each beneficiary who has been disenrolled from Arkansas Works with information on how to access primary care and preventative care services at low or no cost to the individual. This material will include information about free health clinics and community health centers including clinics that provide behavioral health and substance use disorder services. Arkansas shall also maintain such information on its public-facing website and employ other broad outreach activities that are specifically targeted to beneficiaries who have lost coverage.
- r. The state must submit an eligibility and enrollment monitoring plan within 90 calendar days after approval of the community engagement amendment of this demonstration. CMS will work with the state if we determine changes are necessary to the state's submission, or if issues are identified as part of the review. Once approved, the eligibility and enrollment monitoring plan will be incorporated into the STCs as Attachment A. The state will provide status updates on the implementation of the eligibility and enrollment monitoring plan in the quarterly reports. Should the state wish to make additional changes to the eligibility and enrollment monitoring plan, the state should submit a revised plan to CMS for review and approval. The state may not take adverse action on a beneficiary for failing to complete community engagement requirements until CMS has reviewed and approved the revised eligibility and enrollment monitoring plan for completeness and determined that the state has addressed all of the required elements in a reasonable manner.

Plan Requirements. At a minimum, the eligibility and enrollment monitoring plan will describe the strategic approach and detailed project implementation plan, including metrics, timetables and programmatic content where applicable, for defining and addressing how the state will comply with the assurances described in these STCs, as well as the assurances listed within this STC. Where possible, metrics baselines will be informed by state data, and targets will be benchmarked against performance in best practice settings.

- i. Send timely and accurate notices to beneficiaries, including sufficient ability for beneficiaries to respond to notices.

- ii. Assure application assistance is available to beneficiaries (in person and by phone).
- iii. Assure processes are in place to accurately identify including but not limited to the following data points :
 - a. Number and percentage of individuals required to report each month
 - b. Number and percentage of beneficiaries who are exempt from the community engagement requirement.
 - c. Number and percentage of beneficiaries requesting good cause exemptions from reporting requirements
 - d. Number and percentage of beneficiaries granted good cause exemption from reporting requirements
 - e. Number and percentage of beneficiaries who requested reasonable accommodations
 - f. Number and percentage and type of reasonable accommodations provided to beneficiaries
 - g. Number and percentage of beneficiaries disenrolled for failing to comply with community engagement requirements
 - h. Number and percentage of beneficiaries disenrolled for failing to report
 - i. Number and percentage of beneficiaries disenrolled for not meeting community engagement and reporting requirements
 - j. Number and percentage of community engagement appeal requests from beneficiaries
 - k. Number, percentage and type of community engagement good cause exemptions requested
 - l. Number, percentage and type of community engagement good cause exemptions granted
 - m. Number, percentage and type of reporting good cause exemptions requested

- n. Number, percentage and type of reporting good cause exemptions granted
 - o. Number and percentage of applications made in-person, via phone, via mail and electronically.
- iv. Maintain an annual renewal process, including systems to complete ex parte renewals and use of notices that contain prepopulated information known to the state, consistent with all applicable Medicaid requirements.
- v. Maintain ability to report on and process applications in-person, via phone, via mail and electronically.
- vi. Maintain compliance with coordinated agency responsibilities under 42 CFR 435.120, including the community engagement online portal under 42 CFR 435.1200(f)(2).
- vii. Assure timeliness of transfers between Medicaid and other insurance programs at any determination, including application, renewal, or non-eligibility period.
- viii. The state's plan to implement an outreach strategy to inform beneficiaries how to report compliance with the community engagement requirements including how monthly notices will provide information on resources available to beneficiaries who may require assistance reporting community engagement activities.

XI. GENERAL REPORTING REQUIREMENTS

55. Deferral for Failure to Submit Timely Demonstration Deliverables. The state agrees that CMS may issue deferrals in the amount of \$5,000,000 (federal share) per deliverable when items required by these STCs (e.g., required data elements, analyses, reports, design documents, presentations, and other items specified in these STCs (hereafter singly or collectively referred to as “deliverable(s)”) are not submitted timely to CMS or are found to not be consistent with the requirements approved by CMS.

- a. Thirty (30) days after the deliverable was due, CMS will issue a written notification to the state providing advance notification of a pending deferral for late or non-compliant submissions of required deliverables.
- b. For each deliverable, the state may submit a written request for an extension in which to submit the required deliverable. Extension requests that extend beyond the fiscal quarter in which the deliverable was due must include a Corrective Action Plan (CAP).
 - i. CMS may decline the extension request.

- ii. Should CMS agree in writing to the state's request, a corresponding extension of the deferral process described below can be provided.
 - iii. If the state's request for an extension includes a CAP, CMS may agree to or further negotiate the CAP as an interim step before applying the deferral.
 - c. The deferral would be issued against the next quarterly expenditure report following the written deferral notification.
 - d. When the state submits the overdue deliverable(s) that are accepted by CMS, the deferral(s) will be released.
 - e. As the purpose of a section 1115 demonstration is to test new methods of operation or service delivery, a state's failure to submit all required reports, evaluations and other deliverables may preclude a state from renewing a demonstration or obtaining a new demonstration.
 - f. CMS will consider with the state an alternative set of operational steps for implementing the intended deferral to align the process with the state's existing deferral process, for example the structure of the state request for an extension, what quarter the deferral applies to, and how the deferral is released.
- 56. Post Award Forum.** Pursuant to 42 CFR 431.420(c), within six months of the demonstration's implementation, and annually thereafter, the state shall afford the public with an opportunity to provide meaningful comment on the progress of the demonstration. At least 30 days prior to the date of the planned public forum, the state must publish the date, time and location of the forum in a prominent location on its website. Pursuant to 42 CFR 431.420(c), the state must include a summary of the comments in the Quarterly Report associated with the quarter in which the forum was held, as well as in its compiled Annual Report.
- 57. Electronic Submission of Reports.** The state shall submit all required plans and reports using the process stipulated by CMS, if applicable.
- 58. Compliance with Federal Systems Innovation.** As federal systems continue to evolve and incorporate 1115 demonstration reporting and analytics, the state will work with CMS to:
- a. Revise the reporting templates and submission processes to accommodate timely compliance with the requirements of the new systems;
 - b. Ensure all 1115, T-MSIS, and other data elements that have been agreed to are provided; and

- c. Submit the monitoring reports and evaluation reports to the appropriate system as directed by CMS.

XII. GENERAL FINANCIAL REQUIREMENTS

This project is approved for Title XIX expenditures applicable to services rendered during the demonstration period. This section describes the general financial requirements for these expenditures.

- 59. Quarterly Expenditure Reports.** The State must provide quarterly Title XIX expenditure reports using Form CMS-64, to separately report total Title XIX expenditures for services provided through this demonstration under section 1115 authority. CMS shall provide Title XIX FFP for allowable demonstration expenditures, only as long as they do not exceed the pre-defined limits on the costs incurred, as specified in section XIII of the STCs.
- 60. Reporting Expenditures under the Demonstration.** The following describes the reporting of expenditures subject to the budget neutrality agreement:
 - a. **Tracking Expenditures.** In order to track expenditures under this demonstration, the State will report demonstration expenditures through the Medicaid and State Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in section 2500 and Section 2115 of the SMM. All demonstration expenditures subject to the budget neutrality limit must be reported each quarter on separate forms CMS-64.9 Waiver and/or 64.9P Waiver, identified by the demonstration project number assigned by CMS (including the project number extension, which indicates the DY in which services were rendered or for which capitation payments were made). For monitoring purposes, and consistent with annual CSR reconciliation, cost settlements must be recorded on the appropriate prior period adjustment schedules (forms CMS-64.9 Waiver) for the summary line 10B, in lieu of lines 9 or 10C. For any other cost settlements (i.e., those not attributable to this demonstration), the adjustments should be reported on lines 9 or 10C, as instructed in the SMM. The term, "expenditures subject to the budget neutrality limit," is defined below in STC 67.
 - b. **Cost Settlements.** For monitoring purposes, and consistent with annual CSR reconciliation, cost settlements attributable to the demonstration must be recorded on the appropriate prior period adjustment schedules (forms CMS-64.9P Waiver) for the summary sheet line 10B, in lieu of lines 9 or 10C. For any cost settlement not attributable to this demonstration, the adjustments should be reported as otherwise instructed in the SMM.
 - c. **Premium and Cost Sharing Contributions.** Premiums and other applicable cost sharing contributions from beneficiaries that are collected by the state from beneficiaries under the demonstration must be reported to CMS each quarter on

Form CMS-64 summary sheet line 9.D, columns A and B. In order to assure that these collections are properly credited to the demonstration, premium and cost-sharing collections (both total computable and federal share) should also be reported separately by DY on the form CMS-64 narrative. In the calculation of expenditures subject to the budget neutrality expenditure limit, premium collections applicable to demonstration populations will be offset against expenditures. These section 1115 premium collections will be included as a manual adjustment (decrease) to the demonstration's actual expenditures on a quarterly basis.

- d. **Pharmacy Rebates.** Pharmacy rebates are not considered here as this program is not eligible.
- e. **Use of Waiver Forms for Medicaid.** For each DY, separate Forms CMS-64.9 Waiver and/or 64.9P Waiver shall be submitted reporting expenditures for individuals enrolled in the demonstration, subject to the budget neutrality limit (Section XII of these STCs). The State must complete separate waiver forms for the following eligibility groups/waiver names:
 - i. MEG 1 - "New Adult Group"
- f. The first Demonstration Year (DY1) will begin on January 1, 2014. Subsequent DYs will be defined as follows:

Table 2 Demonstration Populations

Demonstration Year 1 (DY1)	January 1, 2014	12 months
Demonstration Year 2 (DY2)	January 1, 2015	12 months
Demonstration Year 3 (DY3)	January 1, 2016	12 months
Demonstration Year 4 (DY4)	January 1, 2017	12 months
Demonstration Year 5 (DY5)	January 1, 2018	12 months
Demonstration Year 6 (DY6)	January 1, 2019	12 months
Demonstration Year 7 (DY7)	January 1, 2020	12 months
Demonstration Year 8 (DY8)	January 1, 2021	12 months

- 61. **Administrative Costs.** Administrative costs will not be included in the budget neutrality limit, but the State must separately track and report additional administrative costs that

are directly attributable to the demonstration, using Forms CMS-64.10 Waiver and/or 64.10P Waiver, with waiver name Local Administration Costs (“ADM”).

62. **Claiming Period.** All claims for expenditures subject to the budget neutrality limit (including any cost settlements resulting from annual reconciliation) must be made within 2 years after the calendar quarter in which the State made the expenditures. Furthermore, all claims for services during the demonstration period (including any cost settlements) must be made within 2 years after the conclusion or termination of the demonstration. During the latter 2-year period, the State must continue to identify separately net expenditures related to dates of service during the operation of the section 1115 demonstration on the Form CMS-64 and Form CMS-21 in order to properly account for these expenditures in determining budget neutrality.
63. **Reporting Member Months.** The following describes the reporting of member months for demonstration populations:
 - a. For the purpose of calculating the budget neutrality expenditure cap and for other purposes, the State must provide to CMS, as part of the quarterly report required under STC 86, the actual number of eligible member months for the demonstration populations defined in STC 17. The State must submit a statement accompanying the quarterly report, which certifies the accuracy of this information. To permit full recognition of “in-process” eligibility, reported counts of member months may be subject to revisions after the end of each quarter. Member month counts may be revised retrospectively as needed.
 - b. The term “eligible member months” refers to the number of months in which persons are eligible to receive services. For example, a person who is eligible for three months contributes three eligible member months to the total. Two individuals who are eligible for two months each contribute two eligible member months to the total, for a total of four eligible member months.
64. **Standard Medicaid Funding Process.** The standard Medicaid funding process must be used during the demonstration. The State must estimate matchable demonstration expenditures (total computable and federal share) subject to the budget neutrality expenditure cap and separately report these expenditures by quarter for each federal fiscal year on the Form CMS-37 for both the Medical Assistance Payments (MAP) and State and Local Administration Costs (ADM). CMS will make federal funds available based upon the State’s estimate, as approved by CMS. Within 30 days after the end of each quarter, the State must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. The CMS will reconcile expenditures reported on the Form CMS-64 quarterly with federal funding previously made available to the State, and include the reconciling adjustment in the finalization of the grant award to the State.
65. **Extent of FFP for the Demonstration.** Subject to CMS approval of the source(s) of the non-federal share of funding, CMS will provide FFP at the applicable federal matching

rate for the demonstration as a whole as outlined below, subject to the limits described in STC 66:

- a. Administrative costs, including those associated with the administration of the demonstration.
- b. Net expenditures and prior period adjustments of the Medicaid program that are paid in accordance with the approved State plan.
- c. Medical Assistance expenditures made under section 1115 demonstration authority, including those made in conjunction with the demonstration, net of enrollment fees, cost sharing, pharmacy rebates, and all other types of third party liability or CMS payment adjustments.

66. Sources of Non-Federal Share. The State must certify that the matching non-federal share of funds for the demonstration is state/local monies. The State further certifies that such funds shall not be used as the match for any other federal grant or contract, except as permitted by law. All sources of non-federal funding must be compliant with section 1903(w) of the Act and applicable regulations. In addition, all sources of the non-federal share of funding are subject to CMS approval.

- a. CMS may review the sources of the non-federal share of funding for the demonstration at any time. The State agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.
- b. Any amendments that impact the financial status of the program shall require the State to provide information to CMS regarding all sources of the non-federal share of funding.
- c. The State assures that all health care-related taxes comport with section 1903(w) of the Act and all other applicable federal statutory and regulatory provisions, as well as the approved Medicaid State plan.

67. State Certification of Funding Conditions. The State must certify that the following conditions for non-federal share of demonstration expenditures are met:

- a. Units of government, including governmentally operated health care providers, may certify that State or local tax dollars have been expended as the non-federal share of funds under the demonstration.
- b. To the extent the State utilizes certified public expenditures (CPEs) as the funding mechanism for Title XIX (or under section 1115 authority) payments, CMS must approve a cost reimbursement methodology. This methodology must include a detailed explanation of the process by which the State would identify those costs eligible under Title XIX (or under section 1115 authority) for purposes of certifying public expenditures.

- c. To the extent the State utilizes CPEs as the funding mechanism to claim federal match for payments under the demonstration, governmental entities to which general revenue funds are appropriated must certify to the State the amount of such tax revenue (State or local) used to satisfy demonstration expenditures. The entities that incurred the cost must also provide cost documentation to support the State's claim for federal match.
- d. The State may use intergovernmental transfers to the extent that such funds are derived from State or local tax revenues and are transferred by units of government within the State. Any transfers from governmentally operated health care providers must be made in an amount not to exceed the non-federal share of Title XIX payments.
- e. Under all circumstances, health care providers must retain 100 percent of the reimbursement amounts claimed by the State as demonstration expenditures. Moreover, no pre-arranged agreements (contractual or otherwise) may exist between the health care providers and the State and/or local government to return and/or redirect any portion of the Medicaid payments. This confirmation of Medicaid payment retention is made with the understanding that payments that are the normal operating expenses of conducting business (such as payments related to taxes - including health care provider-related taxes - fees, and business relationships with governments that are unrelated to Medicaid and in which there is no connection to Medicaid payments) are not considered returning and/or redirecting a Medicaid payment.

XIII. MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION

- 68. Limit on Title XIX Funding.** The State shall be subject to a limit on the amount of federal Title XIX funding that the State may receive on selected Medicaid expenditures during the period of approval of the demonstration. The limit is determined by using the per capita cost method described in STC 69, and budget neutrality expenditure limits are set on a yearly basis with a cumulative budget neutrality expenditure limit for the length of the entire demonstration. The data supplied by the State to CMS to set the annual caps is subject to review and audit, and if found to be inaccurate, will result in a modified budget neutrality expenditure limit. CMS' assessment of the State's compliance with these annual limits will be done using the Schedule C report from the CMS-64.
- 69. Risk.** The State will be at risk for the per capita cost (as determined by the method described below) for demonstration populations as defined in STC 70, but not at risk for the number of beneficiaries in the demonstration population. By providing FFP without regard to enrollment in the demonstration populations, CMS will not place the State at risk for changing economic conditions that impact enrollment levels. However, by placing the State at risk for the per capita costs of current eligibles, CMS assures that the demonstration expenditures do not exceed the levels that would have been realized had there been no demonstration.

- 70. Calculation of the Budget Neutrality Limit.** For the purpose of calculating the overall budget neutrality limit for the demonstration, separate annual budget limits will be calculated for each DY on a total computable basis, as described in STC 70 below. The annual limits will then be added together to obtain a budget neutrality limit for the entire demonstration period. The federal share of this limit will represent the maximum amount of FFP that the State may receive during the demonstration period for the types of demonstration expenditures described below. The federal share will be calculated by multiplying the total computable budget neutrality limit by the Composite Federal Share, which is defined in STC 71 below.
- 71. Demonstration Populations Used to Calculate the Budget Neutrality Limit.** For each DY, separate annual budget limits of demonstration service expenditures will be calculated as the product of the trended monthly per person cost times the actual number of eligible/member months as reported to CMS by the State under the guidelines set forth in STC 73. The trend rates and per capita cost estimates for each Mandatory Enrollment Group (MEG) for each year of the demonstration are listed in the table below.

Table 3 Per Capita Cost Estimate

MEG	TREND	DY 4 - PMPM	DY 5 - PMPM	DY 6 - PMPM	DY 7 - PMPM	DY 8 - PMPM
New Adult Group	4.7%	\$570.50	\$597.32	\$625.39	\$654.79	\$685.56

- a. If the State's experience of the take up rate for the new adult group and other factors that affect the costs of this population indicates that the PMPM limit described above in paragraph (a) may underestimate the actual costs of medical assistance for the new adult group, the State may submit an adjustment to paragraph (a), along with detailed expenditure data to justify this, for CMS review without submitting an amendment pursuant to STC 7. Adjustments to the PMPM limit for a demonstration year must be submitted to CMS by no later than October 1 of the demonstration year for which the adjustment would take effect.
 - b. The budget neutrality cap is calculated by taking the PMPM cost projection for the above group in each DY, times the number of eligible member months for that group and DY, and adding the products together across DYs. The federal share of the budget neutrality cap is obtained by multiplying total computable budget neutrality cap by the federal share.
 - c. The State will not be allowed to obtain budget neutrality "savings" from this population.
- 72. Composite Federal Share Ratio.** The Composite Federal Share is the ratio calculated by dividing the sum total of federal financial participation (FFP) received by the State on actual demonstration expenditures during the approval period, as reported through the MBES/CBES and summarized on Schedule C (with consideration of additional allowable

demonstration offsets such as, but not limited to, premium collections) by total computable demonstration expenditures for the same period as reported on the same forms. Should the demonstration be terminated prior to the end of the extension approval period (see STC 9), the Composite Federal Share will be determined based on actual expenditures for the period in which the demonstration was active. For the purpose of interim monitoring of budget neutrality, a reasonable estimate of Composite Federal Share may be developed and used through the same process or through an alternative mutually agreed upon method.

- 73. Future Adjustments to the Budget Neutrality Expenditure Limit.** CMS reserves the right to adjust the budget neutrality expenditure limit to be consistent with enforcement of impermissible provider payments, health care related taxes, new federal statutes, or policy interpretations implemented through letters, memoranda, or regulations with respect to the provision of services covered under the demonstration.
- 74. Enforcement of Budget Neutrality.** CMS shall enforce budget neutrality over the life of the demonstration rather than on an annual basis. However, if the State's expenditures exceed the calculated cumulative budget neutrality expenditure cap by the percentage identified below for any of the demonstration years, the State must submit a corrective action plan to CMS for approval. The State will subsequently implement the approved corrective action plan.

Table 4 Cap Thresholds

Year	Cumulative target definition	Percentage
DY 4	Cumulative budget neutrality limit plus:	0%
DY 5	Cumulative budget neutrality limit plus:	0%
DY 6	Cumulative budget neutrality limit plus:	0%
DY 7	Cumulative budget neutrality limit plus:	0%
DY 8	Cumulative budget neutrality limit plus:	0%

- 75. Exceeding Budget Neutrality.** If at the end of the demonstration period the cumulative budget neutrality limit has been exceeded, the excess federal funds will be returned to CMS. If the demonstration is terminated prior to the end of the budget neutrality agreement, an evaluation of this provision will be based on the time elapsed through the termination date.
- 76. Impermissible DSH, Taxes or Donations.** The CMS reserves the right to adjust the budget neutrality expenditure limit in order to be consistent with enforcement of impermissible provider payments, health care related taxes, new federal statutes, or with policy interpretations implemented through letters, memoranda, or regulations. CMS reserves

the right to make adjustments to the budget neutrality expenditure limit if CMS determines that any health care-related tax that was in effect during the base year, or provider-related donation that occurred during the base year, is in violation of the provider donation and health care related tax provisions of Section 1903(w) of the Act. Adjustments to the budget neutrality agreement will reflect the phase-out of impermissible provider payments by law or regulation, where applicable.

XIV. EVALUATION

- 77. Evaluation Design and Implementation.** The State shall submit a draft evaluation design for Arkansas Works to CMS no later than 120 days after the award of the demonstration amendment. Such revisions to the evaluation design and the STCs shall not affect previously established timelines for report submission for the Health Care Independence Program. The state must submit a final evaluation design within 60 days after receipt of CMS' comments. Upon CMS approval of the evaluation design, the state must implement the evaluation design and submit their evaluation implementation progress in each of the quarterly and annual progress reports, including the rapid cycle assessments as outlined in the Monitoring Section of these STCs. The final evaluation design will be included as an attachment to the STCs. Per 42 CFR 431.424(c), the state will publish the approved evaluation design within 30 days of CMS approval.
- 78. Evaluation Budget.** A budget for the evaluation shall be provided with the evaluation design. It will include the total estimated cost, as well as a breakdown of estimated staff, administrative and other costs for all aspects of the evaluation such as any survey and measurement development, quantitative and qualitative data collection and cleaning, analyses, and reports generation. A justification of the costs may be required by CMS if the estimates provided do not appear to sufficiently cover the costs of the design or if CMS finds that the design is not sufficiently developed.
- 79. Cost-effectiveness.** While not the only purpose of the evaluation, the core purpose of the evaluation is to support a determination as to whether the preponderance of the evidence about the costs and effectiveness of the Arkansas Works Demonstration using premium assistance when considered in its totality demonstrates cost effectiveness taking into account both initial and longer term costs and other impacts such as improvements in service delivery and health outcomes.
- a. The evaluation will explore and explain through developed evidence the effectiveness of the demonstration for each hypothesis, including total costs in accordance with the evaluation design as approved by CMS.
 - b. Included in the evaluation will be examinations using a robust set of measures of provider access and clinical quality measures under the Arkansas Works demonstration compared to what would have happened for a comparable population in Medicaid fee-for-service.

- c. The State will compare total costs under the Arkansas Works demonstration to costs of what would have happened under a traditional Medicaid expansion. This will include an evaluation of provider rates, healthcare utilization and associated costs, and administrative expenses over time.
- d. The State will compare changes in access and quality to associated changes in costs within the Arkansas Works. To the extent possible, component contributions to changes in access and quality and their associated levels of investment in Arkansas will be determined and compared to improvement efforts undertaken in other delivery systems.

80. Evaluation Requirements. The demonstration evaluation will meet the prevailing standards of scientific and academic rigor, as appropriate and feasible for each aspect of the evaluation, including standards for the evaluation design, conduct, and interpretation and reporting of findings. The demonstration evaluation will use the best available data; use controls and adjustments for and reporting of the limitations of data and their effects on results; and discuss the generalizability of results.

The State shall acquire an independent entity to conduct the evaluation. The evaluation design shall discuss the State's process for obtaining an independent entity to conduct the evaluation, including a description of the qualifications the entity must possess, how the State will assure no conflict of interest, and a budget for evaluation activities.

81. Evaluation Design. The Evaluation Design shall include the following core components to be approved by CMS:

- a. **Research questions and hypotheses:** This includes a statement of the specific research questions and testable hypotheses that address the goals of the demonstration. At a minimum, the research questions shall address the goals of improving access, reducing churning, improving quality of care thereby leading to enhanced health outcomes, and lowering costs. The research questions will have appropriate comparison groups and may be studied in a time series. The analyses of these research questions will provide the basis for a robust assessment of cost effectiveness.

The following are among the hypotheses to be considered in development of the evaluation design and will be included in the design as appropriate. Additional hypotheses relative to the new and revised components of the demonstration will also be included in the state's evaluation design.

- i. Premium Assistance beneficiaries will have equal or better access to care, including primary care and specialty physician networks and services.
- ii. Premium Assistance beneficiaries will have equal or better access to preventive care services.
- iii. Premium Assistance beneficiaries will have lower non-emergent use of emergency room services.

- iv. Premium Assistance beneficiaries will have fewer gaps in insurance coverage.
- v. Premium Assistance beneficiaries will maintain continuous access to the same health plans, and will maintain continuous access to providers.
- vi. Premium Assistance beneficiaries, including those who become eligible for Exchange Marketplace coverage, will have fewer gaps in plan enrollment, improved continuity of care, and resultant lower administrative costs.
- vii. Premium Assistance beneficiaries will have lower rates of potentially preventable emergency department and hospital admissions.
- viii. Premium assistance beneficiaries will report equal or better satisfaction in the care provided.
- ix. Premium Assistance beneficiaries who are young adults eligible for EPSDT benefits will have at least as satisfactory and appropriate access to these benefits.
- x. Premium Assistance beneficiaries will have appropriate access to non-emergency transportation.
- xi. Premium Assistance will reduce overall premium costs in the Exchange Marketplace and will increase quality of care.
- xii. The cost for covering Premium Assistance beneficiaries will be comparable to what the costs would have been for covering the same expansion group in Arkansas Medicaid fee-for-service in accordance with STC 77 on determining cost effectiveness and other requirements in the evaluation design as approved by CMS.
- xiii. Incentive benefits offered to Arkansas Works beneficiaries will increase primary care utilization.

These hypotheses should be addressed in the demonstration reporting described in STC 86 and 87 with regard to progress towards the expected outcomes.

b. Data: This discussion shall include:

- i. A description of the data, including a definition/description of the sources and the baseline values for metrics/measures;
- ii. Method of data collection;
- iii. Frequency and timing of data collection.

The following shall be considered and included as appropriate:

- i. Medicaid encounters and claims data;
- ii. Enrollment data; and
- iii. Consumer and provider surveys

- c. **Study Design:** The design will include a description of the quantitative and qualitative study design, including a rationale for the methodologies selected. The discussion will include a proposed baseline and approach to comparison; examples to be considered as appropriate include the definition of control and/or comparison groups or within-subjects design, use of propensity score matching and difference in differences design to adjust for differences in comparison populations over time. To the extent possible, the former will address how the effects of the demonstration will be isolated from those other changes occurring in the state at the same time through the use of comparison or control groups to identify the impact of significant aspects of the demonstration. The discussion will include approach to benchmarking, and should consider applicability of national and state standards. The application of sensitivity analyses as appropriate shall be considered
- d. **Study Population:** This includes a clear description of the populations impacted by each hypothesis, as well as the comparison population, if applicable. The discussion may include the sampling methodology for the selected population, as well as support that a statistically reliable sample size is available.
- e. **Access, Service Delivery Improvement, Health Outcome, Satisfaction and Cost Measures:** This includes identification, for each hypothesis, of quantitative and/or qualitative process and/or outcome measures that adequately assess the effectiveness of the demonstration. Nationally recognized measures may be used where appropriate. Measures will be clearly stated and described, with the numerator and dominator clearly defined. To the extent possible, the State may incorporate comparisons to national data and/or measure sets. A broad set of performance metrics may be selected from nationally recognized metrics, for example from sets developed by the Center for Medicare and Medicaid Innovation, for meaningful use under HIT, and from the Medicaid Core Adult sets. Among considerations in selecting the metrics shall be opportunities identified by the State for improving quality of care and health outcomes, and controlling cost of care.
- f. **Assurances Needed to Obtain Data:** The design report will discuss the State's arrangements to assure needed data to support the evaluation design are available.
- g. **Data Analysis:** This includes a detailed discussion of the method of data evaluation, including appropriate statistical methods that will allow for the effects of the demonstration to be isolated from other initiatives occurring in the State. The level of analysis may be at the beneficiary, provider, and program level, as appropriate, and shall include population stratifications, for further depth. Sensitivity analyses may be used when appropriate. Qualitative analysis methods may also be described, if applicable.
- h. **Timeline:** This includes a timeline for evaluation-related milestones, including those related to procurement of an outside contractor, and the deliverables

outlined in this section. Pursuant to 42 CFR 431.424(c)(v), this timeline should also include the date by which the final summative evaluation report is due.

- i. **Evaluator:** This includes a discussion of the State's process for obtaining an independent entity to conduct the evaluation, including a description of the qualifications that the selected entity must possess; how the state will assure no conflict of interest, and a budget for evaluation activities.
- j. **State additions:** The state may provide to CMS any other information pertinent to the state's research on the policy operations of the demonstration operations. The state and CMS may discuss the scope of information necessary to clarify what is pertinent to the state's research.

82. Interim Evaluation Report. The state must submit a draft Interim Evaluation Report one year prior to this renewal period ending December 31, 2021. The Interim Evaluation Report shall include the same core components as identified in STC 81 for the Summative Evaluation Report and should be in accordance with the CMS approved evaluation design. The State shall submit the final Interim Evaluation Report within 30 days after receipt of CMS' comments. The state will submit an Interim Evaluation Report for the completed years of the demonstration, and for each subsequent renewal or extension of the demonstration, as outlined in 42 CFR 431.412(c)(2)(vi). When submitting an application for renewal, the Interim Evaluation Report should be posted to the state's website with the application for public comment. Also refer to Attachment C for additional information on the Interim Evaluation Report.

- a. The Interim Evaluation Report will discuss evaluation progress and present findings to date as per the approved Evaluation Design.
- b. For demonstration authority that expires prior to the overall demonstration's expiration date, the Interim Evaluation Report must include an evaluation of the authority as approved by CMS.
- c. If the state is seeking to renew or extend the demonstration, the draft Interim Evaluation Report is due when the application for renewal is submitted. If the state made changes to the demonstration, the research questions, hypotheses and how the design was adapted should be included. If the state is not requesting a renewal for a demonstration, an Interim Evaluation report is due one (1) year prior to the end of the demonstration. For demonstration phase outs prior to the expiration of the approval period, the draft Interim Evaluation Report is due to CMS on the date that will be specified in the notice of termination or suspension.
- d. The state will submit the final Interim Evaluation Report sixty (60) days after receiving CMS comments on the draft Interim Evaluation Report and post the document to the state's website.
- e. The Interim Evaluation Report must comply with Attachment B of these STCs.

83. Summative Evaluation Reports.

- a. The state shall provide the summative evaluation reports described below to capture the different demonstration periods.
 - i. The state shall provide a Summative Evaluation Report for the Arkansas Private Option demonstration period September 27, 2013 through December 31, 2016. This Summative Evaluation Report is due July 1, 2018, i.e., eighteen months following the date by which the demonstration would have ended except for this extension.
 - ii. The state shall submit a draft summative evaluation report for the Arkansas Works demonstration period starting January 1, 2017 through December 31, 2021. The draft summative evaluation report must be submitted within 18 months of the end of the approved period (December 31, 2021). The summative evaluation report must include the information in the approved evaluation design.
 - a. Unless otherwise agreed upon in writing by CMS, the state shall submit the final summative evaluation report within 60 days of receiving comments from CMS on the draft.
 - b. The final summative evaluation report must be posted to the state's Medicaid website within 30 days of approval by CMS.
- b. The Summative Evaluation Report shall include the following core components:
 - i. **Executive Summary.** This includes a concise summary of the goals of the demonstration; the evaluation questions and hypotheses tested; and key findings including whether the evaluators find the demonstration to be budget neutral and cost effective, and policy implications.
 - ii. **Demonstration Description.** This includes a description of the demonstration programmatic goals and strategies, particularly how they relate to budget neutrality and cost effectiveness.
 - iii. **Study Design.** This includes a discussion of the evaluation design employed including research questions and hypotheses; type of study design; impacted populations and stakeholders; data sources; and data collection; analysis techniques, including controls or adjustments for differences in comparison groups, controls for other interventions in the State and any sensitivity analyses, and limitations of the study.

- iv. **Discussion of Findings and Conclusions.** This includes a summary of the key findings and outcomes, particularly a discussion of cost effectiveness, as well as implementation successes, challenges, and lessons learned.
 - v. **Policy Implications.** This includes an interpretation of the conclusions; the impact of the demonstration within the health delivery system in the State; the implications for State and Federal health policy; and the potential for successful demonstration strategies to be replicated in other State Medicaid programs.
 - vi. **Interactions with Other State Initiatives.** This includes a discussion of this demonstration within an overall Medicaid context and long range planning, and includes interrelations of the demonstration with other aspects of the State's Medicaid program, and interactions with other Medicaid waivers, the SIM award and other federal awards affecting service delivery, health outcomes and the cost of care under Medicaid.
- 84. State Presentations for CMS.** The State will present to and participate in a discussion with CMS on the final design plan, post approval, in conjunction with STC 75. The State will present on its interim evaluation in conjunction with STC 79. The State will present on its summative evaluation in conjunction with STC 80.
- 85. Public Access.** The State shall post the final documents (e.g. Quarterly Reports, Annual Reports, Final Report, approved Evaluation Design, Interim Evaluation Report, and Summative Evaluation Report) on the State Medicaid website within 30 days of approval by CMS.
- 86. Additional Publications and Presentations.** For a period of 24 months following CMS approval of the Summative Evaluation Report, CMS will be notified prior to the public release or presentation of these reports and related journal articles, by the State, contractor or any other third party. Prior to release of these reports, articles and other documents, CMS will be provided a copy including press materials. CMS will be given 30 days to review and comment on journal articles before they are released. CMS may choose to decline to comment or review some or all of these notifications and reviews.
- 87. Cooperation with Federal Evaluators.** Should CMS undertake an evaluation of the demonstration or any component of the demonstration, the state shall cooperate timely and fully with CMS and its contractors. This includes, but is not limited to, submitting any required data to CMS or the contractor in a timely manner. Failure to cooperate with federal evaluators in a timely manner, including but not limited to entering into data use agreements covering data that the state is legally permitted to share, providing a technical point of contact, providing data dictionaries and record layouts of any data under control of the state that the state is legally permitted to share, and/or disclosing data may result in

CMS requiring the state to cease drawing down federal funds until satisfactory cooperation, until the amount of federal funds not drawn down would exceed \$5,000,000.

XV. MONITORING

88. Monitoring Calls. CMS will convene periodic conference calls with the state. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the demonstration. CMS will provide updates on any amendments or concept papers under review, as well as federal policies and issues that may affect any aspect of the demonstration. The state and CMS will jointly develop the agenda for the calls. Areas to be addressed include, but are not limited to:

- a. Transition and implementation activities;
- b. Stakeholder concerns;
- c. QHP operations and performance;
- d. Enrollment;
- e. Cost sharing;
- f. Quality of care;
- g. Beneficiary access,
- h. Benefit package and wrap around benefits;
- i. Audits;
- j. Lawsuits;
- k. Financial reporting and budget neutrality issues;
- l. Progress on evaluation activities and contracts;
- m. Related legislative developments in the state; and
- n. Any demonstration changes or amendments the state is considering.

89. Quarterly Reports. The state must submit three Quarterly Reports and one compiled Annual Report each DY.

- a. The state will submit the reports following the format established by CMS. All Quarterly Reports and associated data must be submitted through the designated electronic system(s). The Quarterly Reports are due no later than 60 days following the end of each demonstration quarter, and the compiled Annual Report is due no later than 90 days following the end of the DY.
- b. The reports shall provide sufficient information for CMS to understand implementation progress of the demonstration, including the reports documenting key operational and other challenges, underlying causes of challenges, how challenges are being addressed, as well as key achievements and to what conditions and efforts successes can be attributed.
- c. Monitoring and performance metric reporting templates are subject to review and approval by CMS. Where possible, information will be provided in a structured manner that can support federal tracking and analysis.

- d. The Quarterly Report must include all required elements and should not direct readers to links outside the report, except if listed in a Reference/Bibliography section. The reports shall provide sufficient information for CMS to understand implementation progress and operational issues associated with the demonstration and whether there has been progress toward the goals of the demonstration.
- i. **Operational Updates** - The reports shall provide sufficient information to document key operational and other challenges, underlying causes of challenges, how challenges are being addressed, as well as key achievements and to what conditions and efforts successes can be attributed. The discussion should also include any lawsuits or legal actions; unusual or unanticipated trends; legislative updates; and descriptions of any public forums held.
 - ii. **Performance Metrics** - Progress on any required monitoring and performance metrics must be included in writing in the Quarterly and Annual Reports. Information in the reports will follow the framework provided by CMS and be provided in a structured manner that supports federal tracking and analysis.
 - iii. **Budget Neutrality and Financial Reporting Requirements** - The state must provide an updated budget neutrality workbook with every Quarterly and Annual Report that meets all the reporting requirements for monitoring budget neutrality set forth in the General Financial Requirements section of these STCs, including the submission of corrected budget neutrality data upon request. In addition, the state must report quarterly expenditures associated with the populations affected by this demonstration on the Form CMS-64.
 - iv. **Evaluation Activities and Interim Findings**. The state shall include a summary of the progress of evaluation activities, including key milestones accomplished, as well as challenges encountered and how they were addressed. The state shall specify for CMS approval a set of performance and outcome metrics and network adequacy, including their specifications, reporting cycles, level of reporting (e.g., the state, health plan and provider level, and segmentation by population) to support rapid cycle assessment in trends for monitoring and evaluation of the demonstration.
- e. The Annual Report must include all items included in the preceding three quarterly reports, which must be summarized to reflect the operation/activities throughout the whole DY. All items included in the quarterly report pursuant to STC 86 must be summarized to reflect the operation/activities throughout the DY. In addition, the annual report must, at should include the requirements outlined below.

- i. Total annual expenditures for the demonstration population for each DY, with administrative costs reported separately;
- ii. Total contributions, withdrawals, balances, and credits; and,
- iii. Yearly unduplicated enrollment reports for demonstration beneficiaries for each DY (beneficiaries include all individuals enrolled in the demonstration) that include the member months, as required to evaluate compliance with the budget neutrality agreement.

90. Final Report. Within 120 days after the expiration of the demonstration, the state must submit a draft Close Out Report to CMS for comments.

- a. The draft report must comply with the most current guidance from CMS.
- b. The state will present to and participate in a discussion with CMS on the Close-Out report.
- c. The state must take into consideration CMS' comments for incorporation into the final Close Out Report.
- d. The final Close Out Report is due to CMS no later than thirty (30) days after receipt of CMS' comments.
- e. A delay in submitting the draft or final version of the Close Out Report may subject the state to penalties described in STC 6.

ATTACHMENT A:
Eligibility and Enrollment Monitoring Report [To be incorporated after CMS approval.]

ATTACHMENT B
Copayment Amounts³

General Service Description	Cost Sharing for Beneficiaries with Incomes >100% FPL
Behavioral Health - Inpatient	\$60
Behavioral Health - Outpatient	\$4
Behavioral Health - Professional	\$4
Durable Medical Equipment	\$4
Emergency Room Services	-
FQHC	\$8
Inpatient	\$60
Lab and Radiology	-
Skilled Nursing Facility	\$20
Other	\$4
Other Medical Professionals	\$4
Outpatient Facility	-
Primary Care Physician	\$8
Specialty Physician	\$10
Pharmacy - Generics	\$4
Pharmacy - Preferred Brand Drugs	\$4
Pharmacy - Non-Preferred Brand Drugs, including specialty drugs	\$8

No copayments for individuals at or below 100% FPL.

³ Beneficiaries with incomes above 100% FPL will also be required to pay monthly premiums of up to 2 percent of household income.

ATTACHMENT C
Preparing the Interim and Summative Evaluation Reports

Eligibility and Enrollment Monitoring Plan

Arkansas Works – Work and Community Engagement Amendment

Strategic Approach

Overview

Arkansas plans to test innovative and administratively efficient approaches to promoting personal responsibility, encouraging improved health and well-being and movement up the economic ladder by requiring work and community engagement as a condition of continued eligibility in the Arkansas Works program. Based on enrollment as of March 2, 2018, approximately 69,000 out of 278,734 individuals currently enrolled in Arkansas Works will be expected to participate in monthly approved work activities. Arkansas has designed the work and community engagement requirement for Arkansas works to closely align with requirements in the Supplemental Nutrition Assistance Program (SNAP). SNAP work requirements can be reviewed in online policy through the following link:

<https://ardhs.sharepointsite.net/DHSPolicy/Pages/dcohome.aspx>.

Once work requirements are fully implemented, Arkansas Works beneficiaries who are ages 19-49 must work or engage in specified educational, job training, job search or community service activities for at least 80 hours per month to remain covered through Arkansas Works, unless they meet exemption criteria established by the state. Arkansas Works beneficiaries who are subject to work requirements will be required to demonstrate that they are meeting the work requirements on a monthly basis. Arkansas Works beneficiaries who fail to meet the work requirements for any three months during a plan year will be dis-enrolled from Arkansas Works and will not be permitted to re-enroll until the following plan year.

External Partnering for Success

Arkansas plans to build on the innovation of the premium assistance model by partnering with insurance carriers who provide qualified health plans for Arkansas Works beneficiaries. The carriers will leverage their current care coordination and outreach activities to encourage work and assist Arkansas Works beneficiaries to engage in activities that satisfy the work and community engagement requirement as one of the steps to promoting overall healthy living. The relationship between DHS and carriers is outlined in a Memorandum of Understanding.

The Arkansas Department of Human Services (DHS) has had a long-standing partnership with the Arkansas Department of Workforce Services (DWS). Together, we have jointly administered the Temporary Assistance for Needy Families (TANF) program in Arkansas for more than a decade. Act 1705 of the 85th Arkansas General Assembly transferred the TANF block grant from DHS to DWS. Responsibilities of each agency in the operation of the program are documented through a Memorandum of Understanding that is updated annually. As part of the agreement, Arkansas DHS provides eligibility and enrollment services for the Transitional Employment Assistance (TEA) program while Arkansas DWS provides case management services to help move beneficiaries toward self-sufficiency. Arkansas DHS staff conducts eligibility interviews, explain program requirements, and

authorize TEA coverage in the DHS legacy system called ANSWER. The ANSWER system automatically creates an electronic referral to Arkansas DWS staff that also has access to the ANSWER eligibility system. Arkansas DWS staff communicates with Arkansas DHS staff when changes in eligibility are needed. Act 1 of the 90th Arkansas General Assembly Second Extraordinary Session required Arkansas DHS to refer all Arkansas Works beneficiaries with income at or below 50% of the federal poverty level to Arkansas DWS for free job search and job training assistance. In compliance with this law, we expanded that partnership in January 2017 to include a referral to obtain job search assistance and training opportunities available at the Arkansas DWS for all Arkansas Works beneficiaries. Arkansas DWS has physical locations in thirty-two out of seventy-five counties and statewide services available online by accessing the following link: www.arjoblink.arkansas.gov or www.dws.arkansas.gov. Arkansas DHS and DWS exceeded the requirement of the law by referring all recipients approved or renewed in the Arkansas Works program each month to DWS. The referral language was added to the approval and renewal notices. To track and monitor the effectiveness of the referral process, Arkansas DHS and DWS began exchanging monthly files to identify those who were referred that actually accessed services at DWS. In addition to identifying those who accessed DWS services, we also identified whether or not they were reported by employers to DWS as newly hired individuals. We obtained data through this process that demonstrates that Arkansas Works beneficiaries who had accessed services at Arkansas DWS were more likely to find work. Over the last 12 months, 347,949 Arkansas Works enrollees have received a referral to DWS. Of that number, 16,900 have accessed services at DWS. Additionally, 27% of those who accessed services at DWS have been reported by employers as new hires compared to 12% of those who did not access services at DWS. See Attachment 1 for the most recent rolling 12 month Arkansas Works – DWS referral report. We will further expand this partnership to serve Arkansas Works beneficiaries with a work or community engagement requirement. Arkansas DHS will continue to provide referrals and information about services available through the Arkansas DWS in all of our notices related to the Arkansas Works program. Attachment 2 is a sample Arkansas Works notice that contains the DWS referral language that is included in all Arkansas Works notices. Arkansas DWS will also send follow-up letters to Arkansas Works beneficiaries who have a work and community engagement requirement. A sample copy of the DWS follow up letter that is sent to Arkansas Works beneficiaries with work and community engagement requirements will be provided once finalized. Arkansas DWS will provide career assessment, job-search assistance, and referrals for training as appropriate. The Workforce Opportunities and Innovation Act of 2014 (WIOA) placed heightened emphasis on coordination and collaboration at the Federal, State, local, and tribal levels to ensure a streamlined and coordinated service delivery system for job seekers, (from low income families including those with disabilities), and employers.

Job seekers can also explore training programs offered through the extensive Eligible Training Provider List. They can discuss education, training, and apprenticeship programs through Arkansas DWS-WIOA, their partners, and determine if they would qualify to participate in any of those opportunities. Since Arkansas Works participants are considered low income, they could be eligible for those services (Funding and slots availability, and additional requirements may apply). Arkansas Works recipients will also have access to attain Career Readiness Certifications (CRCs), create professional resumes, and other

universal job services to help be effective in their job-search activities. The following screenings and assessments available in the Arkansas Workforce Integrated Network System (ARWINS) for Arkansas Works recipients:

- A basic screener to determine if the client could be eligible for UI, targeted WIOA programs, computer literacy
- Assessments that will help determine job-seeker Characteristics like Abilities, Occupational Interests, Work Values, Skills, Knowledge, and high demand occupation matches based on current education and experience levels
- Assessments that will help determine if the job-seeker has any barriers as related to Transportation, Child Care, Legal, Domestic Violence, and Homelessness

The assessments are voluntary and there is a prescribed path. The job-seeker is encouraged to take the path, but the individual will not be forced to take those assessments.

Arkansas DHS has also leveraged our current contract for Medicaid beneficiary relations with the Arkansas Foundation for Medical Care (AFMC) to provide outreach and education about the work and community engagement requirement. AFMC will do active outreach to educate Arkansas Works beneficiaries who need to complete work and community engagement activities to make sure they understand the requirements. AFMC will also provide education and assistance to beneficiaries on how to properly and timely report their activities and to direct them to the Arkansas Department of Workforce Services, Supplemental Nutrition Assistance Program (SNAP) Employment and Training providers, or other resources as appropriate to help them comply with work requirements. Contractual requirements for work and community engagement include an outreach period 30 days prior to the beginning of work and community engagement requirements for existing Arkansas Works beneficiaries. Outreach and education methods will include outbound phone contact as well as an inbound integrated voice response system where beneficiaries can receive education about work and community engagement requirements. All scripts and materials used by AFMC will be approved by DHS. AFMC will also spend the first 12 days conducting outreach and education after an Arkansas Works beneficiary is approved with work and community engagement requirements. AFMC must successfully contact and educate 30% of existing Arkansas Works beneficiaries and 40% of newly approved Arkansas Works beneficiaries. To facilitate the successful outreach and education, AFMC staff has received training and access to our Curam eligibility system and will be receiving a daily and monthly file containing Arkansas Works beneficiaries with work and community engagement requirements and their current status related to these activities. AFMC is required to make a minimum of two attempts by a live agent to contact beneficiaries by phone when a phone number is available. Additional attempts and methods used by AFMC to reach their contractual obligations are not specified. AFMC will be required to provide DHS with results of outreach efforts through various reports.

Arkansas implemented the requirement to work in the Supplemental Nutrition Assistance Program (SNAP) statewide in January 2016. The Arkansas Department of Human Services has partnered with the

United States Department of Agriculture Food and Nutrition Services since that time to expand the SNAP Employment and Training Program in Arkansas. Participation in SNAP Employment and Training is one option available to SNAP recipients as a means to comply with SNAP work requirements. SNAP recipients may also comply on their own through work, education, training, or community service and volunteerism activities. Arkansas has expanded the availability of SNAP Employment and Training from thirteen to fifty out of seventy-five counties since January 2016. In each of these counties DHS has either a contract or sub grant agreement in place with at least one SNAP Employment and Training provider with a physical location to provide employment and training services. DHS is currently in negotiations with additional providers to add an additional fifteen counties by the end of 2018. DHS has commitments from the providers who will cover these additional counties and we are awaiting approval from the USDA Food and Nutrition Services to implement this additional expansion. Point in time data comparison in March 2018 between the SNAP program and Arkansas Works has shown that approximately twenty-two to twenty-five percent of Arkansas Works beneficiaries also receive SNAP. We plan to leverage the expanded SNAP Employment and Training program to assist individuals who are dually eligible for SNAP and Arkansas Works to meet work and community engagement requirements by referring them to SNAP Employment and Training providers as appropriate for assistance with job search and training. SNAP Employment and Training providers already attempt to reach and engage SNAP recipients. SNAP recipients who are also enrolled in Arkansas Works may satisfy work and community engagement requirements in both programs by participating in SNAP Employment and Training. A list of our current SNAP Employment and Training providers is provided as Attachment 3. A map showing the current SNAP E & T coverage is provided as Attachment 4. Proposed expanded SNAP E & T coverage by the end of 2018 is provided as Attachment 5. Dual SNAP and Arkansas Works beneficiaries will be allowed to satisfy the work and community engagement requirement for both programs by participating in and reporting in either the SNAP or the Arkansas Works program. They will not be required to comply with or report separately to both programs to maintain continued eligibility. The Arkansas Works program, SNAP, and the Transitional Employment Assistance programs reside in separate eligibility systems operated by Arkansas DHS. Working with contracted developers for both systems, Arkansas DHS has developed a process whereby data files will be exchanged between these systems daily to update exemption and compliance information in both programs without manual intervention by the beneficiaries or DHS staff. User acceptance testing to validate this process is underway.

Online Reporting

Arkansas has enhanced the innovation and administrative efficiency of the work and community engagement requirement by planning and designing an online portal for beneficiaries to report their work activities, exemptions, and other household changes. This portal is actually an enhancement of the Curam eligibility system that has already passed CMS readiness review standards. DHS required through contract with Curam developers that the portal is mobile device friendly and ADA compliant. The access.arkansas.gov online portal complies with 42 CFR 435.1200 f (2). Beneficiaries will use an email address and password to access the online portal. Rather than providing verification of exempt or compliant status with paper documentation, beneficiaries will enter and attest to the information submitted through the online portal. These attestations will be evaluated through a robust quality

assurance process (See Quality Assurance and Fraud Process). Use of the portal promotes work and community engagement goals by reinforcing basic computer skills, internet navigation, and communication via email. This approach is administratively efficient to implement. The eligibility system processes information submitted via the online portal automatically without worker intervention. This allows Arkansas to implement the work and community engagement requirement without additional resources. Individuals, who are disabled, including mental and physical disability, will be exempt from work and community engagement requirements and will not be at risk for losing coverage. Arkansas DHS will provide reasonable accommodations to assist individuals with the online reporting requirement. Beneficiaries may receive in-person assistance through the local DHS county offices. All notices provide instructions to contact the Access Arkansas Call Center or a county office for help regarding work and community engagement requirements.

Arkansas DHS has also developed a "Registered Reporter" process to assist individuals with their online reporting requirements. Individuals may become a registered reporter by reviewing specified online training material, signing a Registered Reporter Acknowledgement Form and emailing that form to Arkansas DHS. The beneficiary must also authorize the reporter to serve in that role. To promote this as an additional reporting support for Arkansas Works beneficiaries, Arkansas DHS will announce this process through a press release and schedule meetings and webinars with stakeholder agencies. Information on the process and training is available on our public SharePoint site at the following link: <https://ardhs.sharepointsite.net/ARWorks/default.aspx>.

Outcome Monitoring

Arkansas DHS will develop reports that track the following information related to the Arkansas Works program:

- Number and percentage of individuals required to report each month
- Number and percentage of beneficiaries who are exempt from the community engagement requirement
- Number and percentage of beneficiaries requesting good cause exemptions from reporting requirements
- Number and percentage of beneficiaries granted good cause exemption from reporting requirements
- Number and percentage of beneficiaries who requested reasonable accommodations
- Number and percentage and type of reasonable accommodations provided to beneficiaries
- Number and percentage of beneficiaries disenrolled for failing to comply with community engagement requirements
- Number and percentage of beneficiaries disenrolled for failing to report
- Number and percentage of beneficiaries disenrolled for not meeting community engagement and reporting requirements
- Number and percentage of community engagement appeal requests from beneficiaries
- Number, percentage and type of community engagement good cause exemptions requested
- Number, percentage and type of community engagement good cause exemptions granted
- Number, percentage and type of reporting good cause exemptions requested

- Number, percentage and type of reporting good cause exemptions granted
- Number of appeals of dis-enrollments for non-compliance with community engagement
- Number of appeals for dis-enrollments for failure to comply with the reporting requirements
- Number and percentage of applications made in-person, via phone, via mail and electronically.

All of the data required to produce these reports is owned by Arkansas DHS, with the exception of the good cause exemption reports and the work and community engagement appeal requests; these reports will be system-generated from the eligibility system data warehouse. Requirements, design, and delivery of these reports are covered by the Arkansas DHS contractual agreement with the eligibility system developer. A database outside of the eligibility system is being developed by DHS to track and report all good cause exemption metrics. Appeal metrics will be tracked and provided by the DHS Office of Chief Counsel Appeals and Hearings section. These reports will be compiled monthly and will be reported to CMS quarterly. Documentation on design requirements for each report will be available at a later date when report development is complete.

Implementation Plan and Timeline

Planning, policy and system development, partner and stakeholder engagement, and resource availability assessment (See Community Resource and Supports Availability Mapping) began in January 2017 and have been ongoing.

Upon approval of the work and community engagement amendment, Arkansas began finalizing plans and testing of the process to implement the requirement on June 1, 2018. Based on data as of March 2, 2018, there were 171,449 Arkansas Works beneficiaries ages 19 – 49. Approximately 69,000 have no initial exemption identified through system data. Due to the number of beneficiaries impacted, Arkansas will phase in work requirements by age group. Beginning June through September 2018, beneficiaries ages 30 – 49 at or below federal poverty level will be phased in to the work requirement. 19 – 29 year olds at or below federal poverty level will be phased in during 2019 between January and April.

Based on the same data, there were 125,242 Arkansas Works beneficiaries ages 30 – 49. Of those, 38,321 have no exemption identified through system data. Arkansas has chosen to phase in this group over four months based on when their cases are due for renewal. The chart below depicts the month the work requirement begins, the renewal months and number of beneficiaries affected.

Month Work Requirement Begins	Renewal Months	Approximate #of beneficiaries required to report work activities
June 2018	Jan, Feb, Mar	9,152
July 2018	April, May, June	9,341
August 2018	July, August, September	8,682
September 2018	Oct, Nov, Dec	11,146
<i>Data date: 3/2/2018</i>	TOTAL	38,321

The planning, testing, implementation, and monitoring timeline is provided below:

- **March 15, 2018** – Mass notice will be issued to all Arkansas Works beneficiaries informing them of the change in the program and upcoming implementation of work and community engagement requirements. The notice will instruct them that no additional action is required at

that time and will encourage them to provide an email address to Arkansas DHS if they have not already.

- **March 30, 2018** – The Arkansas Works online portal will go live. Beneficiaries will be able to begin linking their secure online accounts and reporting exemptions.
- **April 1, 2018** – New Arkansas Works beneficiaries ages 30 – 49 approved beginning April 1, 2018, or later will become subject to the work and community engagement and have their begin dates for completing and reporting work activities set to begin the second month after approval.
- **April 1 – 8, 2018** – Work requirement begin months will be set for beneficiaries 30 – 49 years of age and notices will be mailed to each individual with specific details about the work and community engagement requirement, services available through Arkansas DWS, and instructions on how to access and log in to the online portal.
- **April 13, 2018** – The first data file of Arkansas Works beneficiaries containing specific information regarding work and community engagement details will be provided to Arkansas DWS, the Medicaid Beneficiary Relations provider, and QHP carriers. Outreach and education will begin. Updated files will be provided weekly thereafter.
- **May 8, 2018** – Arkansas Works beneficiaries ages 30 – 49 who are scheduled to begin the work and community engagement requirement in June 2018 will be mailed individually tailored notices. The notice will contain information regarding any exemption and the type of exemption that has been identified through data in systems. Those who are exempt will be instructed that no additional action is necessary unless their circumstances change and that they will be notified when they are expected to take further action. Those without an identified exemption will receive a notice that instructs them that they will be required to begin completing and reporting work activities during the month of June 2018. The notice will contain full details about the work requirement, how and where to report a previously unidentified exemption and / or completion of work activities. The notice will inform them of the consequence of non-compliance.
- **June 1, 2018** – Implementation of mandatory work requirements begins for individuals ages 30 - 49.
- **June 8, 2018** - Arkansas Works beneficiaries ages 30 – 49 who are scheduled to begin the work and community engagement requirement in July 2018 will be mailed individually tailored notices.
- **June 26, 2018** – The Post Award Forum will be held at 10:00 AM at the Hillary Rodham Clinton Children's Library and Learning Center, 4800 W. 10th Street, Little Rock, AR 72204.
- **July 8, 2018** - Arkansas Works beneficiaries ages 30 – 49 who are scheduled to begin the work and community engagement requirement in August will be mailed individually tailored notices.
- **August 8, 2018** - Arkansas Works beneficiaries ages 30 - 49 who are scheduled to begin the work and community engagement requirement in September 2018 will be mailed individually tailored notices.
- **August 30, 2018** – Monitoring phase begins and first quarterly report will be posted to the Arkansas DHS website.
- **November 1, 2018** - New Arkansas Works beneficiaries ages 19 - 29 approved beginning November 1, 2018, or later will become subject to the work and community engagement and have their begin dates for completing and reporting work activities set to begin the second month after approval.
- **November 1 – 8, 2018** - Work requirement phase in will be set based on renewal months for beneficiaries 19 - 29 years of age and notices will be mailed to each individual with specific

details about the work and community engagement requirement, services available through Arkansas DWS, and instructions on how to access and log in to the online portal.

- **November 30, 2018** – Second quarterly monitoring report will be submitted to CMS.
- **December 8, 2018** - Arkansas Works beneficiaries ages 19 - 29 who are scheduled to begin the work and community engagement requirement in January 2019 will be mailed individually tailored notices. The notice will contain information regarding any exemption and the type of exemption that has been identified through data in systems. Those who are exempt will be instructed that no additional action is necessary unless their circumstances change and that they will be notified when they are expected to take further action. Those without an identified exemption will receive a notice that instructs them that they will be required to begin completing and reporting work activities during the month of January 2019. The notice will contain full details about the work requirement, how and where to report a previously unidentified exemption and / or completion of work activities. The notice will inform them of the consequence of non-compliance.
- **January 1, 2019** – Implementation of mandatory work requirements begins for individuals ages 19 - 29.
- **January 8, 2019** - Arkansas Works beneficiaries ages 19 - 29 who are scheduled to begin the work and community engagement requirement in February 2019 will be mailed individually tailored notices.
- **January 30, 2019** – Third quarterly monitoring report will be submitted to CMS.
- **February 8, 2019** - Arkansas Works beneficiaries ages 19 - 29 who are scheduled to begin the work and community engagement requirement in March 2019 will be mailed individually tailored notices.
- **March 8, 2019** - Arkansas Works beneficiaries ages 19 - 29 who are scheduled to begin the work and community engagement requirement in April 2019 will be mailed individually tailored notices.
- **April 30, 2019** – Fourth quarterly monitoring report will be submitted to CMS.

Arkansas Works Application and Renewal Overview

Applications for healthcare coverage are accepted through multi-channels including online, by phone, in person, and by mail. Application assistance is provided by Arkansas DHS staff both in person and by phone. No changes are needed to the current process for applications related to the addition of the work and community engagement requirement. Assistance is provided in local offices to those who need assistance completing applications. Arkansas DHS also maintains a contract with a vendor who provides interpretation and translation services. This service is accessible statewide and each county office can access the vendor as needed to assist individuals. Arkansas DHS also accepts applications from incarcerated individuals up to forty-five days prior to release. The Arkansas Department of Corrections has contracted with a vendor to assist exiting inmates with the application process for Medicaid prior to release. Applications received from beneficiaries who lost eligibility due to non-compliance with work and community engagement requirements will be denied if received prior to the yearly open enrollment period. Applications received during open enrollment will be processed with coverage beginning on January 1 of the following year for beneficiaries that are otherwise eligible. The State's reasonable accommodation process will be available in a procedural desk guide developed for Medicaid eligibility caseworkers and administrative staff and will be posted online once complete.

Renewals are conducted monthly through an ex-parte process. Beneficiaries whose renewals cannot be completed ex-parte are sent specific notices to provide information that is needed to complete the renewal. Beneficiaries are not required to complete forms that require information that has been previously provided or is available to DHS. Arkansas Works beneficiaries who are subject to work and community engagement requirements will have their renewals completed by the same method as beneficiaries who are not subject to work and community engagement activities. Work activity reporting continues through the online portal with no interruption or change to the reporting process during renewal. Being non-compliant in the month a beneficiary's case is due for renewal does not prevent the ex-parte renewal process from occurring.

Arkansas monitors Medicaid timeliness with data and conducts a weekly Medicaid Eligibility Operations meeting to review progress and develop strategies to address any issues that arise. Weekly management reports are reviewed by the team during each meeting. Timeliness reports can be provided along with other quarterly reports. Additional information is also reported to CMS monthly through Performance Indicators.

Arkansas DHS completes daily electronic account transfers to the federally facilitated marketplace for individuals determined to be ineligible for Medicaid. No changes to this process are necessitated by the addition of the work and community engagement process.

Work and Community Engagement Overview and Operational Approach

Population Subject to Work Requirements

Once work requirements are implemented in June of 2018, on a rolling, phased in basis, Arkansas Works beneficiaries ages 19 to 49 who do not meet established exemption criteria will be required to meet work requirements as a condition of continued Arkansas Works eligibility. Work requirements will not apply to Arkansas Works beneficiaries ages 50 and older. Work and Community Engagement Requirements will be promulgated according to the State's Administrative Procedures Act in Medicaid eligibility rules. Link to the promulgated Medicaid eligibility manual: <https://ardhs.sharepointsite.net/DHSPolicy/Pages/dcohome.aspx>.

Exemption from Work Requirements

Arkansas Works beneficiaries meeting one of the criteria described in the STCs will be exempt from work requirements. Exemptions will be identified through a beneficiary's initial application for coverage, an electronic submission demonstrating the exemption, or a change in circumstances submission. When a beneficiary's exemption expires, he or she will be required to demonstrate that the exemption is still valid and continues. Information provided during the application process and data obtained systematically will be used to identify several types of exemptions including employment and self-employment of at least 80 hours a month, medical frailty, exemption from the SNAP work requirement, receipt of TEA Cash Assistance, and receipt of unemployment benefits. Beneficiaries for whom an exemption is not established during the application process will have an opportunity to attest to an exemption upon approval. Detailed information about exemptions from work and community engagement requirements can be found online at the following link. Link: <https://ardhs.sharepointsite.net/DHSPolicy/Pages/dcohome.aspx>

Allowed Work Activities and Work Activity Hour Calculations

Arkansas Works beneficiaries ages 19 – 49 who are not exempt must engage in 80 hours of monthly work and community engagement activities. Arkansas Works beneficiaries can meet the work requirements by either meeting SNAP work requirements or by completing at least 80 hours per month of some combination of activities as deemed appropriate by the state. Arkansas Works beneficiaries must demonstrate electronically on a monthly basis that they are meeting the work requirement. Detailed information about allowed work and community engagement activities can be found online at the following link. Link: <https://ardhs.sharepointsite.net/DHSPolicy/Pages/dcohome.aspx>

Disenrollment for Failure to Meet Work Requirement

Beneficiaries who are subject to work requirements will lose eligibility for Arkansas Works if they fail to meet work requirements for any three consecutive or non-consecutive months during the coverage year. Effective the end of the third month of noncompliance, such beneficiaries who fail to meet the work requirements will be terminated from coverage, following proper notice and due process, and subject to a lockout of coverage until the beginning of the next coverage year, at which point they will be permitted to re-enroll in Arkansas Works. Arkansas Works beneficiaries whose coverage has been terminated due to non-compliance may apply for and receive coverage in other Medicaid categories if eligible during the lockout period. Notices of denial and closure due to non-compliance with work and community engagement requirements will contain information about how to access primary and preventive care services at low or no cost at free health clinics and community health centers (See Community Resource and Supports Mapping). Closure of the Arkansas Works case will be transmitted to the InterChange Medicaid Management Information System. Termination of the QHP premium payment is automated in the InterChange system.

Beneficiary Work and Community Engagement Online Reporting Requirements

Beneficiaries must use the online portal to report exemptions and completion of work and community engagement activities. The work and community engagement portal is part of the existing eligibility system. Information entered into the portal is seamlessly processed by the eligibility system with no additional beneficiary or DHS staff requirement to re-key or transfer the information into the system. Exemptions must only be re-attested to at the required intervals specified above. Completion of work activities must be entered and attested to monthly. Individuals will have until the 5th day of the following month to attest for the previous month. The online portal is secure, mobile device friendly, and compliant with the ADA. The portal requires an email address and password to access. To assist beneficiaries prepare for this requirement, Arkansas DHS and our Access Arkansas Call Center have conducted a campaign over the last several months where we encourage beneficiaries to provide an email address. We have also offered information about how to obtain free email addresses and assistance with setting up email addresses. We have been able to collect several thousand email addresses during this effort. The portal allows beneficiaries to reset passwords through self-service. Technical assistance will also be available through our Access Arkansas Call Center for website and password issues. Beneficiaries who require assistance using the portal can receive assistance from

several sources, including Arkansas DHS staff, Call Center Agents, Arkansas DWS staff, or their QHP carrier. Arkansas DHS worked with the University of Arkansas for Medical Sciences Health Literacy team to help develop language for work and community engagement notices and fliers. Similar verbiage was used on the portal for consistency and understanding at lower literacy levels. Arkansas DHS maintains a contract for language interpretation and translation. Beneficiaries who need assistance with languages other than English will be assisted in the local DHS county offices. Each notice and flier regarding work and community engagement direct beneficiaries who need help to contact our toll free call center or local DHS County office. The portal will be available daily between 7 AM and 9 PM except for times when it is necessary to take the portal offline for system upgrades. Those outages when necessary are scheduled over weekends for minimal disruption. The website displays a notice each time the portal is offline for maintenance. The State will make every effort not to schedule maintenance during the first through the fifth of each month for beneficiaries who need to report the previous month's activities before the reporting deadline.

Upon logging into the portal, beneficiaries will be able to see their work and community engagement status for the current reporting month as well as history for the year to date. They will be able to update and confirm their contact information and household composition. Beneficiaries will know immediately upon submission if they have entered enough information to be considered compliant or exempt for the reporting month. If they have not yet completed 80 hours, the portal will display the number of hours needed to become compliant. Each portal screen includes information about the method for calculating completed hours for that activity.

Good Cause Exemptions / Catastrophic Events

Beneficiaries who have experienced a catastrophic event during a month they were required to complete work activities will be exempt from work requirements or reporting by requesting and being granted a good cause exemption. Circumstances that may lead to an approved good cause exemption are outline in the STCs and include but are not limited to a natural disaster, hospitalization or serious illness, birth or death of a family member living in the home and domestic violence. Beneficiaries who have lost coverage due to non-compliance with the work and community engagement requirement will have their cases reinstated without a new application if they are granted a good cause exemption and are otherwise eligible. Information about good cause exemptions and how to request these is provided in all work and community engagement notices. Verification of the catastrophic event which caused the beneficiary not to complete and/or report required activities will be required as part of the good cause approval process. DHS staff may use discretion to waive the verification in cases such as natural disaster when the event is known to the general public.

Interim Period Prior to Work and Community Engagement Requirement – Outreach and Education

Newly approved Arkansas Works beneficiaries who are subject to the work and community engagement requirement will have an interim period of up to 59 days prior to beginning work activities. The work requirement will begin on the first of the second month after the month of approval. For example, a non-exempt beneficiary approved in the Arkansas Works program on any day during the month of April

will be required to begin completing work activities on June 1st. Through our implementation plan, existing beneficiaries will also have an interim period after notification before they are required to begin completing and reporting work activities. The interim period will be used to conduct outreach to beneficiaries to educate them on all aspects of the work requirement including using the online portal, connecting with the Arkansas Department of Workforce Services and other resources to assist them with compliance with work activities. The outreach will be done through a multi-media and multi-partner approach that includes Arkansas DHS, Arkansas DWS, our Medicaid Beneficiary Relations provider, and QHP carriers. This outreach effort also involves social media including Facebook and Twitter. Over the last several months, Arkansas DHS has developed several educational tools regarding work and community engagement requirements that are intended to assist beneficiaries and partners alike. These tools include a computer-based training on the Arkansas Works program and the work and community engagement requirement. Tutorials on linking their secure account on the portal, entering work activity and exemption information on the portal have also been developed. This Arkansas Works toolkit will be available online to the public so that partners and beneficiaries can access the information as needed. Link to Arkansas Works education and Outreach information:
<https://ardhs.sharepointsite.net/ARWorks/default.aspx>.

Work and Community Engagement Notices

In addition to traditional postal mail, Arkansas DHS will communicate with Arkansas Works beneficiaries who have provided email addresses through an electronic message to a secure inbox. Notices content will meet all requirements in the standards, terms, and conditions reflected in the approved 1115 waiver amendment. With the exception of good cause exemption denials, all notices related to the work and community engagement requirement are automated and system-generated in real time. This automation ensures that timely and adequate notice requirements are met. Specific notices related to work and community engagement requirements have been developed and contain detailed information for beneficiaries.

Until good cause exemption functionality can be developed in our eligibility system, notices of either approval or denial of a good cause exemption will be manually generated and uploaded to the electronic case record. A separate tracking website will be developed and maintained for Arkansas DHS staff to use to track good cause exemption requests for noncompliance with work activities or reporting requirements until this capability is achieved in the eligibility system to meet CMS monitoring and reporting requirements included in the approved waiver amendment.

Community Resource and Supports Availability and Mapping

Arkansas DHS has been working with a team of partners and stakeholders for several months to identify community engagement resources throughout the state. This team includes Arkansas DHS, Arkansas DWS, Arkansas Center for Health Improvement, representatives from each Arkansas Works qualified health plan carrier, the Arkansas Hospital Association, the University of Arkansas for Medical Sciences, and the Arkansas Department of Career Education. Input and participation is open to interested stakeholder organizations. As a result of this effort, an Arkansas Works Interactive Resource Map has

been developed for users to click county by county for specific information on local resource availability. The resource map contains information on work and employment services, education and training opportunities, and volunteerism opportunities. The resource map also contains information on locations with public access to computers and free Wi-Fi and other supportive resources such as public transportation, substance abuse treatment, housing, and more. Public access to computers is being provided by Arkansas DHS, Arkansas DWS, Arkansas libraries and other community organizations. We are also actively engaging other state agencies and non-profit agencies to assess their willingness and capacity to provide support to Arkansas Works beneficiaries in this and other ways. Arkansas DHS has lead on this project. Locations where beneficiaries and former beneficiaries can access free and reduced cost health care have also been collected and made available in this map. DHS will include information in notices for individuals who lose coverage due to non-compliance in addition to sharing this information through social media. This resource map will be available to the public online in the Arkansas Works information SharePoint site and will be updated quarterly and as new information becomes available. Link to Arkansas Works Information:

<https://ardhs.sharepointsite.net/ARWorks/default.aspx>

Quality Assurance and Fraud Process

Arkansas DHS will conduct a monthly quality assurance process to validate exemptions and work activities that have been attested to by beneficiaries as a special effort in addition to normal PERM and MEQC requirements. The quality assurance process will include reviewing a statistically valid random sample to achieve a 95% (+ / - 3% variance) level of confidence. In addition to these quality assurance reviews, Arkansas DHS will review data on attestations monthly and quarterly from the universe of Arkansas Works beneficiaries who are subject to work and community engagement requirements to identify trends and potential anomalies that should also be reviewed for accuracy. Based on the outcomes of these reviews, the quality assurance process will be enhanced with additional reviews in error prone areas. The quality assurance component will be promulgated in Medicaid eligibility rules. Specific quality assurance processes will be outlined in a procedural desk guide for DHS staff. If inaccuracies are discovered during the quality assurance process, appropriate action will be taken to remove months of exemption or compliance. If this results in three months of non-compliance for the calendar year, the Arkansas Works case will be closed and referred for investigation as potential fraud and overpayment.

Appeal Process

Beneficiaries will be provided full appeal rights with regard to work and community engagement requirements just as they have for other Medicaid eligibility determinations. The process will be the same regardless for the reason for appeal. Each notice contains information about beneficiaries' rights to appeal and how to request an appeal. Requests for appeal that are received in county offices are forwarded to the DHS Office of Chief Counsel Appeals and Hearings Unit who schedule and conduct appeal hearings and render decisions.

Data Exchange between Programs and Partners

To ensure that dual Arkansas Works and SNAP beneficiaries have no additional compliance or reporting requirements, Arkansas DHS will use data exchanges between systems to record compliance and exemption information. This data exchange is currently in the final stages of testing. SNAP and Arkansas Works beneficiaries may choose to comply through either program.

To ensure a robust outreach and education process, a weekly data file will be shared with Arkansas DWS, our Medicaid Beneficiary Relations provider, and each QHP carrier. Information provided to carriers will be limited to Arkansas Works beneficiaries that are members of their individual plans. The file will contain information on each beneficiary that includes contact information, work and community engagement exemption and compliance information, type of exemption, number of months of cumulative non-compliance, compliance status for the current month, and renewal month. This level of detail will allow our partners to conduct specific outreach and education encouraging beneficiaries to participate and complete work activities.

Summary

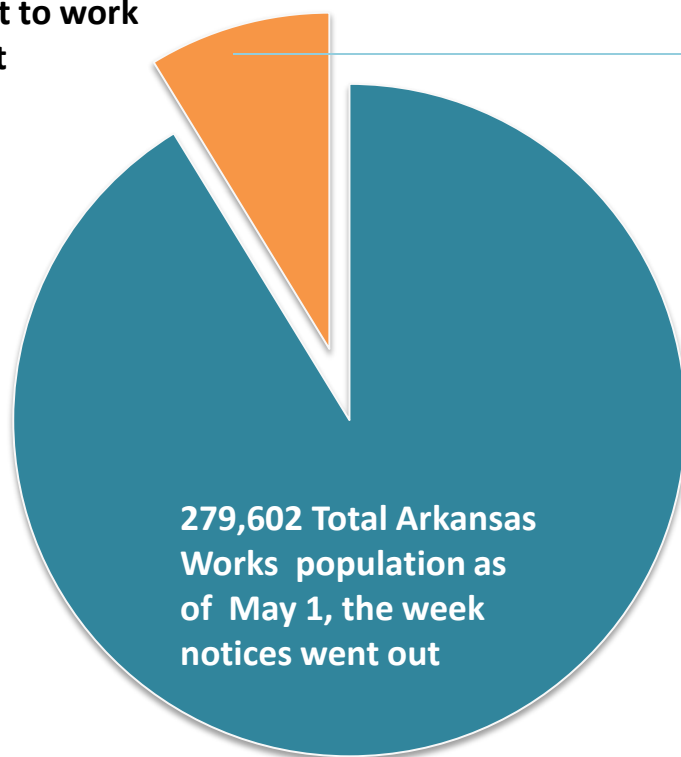
Arkansas appreciates the opportunity to help our fellow Arkansans begin to move up the economic ladder through the Arkansas Works program with work and community engagement requirements. We have put a great amount of thought and effort into the policy and operational design of this program to make it as successful as possible. We have developed a strong team of partners ready to help these beneficiaries take the steps toward self-sufficiency. We appreciate the continued support and partnership from the Centers for Medicare and Medicaid Services to help us implement this program and look forward to reporting our progress as implementation continues.

Arkansas Works Program

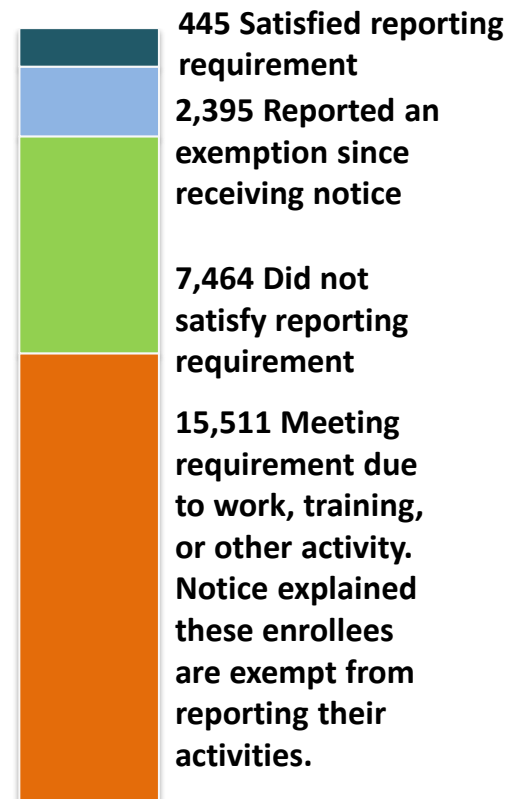
June 2018 Report

Just over 27,000 Arkansas Works enrollees were notified in May they were subject to the new work requirement in June. Most are already meeting the requirement through work, school, or other life situations that made them exempt from reporting. Numbers below are a point-in-time snapshot of the requirement and some fluctuate daily.

27,140* Notified in May they were subject to work requirement



Between the notices going out and June 30, 1,325 fewer people became subject to the requirement due to case closures unrelated to compliance or a change in circumstances. That left 25,815 subject to requirement in June.



One month non-compliance	Two months non-compliance	Three months non-compliance
7,041**	0	0

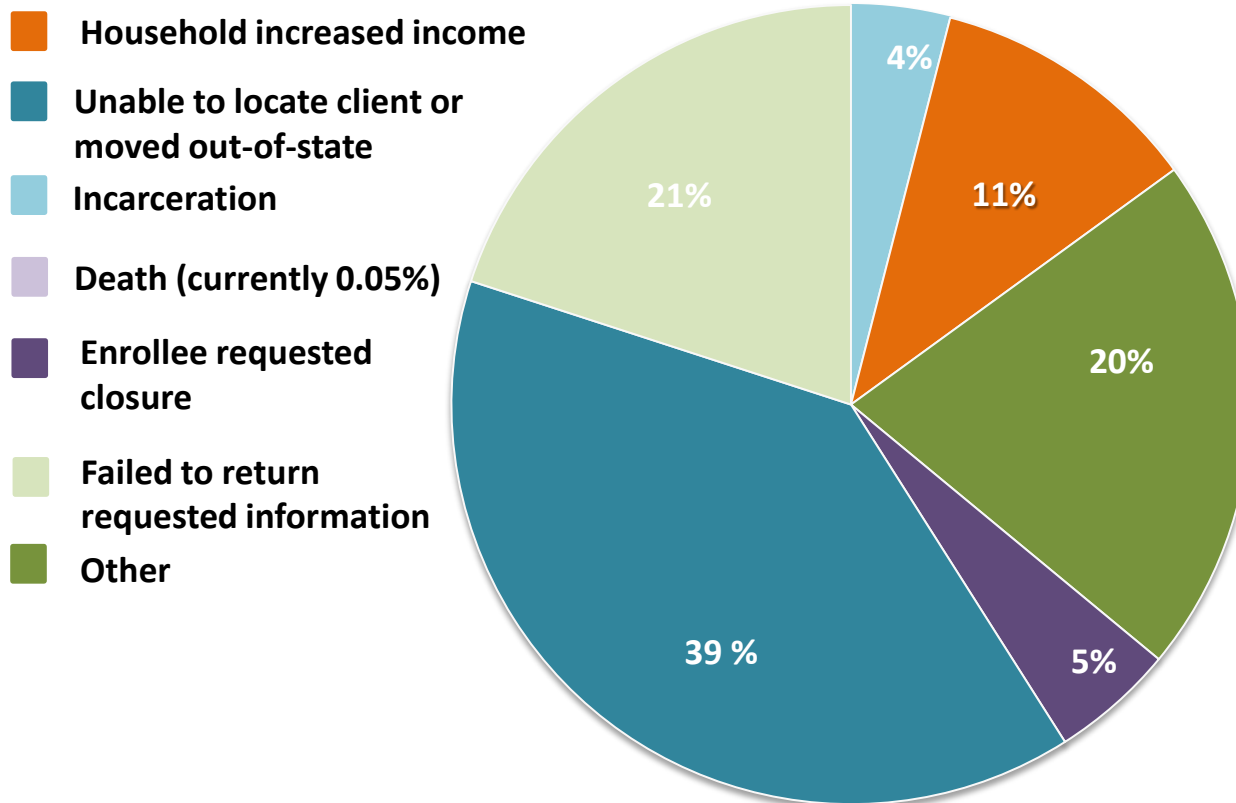
** due to closures unrelated to compliance & as of July 8, 2018

*Enrollees ages 30-49 are being phased into the requirement from June through September 2018. Those 19-29 will roll in starting January 2019.

Arkansas Works Program

June 2018 Report

Every Medicaid program has what is known as “churn,” cases that close for various reasons. It is not uncommon for those individuals to take action and come back on a program after receiving a closure notice. The total number of Arkansas Works cases closed in June was 14,140. Below the closures are broken down by type.



Top four reasons people were exempt from reporting in June

Employed at least 80 hours a month **8,375**

Already meeting SNAP requirement through work or exemption **3,480**

At least one dependent child in the home **2,731**

Medically frail/disabled **2,208**

Arkansas Works Clients - Subject to the Work Requirement

Reporting Period	Exempt from Reporting	Reported at least 80 Hours	Failed to Report 80 Hours - First Month	Failed to Report 80 Hours - Second Month	Failed to Report 80 Hours - Third Month	Total
June 2018	17,906	445	7,464	-	-	25,815
July 2018						-
August 2018						-
September 2018						-

Arkansas Works Clients - Exemption Reasons

Reporting Period	Employed >80 hours/month	Dependent Child in Home	Pregnant	Medically Frail	Currently Exempt in SNAP	Caring for Incapacitated Person	Short- Term Incapacitated	Receives Unemployment Benefits	Education and Training	Alcohol or Drug Treatment	American Indian/Alaska Native*	Tanaka Assistance	Total Exempt
June 2018			15			128	164	187	24	79	515		
July 2018													
August 2018													
September 2018													

If a client has more than one exemption, the client receives the longest exemption he or she meets.

*Clients who are American Indian / Alaska Native are subject to the work requirement. This population will be part of a future phase in.

Clients Who Met Requirement - Types of Work Activities Reported

Clients can report more than one type of work activity

		Number of clients who reported the activity						
Reporting Period	Clients Who Met Requirement	Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class	Currently Meeting SNAP Requirement
June 2018	445	73	8	27	18	1	1	351
July 2018								
August 2018								
September 2018								

June 2018 Reporting Period

Clients Who Met Requirement - Types of Work Activities Reported by Hours

Total Clients Who Met Requirement: 445

Clients can report more than one type of work activity.

Work Activity*	Clients Who Met Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	5	5	12	8	43	73	7,642
Education and Training	1	3	2	2	0	8	363
Volunteer	2	2	2	12	9	27	2,030
Job Search	2	7	3	4	2	18	897
Job Search Training	1	0	0	0	0	1	3
Health Education Class	1	0	0	0	0	1	6
Currently Meeting SNAP Requirement	--	--	--	--	--	351	N/A

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

-- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.

-- Health Education Class - Clients may count up to 20 hours each year from this activity.

Clients can report more than one type of work activity

[illegible]

June 2018 Reporting Period

Clients Who Failed to Report 80 Hours of Activities - Types of Work Activities Reported by Hours

Total clients who failed to report 80 hours: 7,464
 Reported No Work Activities: 7,392
 Reported Work Activities: 72

Clients can report more than one type of work activity

Work Activity*	Clients Who Did Not Meet Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	11	5	4	7	0	27	950
Education and Training	7	7	4	2	0	20	636
Volunteer	2	2	1	0	0	5	140
Job Search	9	2	4	0	8	23	2,007
Job Search Training	0	1	1	0	0	2	84
Health Education Class	1	0	0	0	0	1	3

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

-- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.

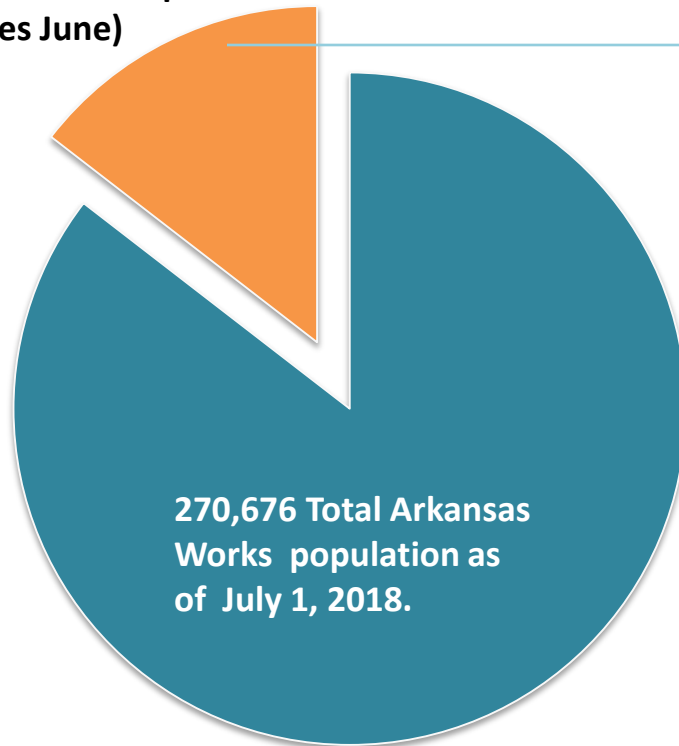
-- Health Education Class - Clients may count up to 20 hours each year from this activity.

Arkansas Works Program

July 2018 Report

As of June 8, DHS data showed just over 46,000 Arkansas Works enrollees were subject to the work requirement in July. Most are already meeting the requirement through work, school, or other life situations that made them exempt from reporting. Numbers below are a point-in-time snapshot of the requirement and some fluctuate daily.

46,025* Originally estimated to be subject to work requirement in July (includes June)



Between June 8 and August 7, 2018, 2,231 fewer people became subject to the requirement due to case closures unrelated to compliance or a change in circumstances. That left 43,794 subject to the requirement in July.

844 Satisfied reporting requirement

1,571 Reported an exemption since receiving notice

12,722 Did not satisfy reporting requirement

30,228 Meeting requirement due to work, training, or other activity. Notice explained these enrollees are exempt from reporting their activities.

One month non-compliance

6,531**

Two months non-compliance

5,426**

Three months non-compliance

0

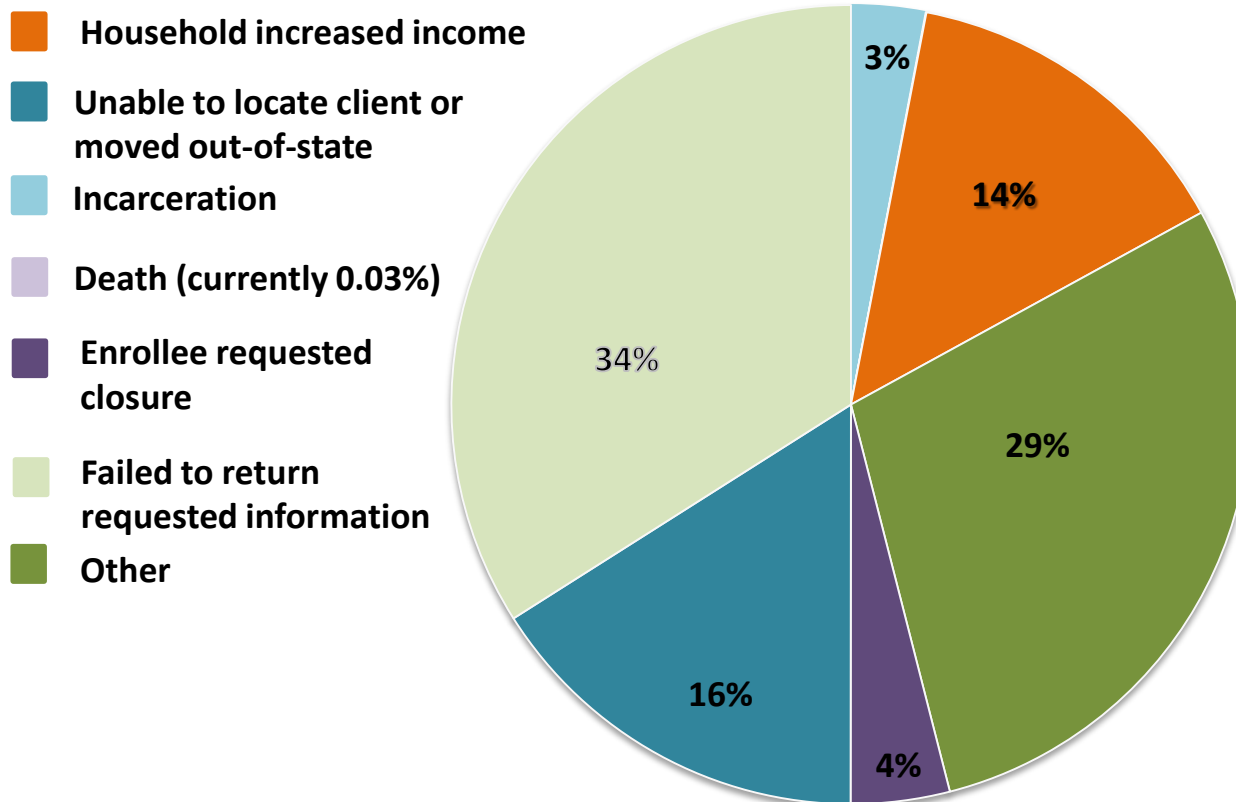
** due to closures unrelated to compliance & as of Aug. 7, 2018

*Enrollees ages 30-49 are being phased into the requirement from June through September 2018. Those 19-29 will roll in starting January 2019.

Arkansas Works Program

July 2018 Report

Every Medicaid program has what is known as “churn,” cases that close for various reasons. It is not uncommon for those individuals to take action and come back on a program after receiving a closure notice. The total number of Arkansas Works cases closed in July was 14,441. Below the closures are broken down by type.



Top four reasons people were exempt from reporting in July

Employed at least 80 hours a month **13,951**

Already meeting SNAP requirement through work or exemption **5,780**

Medically frail/disabled **4,282**

At least one dependent child in the home **4,192**



**ARKANSAS
DEPARTMENT OF
HUMAN
SERVICES**

Arkansas Works Clients - Subject to the Work Requirement

Reporting Period	Exempt from Reporting	Reported at least 80 Hours	Failed to Report 80 Hours	Total
June 2018	17,906	445	7,464	25,815
July 2018	30,228	844	12,722	43,794
August 2018				-
September 2018				-

Arkansas Works Clients - Months of Non-Compliance

As of August 7, 2018

One Month Non-Compliance	Two Months Non-Compliance
6,531	5,426

Arkansas Works Clients - Exemption Reasons

Reporting Period	Employed >80 hours/month	Dependent Child in Home	Pregnant	Medically Frail	Currently Exempt in SNAP	Caring for Incapacitated Person	Short-Term Incapacitated
June 2018	8,375	2,731	15	2,208	3,480	128	164
July 2018	13,951	4,192	21	4,282	5,780	264	385
August 2018							
September 2018							

Reporting Period	Receives Unemployment Benefits	Education and Training	Alcohol or Drug Treatment	American Indian/Alaska Native*	Tea Cash Assistance	Total Exempt
June 2018	187	24	79	515	-	17,906
July 2018	310	56	155	832	-	30,228
August 2018						
September 2018						

If a client has more than one exemption, the client receives the longest exemption he or she meets.

**Clients who are American Indian / Alaska Native are subject to the work requirement. This population will be part of a future phase in.*

Arkansas Works Clients - Good Cause Requests Completed in July

Total Good Cause Requests Completed in July	Good Cause Requests Granted
4	3

Good Cause requests are reviewed on a case-by-case basis and are currently tracked separately until system updates can be completed. Clients who have another exemption reason are counted in this report where appropriate.

Clients Who Met Requirement - Types of Work Activities Reported

Clients can report more than one type of work activity

Reporting Period	Clients Who Met Requirement	Number of clients who reported the activity						
		Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class	Currently Meeting SNAP Requirement
June 2018	445	73	8	27	18	1	1	351
July 2018	844	145	20	63	40	4	0	639
August 2018								
September 2018								

July 2018 Reporting Period
Clients Who Met Requirement - Types of Work Activities Reported by Hours

Total Clients Who Met Requirement: 844

Clients can report more than one type of work activity.

Work Activity*	Clients Who Met Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	7	5	19	28	86	145	14,831
Education and Training	6	8	2	4	0	20	685
Volunteer	2	4	10	29	18	63	4,761
Job Search	7	9	7	4	13	40	2,787
Job Search Training	2	2	0	0	0	4	66
Health Education Class	0	0	0	0	0	0	0
Currently Meeting SNAP Requirement	--	--	--	--	--	639	N/A

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

-- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.

-- Health Education Class - Clients may count up to 20 hours each year from this activity.

Clients Who Failed to Report 80 Hours - Types of Work Activities Reported

Clients can report more than one type of work activity

Reporting Period	Clients Who Did Not Meet Requirement	Reported No Work Activities	Reported Work Activities	Number of clients who reported the activity					
				Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class
June 2018	7,464	7,392	72	27	20	5	23	2	1
July 2018	12,722	12,587	135	49	20	12	73	1	1
August 2018									
September 2018									

July 2018 Reporting Period
Clients Who Failed to Report 80 Hours of Activities - Types of Work Activities Reported by Hours

Total clients who failed to report 80 hours: 12,722
 Reported No Work Activities: 12,587
 Reported Work Activities: 135

Clients can report more than one type of work activity

Work Activity*	Clients Who Did Not Meet Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	15	9	9	16	0	49	1,981
Education and Training	8	7	5	0	0	20	582
Volunteer	5	3	3	1	0	12	372
Job Search	18	19	10	4	22	73	5,043
Job Search Training	0	0	0	0	1	1	89
Health Education Class	1	0	0	0	0	1	16

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

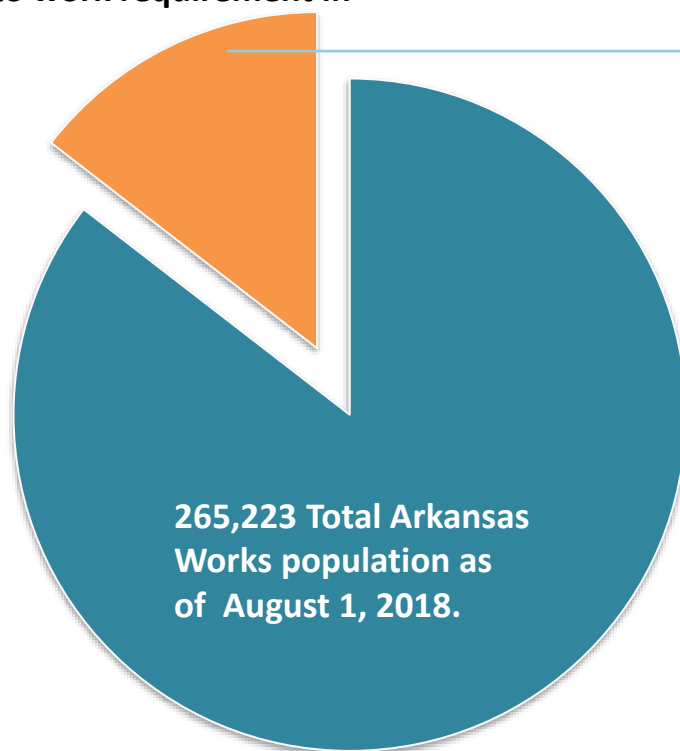
- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.*
- Health Education Class - Clients may count up to 20 hours each year from this activity.*

Arkansas Works Program

August 2018 Report

As of July 8, DHS data showed just over 62,000 Arkansas Works enrollees were subject to the work requirement in August. Most are already meeting the requirement through work, school, or other life situations that made them exempt from reporting. Numbers below are a point-in-time snapshot of the requirement and some fluctuate daily.

62,635* Originally estimated to be subject to work requirement in August



Between July 8 and Sept. 9, 2018, 2,623 fewer people became subject to the requirement due to case closures unrelated to compliance or a change in circumstances. That left 60,012 subject to the requirement in August.

1,218 Satisfied reporting requirement

2,247 Reported an exemption since receiving notice

16,357 Did not satisfy reporting requirement

40,190 Meeting requirement due to work, training, or other activity. Notices explained these enrollees are exempt from reporting their activities.

One month non-compliance

6,174**

Two months non-compliance

5,076**

Three months non-compliance (closed)

4,353

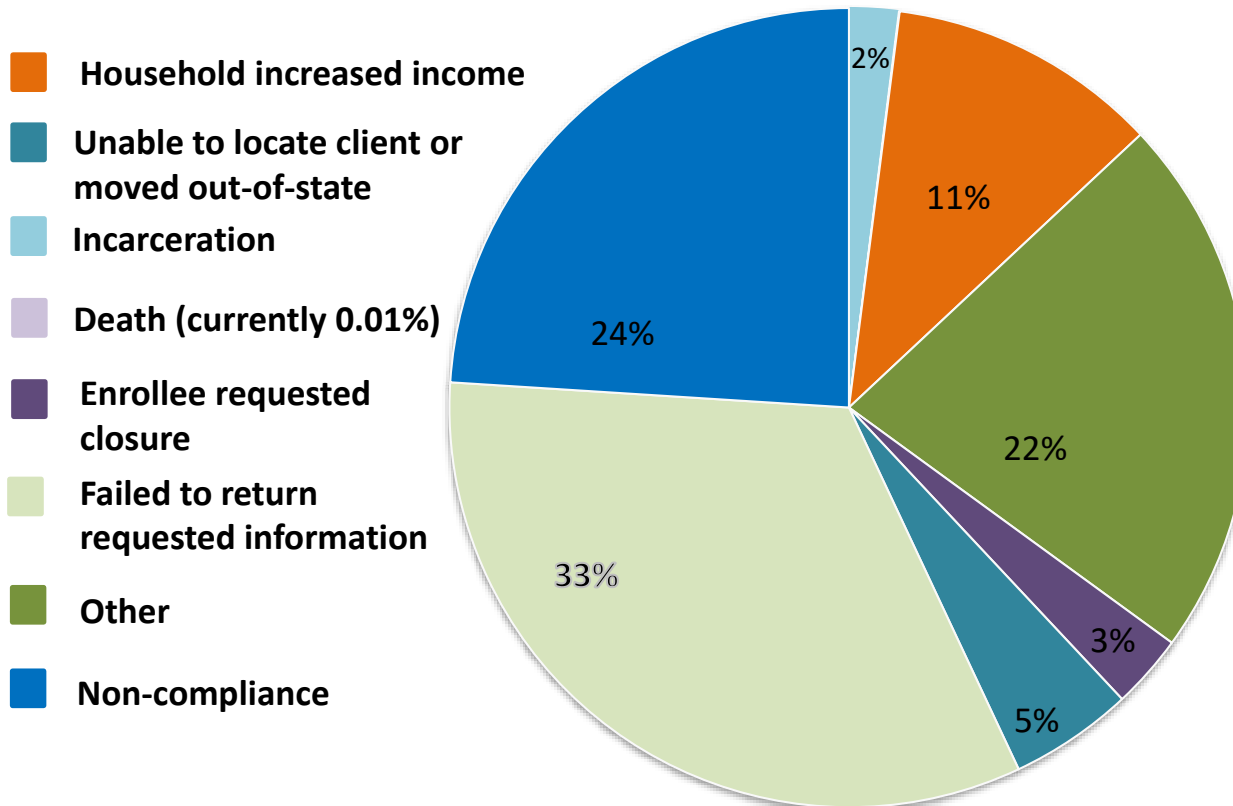
↓
** due to closures unrelated to compliance & as of Sept. 9, 2018

*Enrollees ages 30-49 are being phased into the requirement from June through September 2018. Those 19-29 will roll in starting January 2019.

Arkansas Works Program

August 2018 Report

Every Medicaid program has what is known as “churn,” cases that close for various reasons. It is not uncommon for those individuals to take action and come back on a program after receiving a closure notice. The total number of Arkansas Works cases closed in August was 18,057. Of those, only 4,353 closed due to non-compliance with the work requirement. Below the closures are broken down by type.



Top four reasons people were exempt from reporting in August

Employed at least 80 hours a month **19,391**

Already meeting SNAP requirement through work or exemption **7,776**

Medically frail/disabled **6,273**

At least one dependent child in the home **5,717**



**ARKANSAS
DEPARTMENT OF
HUMAN
SERVICES**

Arkansas Works Clients - Subject to the Work Requirement

Reporting Period	Exempt from Reporting	Reported at least 80 Hours	Failed to Report 80 Hours	Total
June 2018	17,906	445	7,464	25,815
July 2018	30,228	844	12,722	43,794
August 2018	42,437	1,218	16,357	60,012
September 2018				-

Arkansas Works Clients - Months of Non-Compliance

As of September 9, 2018

One Month Non-Compliance	Two Months Non-Compliance
6,174	5,076

Arkansas Works Clients - Exemption Reasons

Reporting Period	Employed >80 hours/month	Dependent Child in Home	Pregnant	Medically Frail	Currently Exempt in SNAP	Caring for Incapacitated Person	Short-Term Incapacitated
June 2018	8,375	2,731	15	2,208	3,480	128	164
July 2018	13,951	4,192	21	4,282	5,780	264	385
August 2018	19,391	5,717	40	6,273	7,776	534	776
September 2018							

Reporting Period	Receives Unemployment Benefits	Education and Training	Alcohol or Drug Treatment	American Indian/Alaska Native*	Tea Cash Assistance	Total Exempt
June 2018	187	24	79	515	-	17,906
July 2018	310	56	155	832	-	30,228
August 2018	444	129	207	1,150	-	42,437
September 2018						

If a client has more than one exemption, the client receives the longest exemption he or she meets.

**Clients who are American Indian / Alaska Native are subject to the work requirement. This population will be part of a future phase in.*

Arkansas Works Clients - Good Cause Requests Completed in August

Total Good Cause Requests Completed in August	Good Cause Requests Granted	Good Cause Requests Denied	Not a Good Cause Issue
55	45	4	6

Good Cause requests are reviewed on a case-by-case basis and are currently tracked separately until system updates can be completed. Clients who have another exemption reason are counted in this report where appropriate.

Clients Who Met Requirement - Types of Work Activities Reported

Clients can report more than one type of work activity

Reporting Period	Clients Who Met Requirement	Number of clients who reported the activity						
		Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class	Currently Meeting SNAP Requirement
June 2018	445	73	8	27	18	1	1	351
July 2018	844	145	20	63	40	4	0	639
August 2018	1,218	279	42	120	90	6	3	828
September 2018								

August 2018 Reporting Period
Clients Who Met Requirement - Types of Work Activities Reported by Hours

Total Clients Who Met Requirement: 1,218

Clients can report more than one type of work activity.

Work Activity*	Clients Who Met Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	10	15	48	36	170	279	49,405
Education and Training	8	18	9	7	0	42	1,597
Volunteer	11	12	17	41	39	120	8,921
Job Search	18	29	23	4	16	90	5,853
Job Search Training	3	3	0	0	0	6	118
Health Education Class	2	1	0	0	0	3	36
Currently Meeting SNAP Requirement	--	--	--	--	--	828	N/A

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

-- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.

-- Health Education Class - Clients may count up to 20 hours each year from this activity.

Clients Who Failed to Report 80 Hours - Types of Work Activities Reported

Clients can report more than one type of work activity

Reporting Period	Clients Who Did Not Meet Requirement	Reported No Work Activities	Reported Work Activities	Number of clients who reported the activity					
				Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class
June 2018	7,464	7,392	72	27	20	5	23	2	1
July 2018	12,722	12,587	135	49	20	12	73	1	1
August 2018	16,357	16,132	225	78	50	19	98	4	1
September 2018									

August 2018 Reporting Period
Clients Who Failed to Report 80 Hours of Activities - Types of Work Activities Reported by Hours

Total clients who failed to report 80 hours: 16,357
 Reported No Work Activities: 16,132
 Reported Work Activities: 225

Clients can report more than one type of work activity

Work Activity*	Clients Who Did Not Meet Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	18	24	20	16	0	78	3,034
Education and Training	10	25	10	5	0	50	1,772
Volunteer	13	4	1	1	0	19	362
Job Search	36	21	6	6	29	98	6,702
Job Search Training	2	0	1	1	0	4	167
Health Education Class	1	0	0	0	0	1	14

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

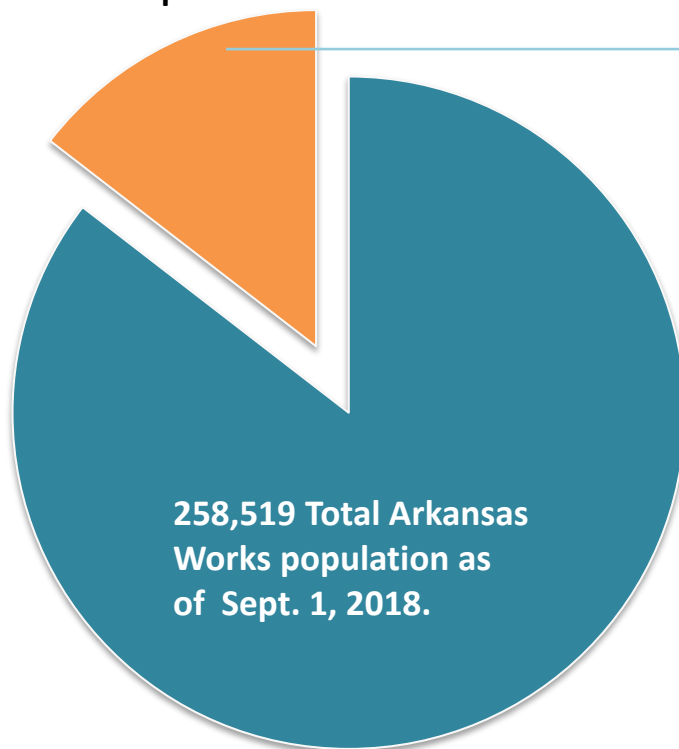
- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.*
- Health Education Class - Clients may count up to 20 hours each year from this activity.*

Arkansas Works Program

September 2018 Report

As of August 10, DHS data showed just over 76,200 Arkansas Works enrollees were subject to the work requirement in September. Most are already meeting the requirement through work, school, or other life situations that made them exempt from reporting. Numbers below are a point-in-time snapshot of the requirement and some fluctuate daily.

76,222* Originally estimated to be subject to work requirement in September



Between Aug. 10 and Oct. 8, 2018, 2,956 fewer people became subject to the requirement due to case closures unrelated to compliance or a change in circumstances. That left 73,266 subject to the requirement in September.

1,532 Satisfied reporting requirement

2,263 Reported an exemption since Aug. 10, 2018

16,757 Did not satisfy reporting requirement

52,714 Meeting requirement due to work, training, or other activity. These enrollees were exempt from reporting their activities.

One month non-compliance

7,748**

Two months non-compliance

4,841**

Three months non-compliance (closed)

4,109

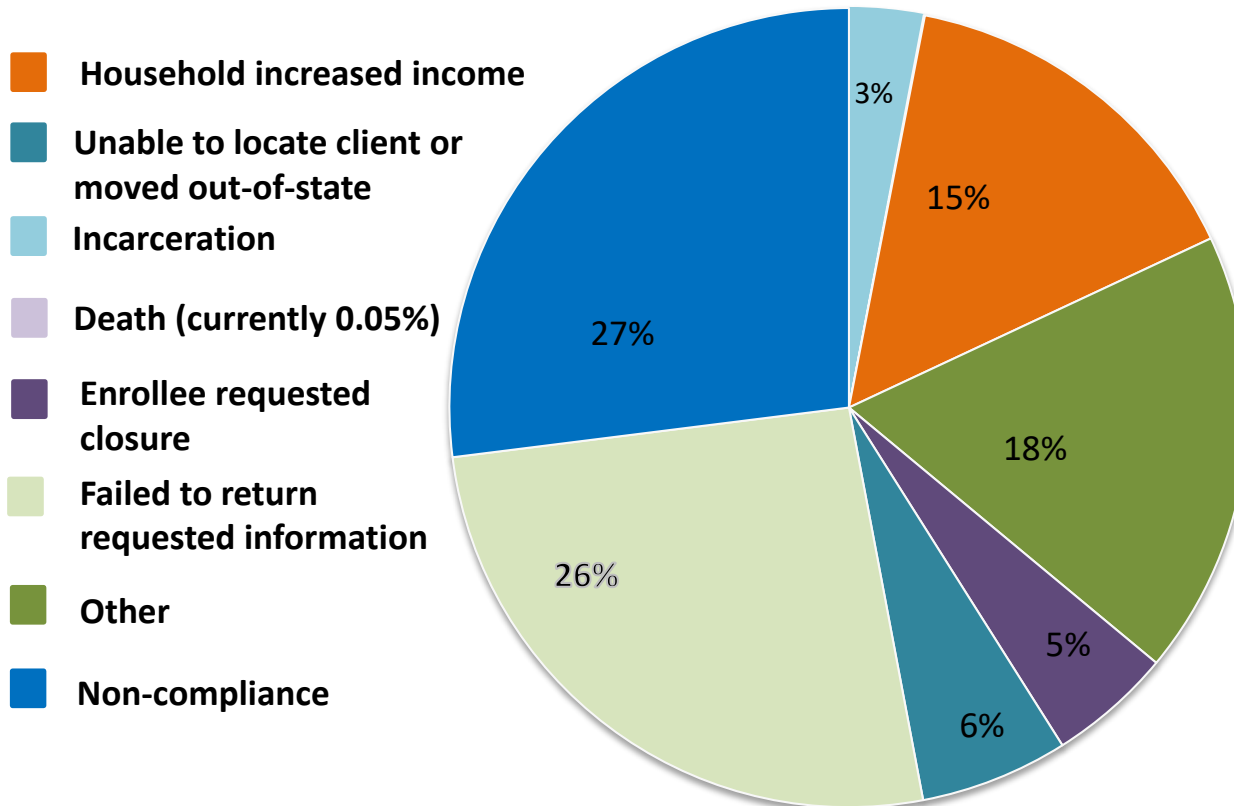
** due to closures unrelated to compliance & as of Oct. 8, 2018

*Enrollees ages 30-49 are being phased into the requirement from June through September 2018. Those 19-29 will roll in starting January 2019.

Arkansas Works Program

September 2018 Report

Every Medicaid program has what is known as “churn,” cases that close for various reasons. It is not uncommon for those individuals to take action and come back on a program after receiving a closure notice. The total number of Arkansas Works cases closed in September was 15,276. Of those, only 4,109 closed due to non-compliance with the work requirement. Below the closures are broken down by type.



Top four reasons people were exempt from reporting in September

Employed at least 80 hours a month **25,368**

Already meeting SNAP requirement through work or exemption **9,705**

Medically frail/disabled **8,020**

At least one dependent child in the home **7,432**



**ARKANSAS
DEPARTMENT OF
HUMAN
SERVICES**

Arkansas Works Clients - Subject to the Work Requirement

Reporting Period	Exempt from Reporting	Reported at least 80 Hours	Failed to Report 80 Hours	Total
June 2018	17,906	445	7,464	25,815
July 2018	30,228	844	12,722	43,794
August 2018	42,437	1,218	16,357	60,012
September 2018	54,977	1,532	16,757	73,266

Arkansas Works Clients - Months of Non-Compliance

As of October 8, 2018

One Month Non-Compliance	Two Months Non-Compliance
7,748	4,841

Arkansas Works Clients - Exemption Reasons

Reporting Period	Employed >80 hours/month	Dependent Child in Home	Pregnant	Medically Frail	Currently Exempt in SNAP	Caring for Incapacitated Person	Short-Term Incapacitated
June 2018	8,375	2,731	15	2,208	3,480	128	164
July 2018	13,951	4,192	21	4,282	5,780	264	385
August 2018	19,391	5,717	40	6,273	7,776	534	776
September 2018	25,368	7,432	51	8,020	9,705	781	1,113

Reporting Period	Receives Unemployment Benefits	Education and Training	Alcohol or Drug Treatment	American Indian/Alaska Native*	Tea Cash Assistance	Total Exempt
June 2018	187	24	79	515	-	17,906
July 2018	310	56	155	832	-	30,228
August 2018	444	129	207	1,150	-	42,437
September 2018	556	242	230	1,479	-	54,977

If a client has more than one exemption, the client receives the longest exemption he or she meets.

**Clients who are American Indian / Alaska Native are subject to the work requirement. This population will be part of a future phase in.*

Arkansas Works Clients - Good Cause Requests Completed in September

Total Good Cause Requests Completed in September	Good Cause Requests Granted	Good Cause Requests Denied	Not a Good Cause Issue
246	140	32	74

Good Cause requests are reviewed on a case-by-case basis and are currently tracked separately until system updates can be completed. Clients who have another exemption reason are counted in this report where appropriate.

Clients Who Met Requirement - Types of Work Activities Reported

Clients can report more than one type of work activity

Reporting Period	Clients Who Met Requirement	Number of clients who reported the activity						
		Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class	Currently Meeting SNAP Requirement
June 2018	445	73	8	27	18	1	1	351
July 2018	844	145	20	63	40	4	0	639
August 2018	1,218	279	42	120	90	6	3	828
September 2018	1,532	372	42	152	93	5	5	1,025

September 2018 Reporting Period
 Clients Who Met Requirement - Types of Work Activities Reported by Hours

Total Clients Who Met Requirement: 1,532

Clients can report more than one type of work activity.

Work Activity*	Clients Who Met Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	12	23	56	50	231	372	64,041
Education and Training	10	8	16	8	0	42	1,834
Volunteer	9	8	15	67	53	152	12,186
Job Search	18	35	22	3	15	93	4,497
Job Search Training	3	2	0	0	0	5	108
Health Education Class	3	2	0	0	0	5	90
Currently Meeting SNAP Requirement	--	--	--	--	--	1,025	N/A

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.*
- Health Education Class - Clients may count up to 20 hours each year from this activity.*

Clients Who Failed to Report 80 Hours - Types of Work Activities Reported

Clients can report more than one type of work activity

Reporting Period	Clients Who Did Not Meet Requirement	Reported No Work Activities	Reported Work Activities	Number of clients who reported the activity					
				Work	Education and Training	Volunteer	Job Search	Job Search Training	Health Education Class
June 2018	7,464	7,392	72	27	20	5	23	2	1
July 2018	12,722	12,587	135	49	20	12	73	1	1
August 2018	16,357	16,132	225	78	50	19	98	4	1
September 2018	16,757	16,535	222	69	54	23	97	5	1

September 2018 Reporting Period
Clients Who Failed to Report 80 Hours of Activities - Types of Work Activities Reported by Hours

Total clients who failed to report 80 hours: 16,757
 Reported No Work Activities: 16,535
 Reported Work Activities: 222

Clients can report more than one type of work activity

Work Activity*	Clients Who Did Not Meet Requirement by Hours Reported					# of Clients Reported	Total Hours Reported
	1-20 Hrs	21-40 Hrs	41-60 Hrs	61-80 Hrs	81+ Hrs		
Work	18	15	16	20	0	69	2,912
Education and Training	8	37	7	2	0	54	1,786
Volunteer	11	6	3	3	0	23	862
Job Search	25	18	15	8	31	97	7,572
Job Search Training	1	4	0	0	0	5	167
Health Education Class	1	0	0	0	0	1	5

While there is no limit to the number of hours a client can report, some work activity types limit the number of hours clients can receive credit for:

- Job Search and Job Search Training - Clients may count up to 39 total hours from these activities combined each month.*
- Health Education Class - Clients may count up to 20 hours each year from this activity.*



THE SECRETARY OF HEALTH AND HUMAN SERVICES

WASHINGTON, D.C. 20201

APR 05 2016

The Honorable Asa Hutchinson
Governor of Arkansas
500 Woodlane Street, Suite 250
Little Rock, AR 72201

Dear Governor Hutchinson:

Thank you for your recent call and for the update on the design and development of the Arkansas Works program. We appreciate the continuing dialogue regarding the elements of Arkansas Works, and we look forward to continuing to work with you to strengthen the Arkansas Medicaid program for the state and its residents.

Specifically, I appreciate our discussions of the four major goals you have identified for Arkansas Works: incentivizing work; increasing personal responsibility; enhancing program integrity; and supporting employer-based insurance coverage. In each of these areas, I look forward to continuing our discussions about finding acceptable approaches that maintain coverage and access for Medicaid beneficiaries and are consistent with federal law.

In our conversations, you emphasized the importance of supporting employers participating in the Arkansas Works program to promote and strengthen employer-sponsored insurance (ESI). HHS is committed to working with you and your staff to find a workable approach to support small employers who participate in the Arkansas Works ESI premium assistance program, consistent with federal requirements.

However, as we have discussed previously, some of your proposals are neither allowable under federal Medicaid law nor consistent with the purposes of the program. In particular, one potential reform under discussion in your state, requiring an asset test for newly eligible populations, is not allowable under statute. Further, consistent with the purposes of the Medicaid program, we cannot approve a work requirement. We can, however, support referrals to programs that can help applicants increase their connection to the workforce and improve their economic outcomes, goals that we support. To that end, I remain committed to working with you and with my counterparts in other agencies to discuss options to make job training and employment more available for Arkansas Works participants.

Additionally, you highlighted your desire to eliminate 90-day retroactive coverage for the new adult group. Retroactive coverage is an important Medicaid provision that protects people who need medical care, and who may not know that they are eligible for coverage. Retroactive coverage is especially important when issues with a state's eligibility and enrollment systems lead to unnecessary gaps in coverage. We recognize the recent improvements Arkansas has made to its eligibility and enrollment system, but significant additional progress is needed to

The Honorable Asa Hutchinson
Page 2

ensure that all eligible individuals are enrolled in Medicaid in a timely manner and in accordance with Medicaid rules, and remain enrolled as long as they are eligible.

We have closely followed discussions in the state and hope that the legislature approves Arkansas Works legislation consistent with our waiver guidance in the upcoming special session. We also look forward to the official submission of Arkansas's 1115 waiver amendment. As you know, once the state has developed a formal proposal, the proposal will need to be open to public comment at both the state and federal levels. HHS cannot approve a waiver until it has been submitted and the proposal and any public comments are reviewed under our transparency processes. We are, as always, committed to working diligently to process Arkansas's waiver application to ensure continuous coverage for Arkansans.

Thank you for your commitment to providing access to healthcare for Arkansans, and for your continued work with us on the Arkansas Works proposal. I look forward to our next steps and to working with you to support Arkansas's innovative Medicaid reform efforts.

Sincerely,

A handwritten signature in black ink that reads "Sylvia M. Burwell". The signature is written in a cursive, flowing style.

Sylvia M. Burwell

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



SMD: 18-002

**RE: Opportunities to
Promote Work and
Community Engagement
Among Medicaid
Beneficiaries**

January 11, 2018

Dear State Medicaid Director:

The Centers for Medicare & Medicaid Services (CMS) is announcing a new policy designed to assist states in their efforts to improve Medicaid enrollee health and well-being through incentivizing work and community engagement among non-elderly, non-pregnant adult Medicaid beneficiaries who are eligible for Medicaid on a basis other than disability.¹ Subject to the full federal review process, CMS will support state efforts to test incentives that make participation in work or other community engagement a requirement for continued Medicaid eligibility or coverage for certain adult Medicaid beneficiaries in demonstration projects authorized under section 1115 of the Social Security Act (the Act). Such programs should be designed to promote better mental, physical, and emotional health in furtherance of Medicaid program objectives. Such programs may also, separately, be designed to help individuals and families rise out of poverty and attain independence, also in furtherance of Medicaid program objectives.²

This guidance describes considerations for states that may be interested in pursuing demonstration projects under section 1115(a) of the Act that have the goal of creating incentives for Medicaid beneficiaries to participate in work and community engagement activities. It addresses the application of CMS' monitoring and evaluation protocols for this type of demonstration and identifies other programmatic and policy considerations for states, to help them design programs that meet the objectives of the Medicaid program, consistent with federal statutory requirements.

¹ States will have the flexibility to identify activities, other than employment, which promote health and wellness, and which will meet the states' requirements for continued Medicaid eligibility. These activities include, but are not limited to, community service, caregiving, education, job training, and substance use disorder treatment.

² Section 1901 of the Social Security Act authorizes appropriations to support State Medicaid programs: "For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care[.]"

Health Benefits of Community Engagement, including Work and Work Promotion

While high-quality health care is important for an individual's health and well-being, there are many other determinants of health. It is widely recognized that education, for example, can lead to improved health by increasing health knowledge and healthy behaviors.³ CMS recognizes that a broad range of social, economic, and behavioral factors can have a major impact on an individual's health and wellness, and a growing body of evidence suggests that targeting certain health determinants, including productive work and community engagement, may improve health outcomes. For example, higher earnings are positively correlated with longer lifespan.⁴ One comprehensive review of existing studies found strong evidence that unemployment is generally harmful to health, including higher mortality; poorer general health; poorer mental health; and higher medical consultation and hospital admission rates.⁵ Another academic analysis found strong evidence for a protective effect of employment on depression and general mental health.⁶ A 2013 Gallup poll found that unemployed Americans are more than twice as likely as those with full-time jobs to say they currently have or are being treated for depression.⁷ Other community engagement activities such as volunteering are also associated with improved health outcomes^{8,9}, and it can lead to paid employment.

CMS, in accordance with principles supported by the Medicaid statute, has long assisted state efforts to promote work and community engagement and provide incentives to disabled beneficiaries to increase their sense of purpose, build a healthy lifestyle, and further the positive physical and mental health benefits associated with work. CMS supports state efforts to enable eligible individuals to gain and maintain employment. Optional Medicaid programs such as the Medicaid Buy-In, for example, allow workers with disabilities to have higher earnings and maintain their Medicaid coverage. For beneficiaries who are able to work but have been unable to find employment, some states encourage employment through concurrent enrollment in state-sponsored job training and work referral, either automatically or at the option of the Medicaid beneficiary. A number of states have also initiated programs to connect non-disabled Medicaid beneficiaries to existing state workforce programs.

States also provide a range of employment supports to individuals receiving home and community based services under section 1915(c) waivers or section 1915(i) state plan services. These include habilitation services designed to "assist individuals in acquiring, retaining and improving the self-help, socialization, and adaptive skills necessary to reside successfully in

³ Bartley, M and Plewis, I. (2002) Accumulated labor market disadvantage and limiting long term illness. *International Journal of Epidemiology* 31:336-41.

⁴ Chetty R, Stepner M, Abraham S, et al. The association between income and life expectancy in the United States, 2001-2014. *JAMA*. 2016; 315(16):1750-1766.

⁵ Waddell, G. and Burton, A.K. *Is Work Good For Your Health And Well-Being?* (2006) EurErg Centre for Health and Social Care Research, University of Huddersfield, UK

⁶ Van der Noordt, M., Jzelenberg, H., Droomers, M., and Proper, K. Health effects of employment: a systemic review of prospective studies. *BMJ Journals. Occupational and Environmental Medicine*. 2014; 71 (10).

⁷ Crabtree, S. In U.S., Depression Rates Higher for Long-Term Unemployed. (2014). Gallup. <http://news.gallup.com/poll/171044/depression-rates-higher-among-long-term-unemployed.aspx>

⁸ United Health Group. *Doing good is good for you*. 2013 Health and Volunteering Study.

⁹ Jenkins, C. Dickens, A. Jones, K. Thompson-Coon, J. Taylor, R. and Rogers, M. Is volunteering a public health intervention? A systematic review and meta-analysis of the health and survival of volunteers *BMC Public Health* 2013. 13 (773)

home and community based settings."¹⁰ These activities have been historically focused on services and programs for individuals with disabilities and receipt of these supports is not a condition of eligibility or coverage.

The successes of all these programs suggest that a spectrum of additional work incentives, including those discussed in this letter, could yield similar outcomes while promoting these same objectives.

New Opportunity for Promoting Work and Other Community Engagement for Non-Elderly, Non-Pregnant Adult Beneficiaries Who Are Eligible for Medicaid on a Basis Other than Disability

On March 14, 2017, the Department of Health and Human Services (HHS) and CMS issued a letter to the nation's governors affirming the continued commitment to partner with states in the administration of the Medicaid program. In the letter, we noted that CMS will empower states to develop innovative proposals to improve their Medicaid programs. Demonstration projects under section 1115 of the Act give states more freedom to test and evaluate approaches to improving quality, accessibility, and health outcomes in the most cost-effective manner. CMS is committed to allowing states to test their approaches, provided that the Secretary determines that the demonstrations are likely to assist in promoting the objectives of the Medicaid program.

Some states are interested in pursuing demonstration projects to test the hypothesis that requiring work or community engagement as a condition of eligibility, as a condition of coverage, as a condition of receiving additional or enhanced benefits, or as a condition of paying reduced premiums or cost sharing, will result in more beneficiaries being employed or engaging in other productive community engagement, thus producing improved health and well-being. To determine whether this approach works as expected, states will need to link these community engagement requirements to those outcomes and ultimately assess the effectiveness of the demonstration in furthering the health and wellness objectives of the Medicaid program.¹¹

Today, CMS is committing to support state demonstrations that require eligible adult beneficiaries to engage in work or community engagement activities (e.g., skills training, education, job search, caregiving, volunteer service) in order to determine whether those requirements assist beneficiaries in obtaining sustainable employment or other productive community engagement and whether sustained employment or other productive community engagement leads to improved health outcomes. This is a shift from prior agency policy regarding work and other community engagement as a condition of Medicaid eligibility or coverage,¹² but it is anchored in historic CMS principles that emphasize work to promote health and well-being.

We look forward to working with states interested in testing innovative approaches to promote work and other community engagement, including approaches that make participation a condition of eligibility or coverage, among working-age, non-pregnant adult Medicaid beneficiaries who qualify for Medicaid on a basis other than a disability. Consistent with section

¹⁰ Social Security Act, section 1915(c)(5)(A)

¹¹ <https://www.medicaid.gov/medicaid/section-1115-demo/about-1115/index.html>

¹² <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/?entry=29927>

1115(a) of the Act, demonstration applications will be reviewed on a case-by-case basis to determine whether the proposed approach is likely to promote the objectives of Medicaid. CMS is also committed to ensuring state accountability for the health outcomes produced by the program, and demonstration projects approved consistent with this guidance will be required to conduct outcomes-based evaluations, based on evaluation designs subject to CMS approval. We note that approved demonstration projects that promote positive health outcomes may also achieve the additional goal of the Medicaid program to promote independence.

State Flexibility in Program Design

In its work with states, CMS has identified a number of issues for states to consider as they develop programs to promote work and other forms of community engagement among Medicaid beneficiaries. Each state is different, and states are in the best position to determine which approaches are most likely to succeed, based on their specific populations and resources. In drafting demonstration project applications, states should articulate the reasoning behind their proposal. While CMS will evaluate each demonstration project application on its own merits, we believe the following considerations will facilitate states' work to develop proposals and allow them to focus their resources on permissible areas of innovation while allowing CMS to maintain its oversight and fiduciary responsibilities.

Alignment with Other Programs

Many states already have systems in place for implementing employment and community engagement programs. For instance, beginning in 1996, welfare reform provided states with more flexibility to manage their state welfare programs under the Temporary Assistance for Needy Families (TANF) program consistent with the four statutory purposes of TANF. Supplemental Nutrition Assistance Program (SNAP) rules require all recipients to meet work requirements unless they are exempt. Exemptions may include, but are not limited to age, disability, responsibility for a dependent, participation in a drug addiction or alcohol treatment and rehabilitation program, or another state-specified reason.

CMS supports states' efforts to align SNAP or TANF work or work-related requirements with the Medicaid program as part of a demonstration authorized under section 1115 of the Act, where such alignment is appropriate and consistent with the ultimate objective of improving health and well-being for Medicaid beneficiaries. Based on states' experiences with their TANF or SNAP employment programs, they may wish to consider aligning Medicaid requirements with certain aspects of the TANF or SNAP programs, such as:

- Excepted populations (e.g., pregnant women, primary caregivers of dependents, individuals with disabilities or health-related barriers to employment, individuals participating in tribal work programs, victims of domestic violence, other populations with extenuating circumstances, full time students);
- Protections and supports for individuals with disabilities and others who may be unable to meet the requirements;
- Allowable activities (e.g., subsidized and unsubsidized employment, educational and vocational programs, job search and job readiness, job training, community service, caregiving, and other allowable activities under TANF or SNAP) and required hours of participation (e.g., hours/week, including hours completed under TANF or SNAP);

- Changes to requirements or allowable activities due to economic or environmental factors (e.g., unemployment rate in affected areas);
- Enrollee reporting requirements (e.g., frequency and method for reporting work activities); or
- The availability of work support programs (e.g., transportation or child care) for individuals subject to work and community engagement requirements.

CMS will consider the extent to which proposed Medicaid community engagement or work requirements align with features of the TANF or SNAP programs and whether that alignment is consistent with Medicaid objectives. For example, aligning certain requirements across these programs would streamline eligibility and could reduce the burden on both states and beneficiaries and maximize opportunities for beneficiaries to meet the requirements. Many states have already developed or are developing integrated eligibility systems, and have taken advantage of the waiver of OMB Circular A-87 cost allocation rules (available through CY 2018) to support the integration of eligibility systems between health and human services programs. These integrated systems may be poised to allow for alignment of eligibility requirements for a segment of the Medicaid population, and to facilitate implementation of streamlined application and verification processes. Where additional information technology systems enhancements are required to support Medicaid demonstration activities, costs will be expected to be reasonable and comply with Medicaid statute and regulations. Federal Medicaid funding will be limited to allowable activities directly linked to Medicaid beneficiaries.

Individuals enrolled in and compliant with a TANF or SNAP work requirement, as well as individuals exempt from a TANF or SNAP work requirement, must automatically be considered to be complying with the Medicaid work requirements. To the degree that specific good cause exemptions exist in a state TANF or SNAP program, the state should make a reasonable effort to incorporate similar exemptions within a framework for a Medicaid community engagement and work requirement. States should also describe how they will communicate to beneficiaries any differences in program requirements that individuals will need to meet in the event they transition off of SNAP or TANF but remain subject to a Medicaid community engagement or work requirement.

Populations Subject to Work Promotion/Community Engagement Requirements

States should clearly identify the eligibility groups subject to the work and community engagement requirements and included in the demonstration. States may consider submitting for CMS consideration a proposal to tailor such requirements to adults within specific eligibility groups or sub-populations within the eligibility group. CMS recognizes that adults who are eligible for Medicaid on a basis other than disability (i.e. classified for Medicaid purposes as “non-disabled”) will be subject to the work/community engagement requirements as described in this guidance. These individuals, however, may have an illness or disability as defined by other federal statutes that may interfere with their ability to meet the requirements. States must comply with federal civil rights laws, ensure that individuals with disabilities are not denied Medicaid for inability to meet these requirements, and have mechanisms in place to ensure that reasonable modifications are provided to people who need them. States must also create exemptions for individuals determined by the state to be medically frail and should also exempt

from the requirements any individuals with acute medical conditions validated by a medical professional that would prevent them from complying with the requirements.

States are required, in the design and administration of Medicaid demonstration projects, to comply with all applicable federal civil rights laws, including the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, Section 1557 of the Affordable Care Act, Title VI of the Civil Rights Act, the Age Discrimination Act, and other applicable statutes. The federal disability rights laws are of particular importance, given the broad scope of protection under these laws and the fact that disabilities can affect an individual's ability to participate in work and community engagement activities. States may not impose such requirements on individuals classified as "disabled" for Medicaid eligibility purposes.

CMS recognizes that individuals who are eligible for Medicaid on a basis other than disability (and are therefore classified for Medicaid purposes as "non-disabled") may have a disability under the definitions of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, or section 1557 of the Affordable Care Act. States should include, in their proposals, information regarding their plans for compliance with these requirements, including provision of reasonable modifications in work or community engagement requirements. The reasonable modifications must include exemptions from participation where an individual is unable to participate for disability-related reasons, modification in the number of hours of participation required where an individual is unable to participate for the required number of hours, and provision of support services necessary to participate, where participation is possible with supports. States may not receive Federal Medicaid match for such supportive services for individuals enrolled in these Medicaid demonstrations. In addition, States should evaluate individuals' ability to participate and the types of reasonable modifications and supports needed. CMS, in consultation and coordination with the HHS Office for Civil Rights, is available to assist states in designing projects that comply with the civil rights laws.

CMS also recognizes that many states currently face an epidemic of opioid addiction, which has been declared a national public health emergency by the Secretary. States will therefore be required to take certain steps to ensure that eligible individuals with opioid addiction and other substance use disorders (who may not be defined as disabled for Medicaid purposes but may be protected by disability laws) have access to appropriate Medicaid coverage and treatment services. States must make reasonable modifications for these individuals, consistent with states' obligations under civil rights laws described above, and specifically identify such modifications in their demonstration applications. Such modifications may include counting time spent in medical treatment towards an individual's work/community engagement requirements, or exempting individuals participating in intensive medical treatment (e.g. inpatient treatment or intensive outpatient treatment) for substance use disorder from the work/community engagements requirements. CMS will also consider other reasonable modifications that states may design and propose in furtherance of their obligations under disability laws. Finally, states should identify, in their demonstrations, other strategies to support such individuals in meeting the requirements, and in obtaining access to treatment when they are ready.

Range of community engagement activities

We encourage states to consider a range of activities that could satisfy work and community-engagement requirements. Career planning, job training, referral, and job support services offered should reflect each person's employability and potential contributions to the labor market. As many Medicaid beneficiaries live in areas of high unemployment, or are engaged as caregivers for young children or elderly family members, states should consider a variety of activities to meet the requirements for work and community engagement, including volunteer and tribal employment programs, in addition to the activities identified to meet the requirements under SNAP or TANF.

Beneficiary supports

States will be required to describe strategies to assist beneficiaries in meeting work and community engagement requirements and to link individuals to additional resources for job training or other employment services, child care assistance, transportation, or other work supports to help beneficiaries prepare for work or increase their earnings. However, this demonstration opportunity will not provide states with the authority to use Medicaid funding to finance these services for individuals. Nothing in this letter changes the types of services eligible for Federal match; states may only receive Federal Medicaid match for allowable services in accordance with statute.

CMS expects that states will design their programs consistent with statutory and regulatory procedural requirements, including through provisions to ensure Medicaid beneficiaries' due process rights are protected. States are encouraged to include procedures that allow for an assessment of individuals' disabilities, medical diagnosis, and other barriers to employment and self-sufficiency in order to identify appropriate work and community engagement activities and services, supports, and any reasonable modifications necessary for those individuals to participate in work and community engagement activities and attain long-term employment and self-sufficiency.

Attention to market forces and structural barriers

CMS recognizes that States will need flexibility to respond to the local employment market by phasing in and/or suspending program features, as necessary. A state may need time to establish supports for beneficiaries in regions with limited employment opportunities, for example, or localities facing particular economic stress or lack of viable transportation. The state should describe its plan for assessing and addressing these and related issues in its demonstration application. In addition, the state should consider whether other circumstances may arise that could prevent individuals from complying with a community engagement and work requirement. States should detail how they would support individuals in meeting program requirements during those periods, which may include incorporation of good cause exemptions similar to those used in SNAP and TANF.

Transparency

CMS remains committed to supporting reasonable public input processes that provide states an opportunity to consider the views of Medicaid beneficiaries, applicants, and other stakeholders and gather input that may support continuous improvement of the program. Demonstration projects under section 1115 of the Act intended to promote work and other community

engagement are subject to all relevant public notice and transparency requirements, including those described in 42 C.F.R. Part 431, subpart G. Where applicable, states will also be required to comply with tribal consultation requirements and describe how they are responding to comments received through the tribal consultation process.

Budget Neutrality

To promote long-term sustainability of the Medicaid program for states and the federal government, we will continue to require states to demonstrate that projects authorized under section 1115 of the Act are budget neutral. CMS will work with states to identify those components of the demonstration that will be included in budget neutrality calculations and provide technical assistance as needed in determining budget neutrality. States will not be permitted to accrue savings from a reduction in enrollment that may occur as a result of using this section 1115 authority. States will be required to document the financial performance of the demonstration and track expenditures to ensure the demonstration does not exceed established budget neutrality limits. States will provide updated budget neutrality workbooks with every required monitoring report, and the specific reporting requirements for monitoring budget neutrality will be set forth in the demonstration special terms and conditions (STCs).

Monitoring and Evaluation

CMS remains committed to ensuring state accountability for the health and well-being of Medicaid enrollees. Monitoring and evaluation are important for understanding these outcomes and the impacts of the state innovations being demonstrated. We are undertaking efforts to help states monitor the elements of their programs, while giving them the flexibility to adapt to changing conditions in their states. States will be required to develop monitoring plans and submit regular monitoring reports describing progress made in implementing their requirements for work and other community engagement activities. We will also undertake our own monitoring and technical assistance efforts through regular communications with states and will review written reports from states on a quarterly basis.

Monitoring

States approved to implement work and other community engagement requirements for Medicaid beneficiaries will submit to CMS a draft of proposed metrics for quarterly and annual monitoring reports, and CMS will work with the state to jointly identify metrics for these reports. Metrics will reflect the major elements of the demonstration, including but not limited to data that applies to the work and other community engagement initiatives. CMS will combine these programmatic metrics with general metrics aimed at monitoring beneficiary enrollment and termination for failure to meet program requirements, access to services for both beneficiaries and individuals terminated for failure to meet the requirements, and the overall functioning of the demonstration.

States will be subject to other monitoring and reporting requirements, consistent with regulations in 42 C.F.R. § 431.420 and § 431.428. State reports will be required to provide sufficient information to document key challenges, underlying causes of those challenges, and strategies for addressing those challenges, as well as key achievements and the conditions and efforts that lead to those successes. Specific details related to monitoring and reporting for each state's demonstration will be discussed with states and described in the demonstration STCs.

Evaluation

States will also be required to evaluate health and other outcomes of individuals that have been enrolled in and subject to the provisions of the demonstration, and will be required to conduct robust, independent program evaluations. Evaluations must be designed to determine whether the demonstration is meeting its objectives, as well as the impact of the demonstration on Medicaid beneficiaries and on individuals who experience a lapse in eligibility or coverage for failure to meet the program requirements or because they have gained employer-sponsored insurance. A draft evaluation design should be submitted with the application, and the final evaluation design will be submitted for CMS approval no more than 180 days after demonstration approval.

Evaluation designs will be expected to include a discussion of the evaluation questions and hypotheses that the state intends to test, including the hypothesis that requiring certain Medicaid beneficiaries to work or participate in other community engagement activities increases the likelihood that those Medicaid beneficiaries will achieve improved health, well-being, and (if the State designs its program to pursue this additional goal) independence as contemplated in the objectives of Medicaid. Evaluation designs will be expected to include analysis of how this requirement affects beneficiaries' ability to obtain sustainable employment, the extent to which individuals who transition from Medicaid obtain employer sponsored or other health insurance coverage, and how such transitions affect health and well-being.

The hypothesis testing should include, where possible, assessment of both process and outcome measures, and proposed measures should be selected from nationally-recognized sources and national measures sets, where possible. The evaluation design should use both quantitative and qualitative methods, and will need to identify comparison groups and appropriate statistical analyses to evaluate the impact of the demonstration. Evaluation designs should also include descriptions of multiple data sources to be used, including but not limited to multiple stakeholder perspectives, surveys of beneficiaries (both enrolled and those no longer enrolled as a result of the implementation of program requirements), claims data, and survey data (such as Consumer Assessment of Healthcare Providers and Systems (CAHPS)).

To the extent permitted by federal and state privacy laws, states should be prepared to track and evaluate health and community engagement outcomes both for those who remain enrolled in Medicaid, and those who are subject to the requirements but lose or experience a lapse in eligibility or coverage during the course of the demonstration, and provide details on how they will track these outcomes in their demonstration evaluation designs. Ongoing monitoring and evaluation efforts will help CMS learn more about the challenges and successes states experience while implementing innovative policies to increase productive community engagement, which we will then be able to share with other states looking to achieve similar goals related to their residents' well-being.

We hope this information is helpful, and we look forward to continuing to work with states to implement innovative solutions to improve their Medicaid programs. Questions and comments regarding this policy may be directed to Judith Cash, Acting Director, State Demonstrations Group, CMCS, at 410-786-9686.

Page 10- State Medicaid Director

Sincerely,

/s/

Brian Neale
Director

Cc:

National Association of Medicaid Directors

National Academy for State Health Policy

National Governors Association

American Public Human Services Association

Association of State and Territorial Health Officials

Council of State Governments

National Conference of State Legislatures

Academy Health

National Association of State Alcohol and Drug Abuse Directors