ARHOME
health & opportunity for me

ARKANSAS HEALTH AND OPPORTUNITY FOR ME

A New Five-Year Waiver to Replace Arkansas Works

March 1, 2021

Arkansas Department of Human Services

Arkansas Health and Opportunity for Me (ARHOME)

The current Arkansas Works law and federal waiver expire December 31, 2021. The Arkansas Department of Human Services (DHS) has been working with State Legislators for several months to design a new program to replace Arkansas Works that slows the growth in State spending, moves people out of poverty through work and education, and addresses some long-standing health issues in Arkansas. Like Arkansas Works, the federal government would pay 90 percent of the program costs. The new program is called Arkansas Health and Opportunity for Me (ARHOME).

What are the economic implications of ARHOME?

A new ARHOME waiver would bring an estimated $9.766 billion from the federal government into the state economy over the next five years. In comparison, an expansion of the traditional fee-for-service Medicaid program is estimated to bring in $6.755 billion to the state, a *reduction* of $3.011 billion over five years. This reduction would mean *less* health care spending circulating through the economy, which would result in $310 million in lost state and local tax revenue over five years.

Would hospitals, doctors, and other health care providers still be paid commercial insurance rates or Medicaid rates, which are often 25 to 65 percent lower than commercial rates?

ARHOME is built on a premiums assistance model, meaning enrollees would get private health insurance and health care providers would be paid commercial insurance rates. That's important for two reasons:

- Right now, about 60 percent of Arkansas's rural hospitals are at significant risk of closing due to financial pressures and paying them lower rates could result in their closure. That would mean longer travel time for residents needing emergency or inpatient care and fewer jobs in those communities.
- Many doctors limit traditional Medicaid patients due to the low reimbursement rates.

Is ARHOME the same program as Arkansas Works?

No. ARHOME uses the same framework of the State helping enrollees purchase private health insurance coverage, but it does so much more. This new approach incorporates more specific health outcome measures and goals related to long-standing health issues in Arkansas:

- Maternal and Infant Health – Maternal Life360 HOMEs will provide evidence-based home visiting programs for at-risk moms to be and babies in the critical first two years of life. This should help reduce high-cost newborn intensive care stays (Medicaid spends more than $100 million each year) and improve maternal and infant health outcomes (Arkansas ranks 49th nationally).
- Rural Health – Rural Life360 HOMEs will be paid to offer acute mental health crisis services and substance abuse services, provide some enrollees with intensive one-on-one engagement and support to meet their health needs, and build out their telemedicine infrastructure.
- Vulnerable, young adult populations – Success Life360 HOMEs connect young adults in target populations (formerly in foster care, formerly incarcerated or in DYS custody, and veterans) to relevant community organizations. These organizations can provide intensive support to help address health-related social needs, including finding a path to long-term economic independence through work and education. Organizations such as Goodwill, Our House, and Immerse Arkansas are examples of this type of model.

In addition, ARHOME is designed to slow the growth in state spending for the population enrolled in the program while maintaining the economic and fiscal benefits of Arkansas Works. It will do that by requiring the private health plans to meet annual financial targets, by capping payments to health plans at the annual budget neutrality limit in the our approved waiver, and by holding health plans responsible for full collection of enrollees cost-sharing obligations.

Lastly, one of the goals of the program is to move people out of poverty through work and education. How? People who work and do other activities, such as continue their education, will have access to private insurance plans, which provide more access than Medicaid. This path allows people to achieve long-term economic independence. People who do not choose this path will get coverage through the traditional fee-for-service Medicaid program.

How will ARHOME impact the State's health insurance market?

Arkansas has the lowest premiums for individuals purchasing coverage through the health insurance marketplace (the exchange) than any of its neighboring states. Ending the premium assistance model would likely de-stabilize the Arkansas marketplace for individual coverage and drive up premiums, meaning Arkansans who purchase individual policies will pay more.

How many people have coverage under the current Arkansas Works program?

Arkansas Works typically covers approximately 250,000 working poor Arkansans. Most of those people, 84 percent, are enrolled in private insurance plans. The rest get care through the traditional Medicaid program because of their higher medical higher needs.

Do enrollees have to pay anything to get coverage through ARHOME?

Yes. Cost-sharing is required for all income levels.

ARHOME: A New Five-Year Waiver to Replace Arkansas Works

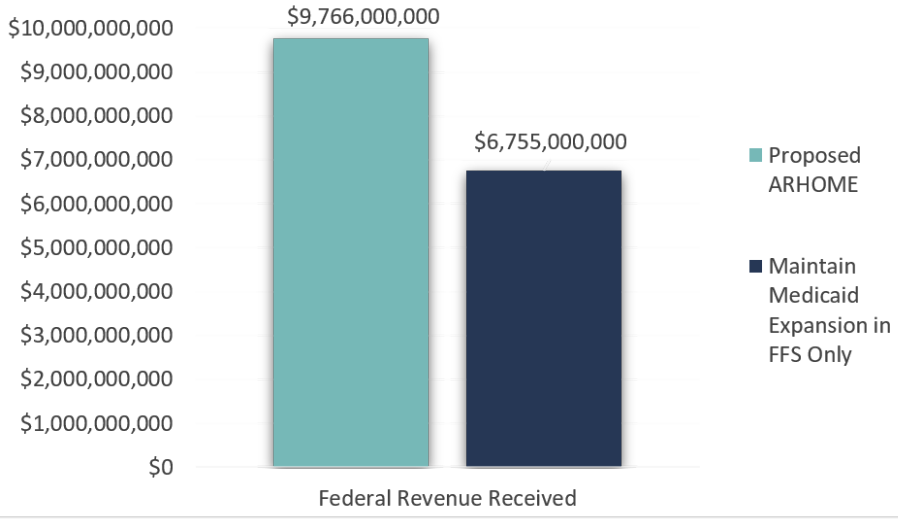
Three Measurable Goals for ARHOME

1. Slow the growth in state spending for the population enrolled in ARHOME while maintaining the economic and fiscal benefits of Arkansas Works.
2. Lift people out of poverty through work and education.
3. Improve health outcomes among Arkansans in:
    - Maternal and infant health
    - Rural health
    - Behavioral health
    - Chronic disease

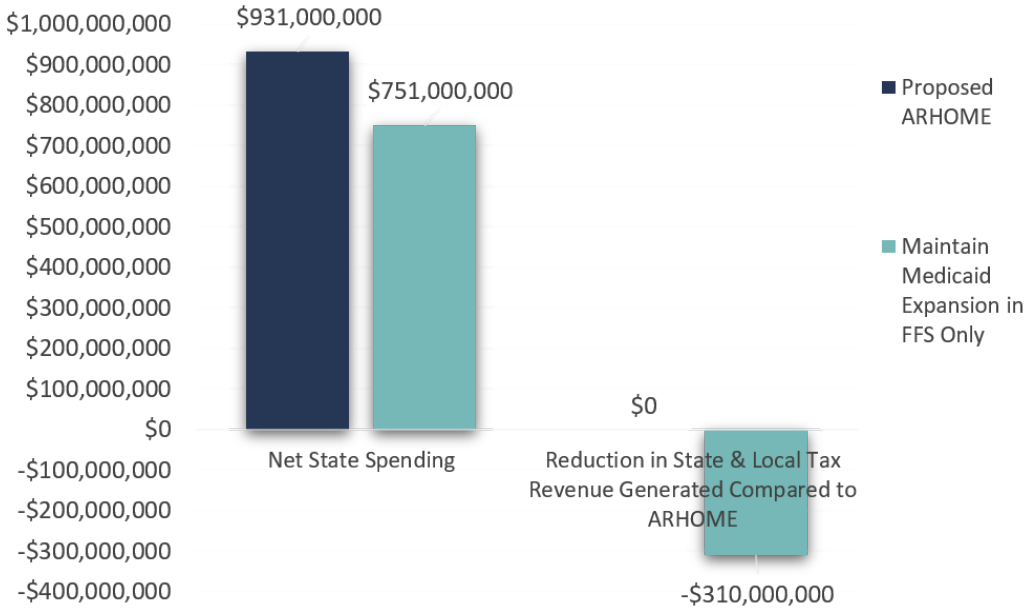
ARHOME Provides the Best Return for the State's Economy and Overall Budget

- The current Arkansas Works law and waiver **expire December 31, 2021**.
- The federal government pays **90%** of the cost of Arkansas Works.
- **84%** of the population in Arkansas Works is enrolled in a Qualified Health Plan (QHP). These QHPs pay hospitals and other medical providers commercial rates, higher than what providers receive for populations enrolled in Fee-For-Service Medicaid.
- The new ARHOME waiver would continue to enroll individuals into the QHPs and would bring an estimated **$9.766 billion** from the federal government into the state economy over the next 5 years.
    - If Arkansas paid Fee-For-Service (FFS) rates instead, the federal government would send an estimated **$6.755 billion** to the state, **a reduction of $3.011 billion over the five-year period**. This reduction will result in significantly lower payments to hospitals, doctors, and other health care professionals.
    - This reduction would also mean *less* health care spending circulating through the economy and generating state and local tax revenues – **a revenue *loss* of $310 million** compared to using QHPs.
- The additional funding and revenues are **vital** to the state economy, especially in rural counties, and our health care infrastructure, especially for our rural hospitals.
    - From 2012-2021, 56 rural hospitals closed in neighboring states, while only one closed in Arkansas.
    - 60% of our rural hospitals are still at risk of closing.

Federal Revenue Received for ARHOME vs. Fee-For-Service, 2022-2026 Estimates

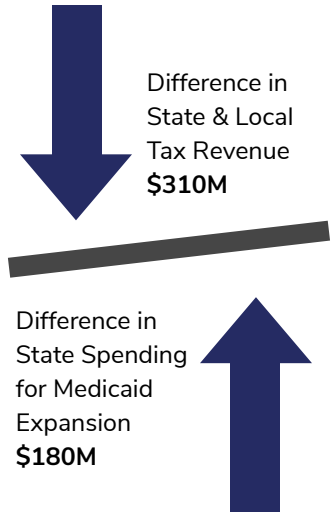


Budget and Revenue Impact of ARHOME vs. FFS Over 5 Years



While FFS is $180 million less in net state spending, the $3 billion in lost federal revenue would leave the state with $310 million less in state and local tax revenue generated, more than offsetting the reduction in state Medicaid spending.

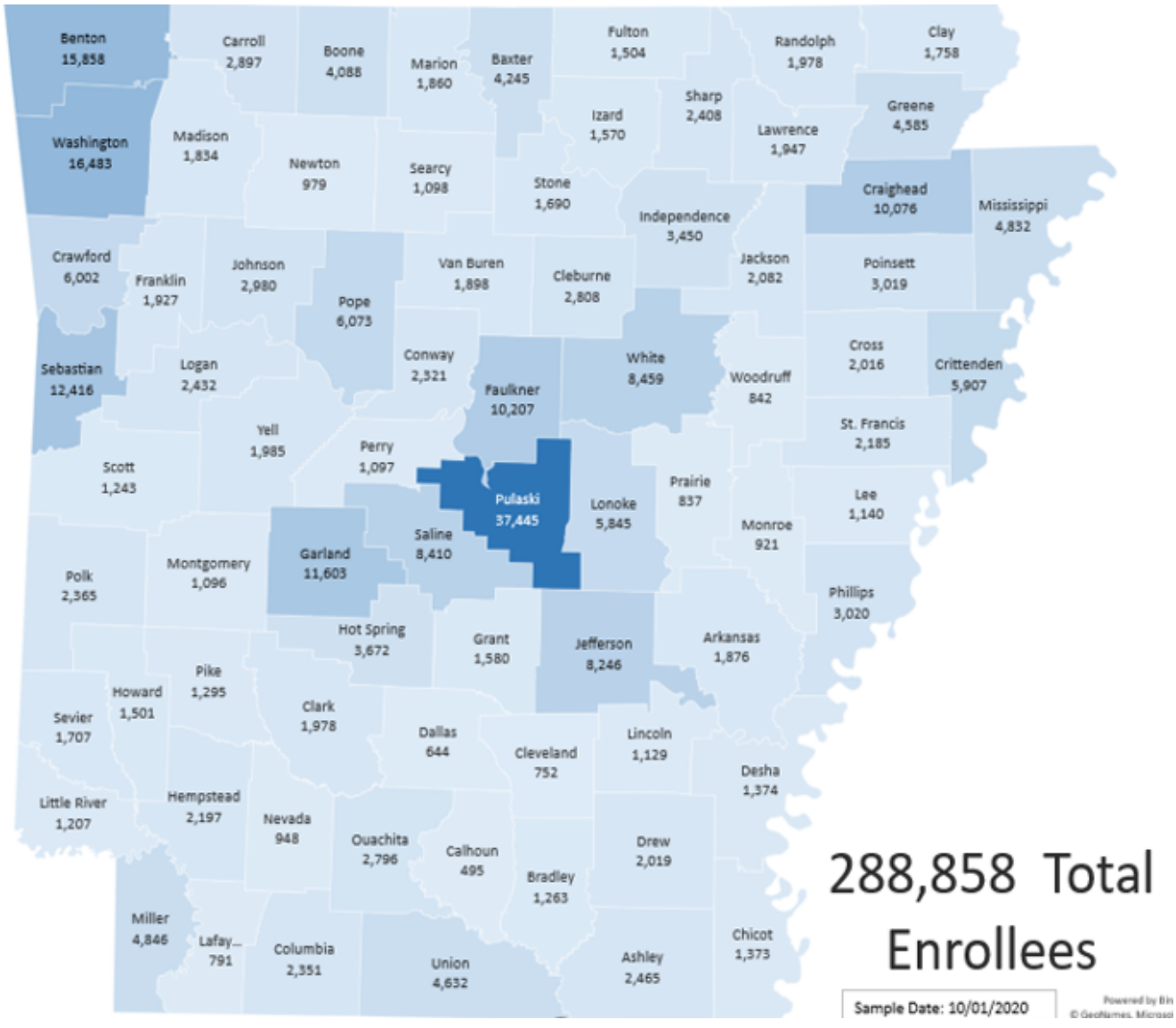
Compared to FFS, ARHOME is more advantageous to the state by $130M



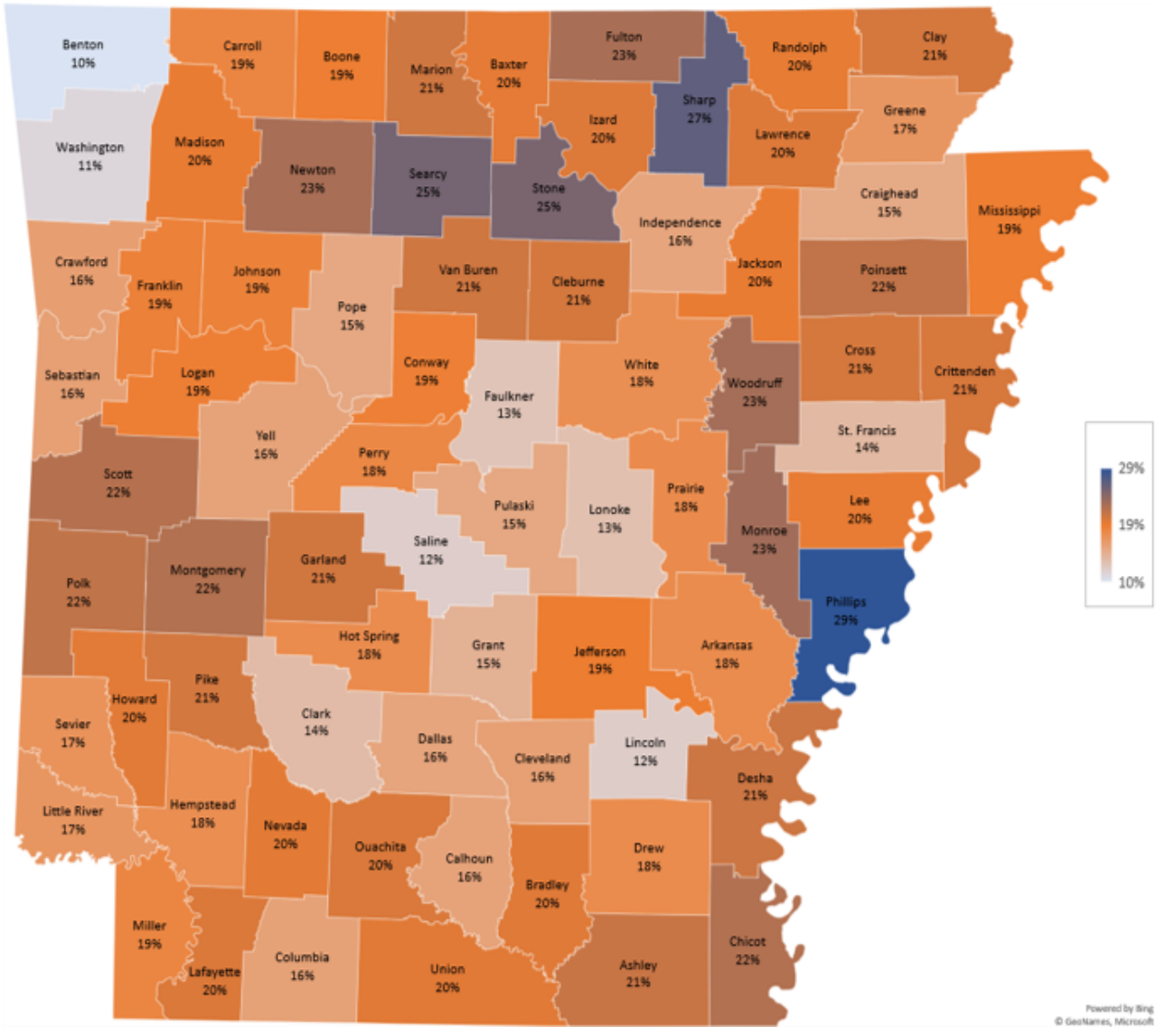
ARHOME Highlights:
Economic Independence Through Work, Education, and Personal Responsibility

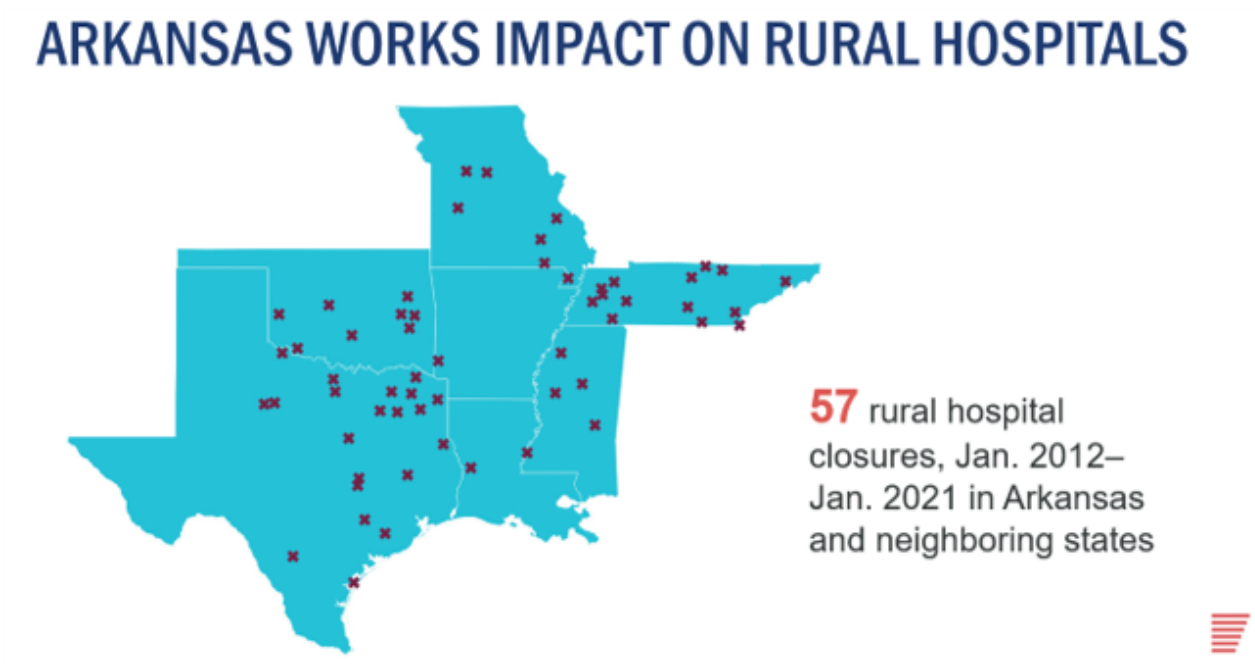
1. **Work, Education, & Community Engagement Incentive**
   - Premium Assistance to buy insurance is an incentive that is **earned**.
   - All enrollees are eligible for fee-for-service Medicaid.
   - Enrollees can earn the incentive of premium assistance for insurance by engaging in work, education, or other activities that will lead to long-term economic independence.
2. **ARHOME aligns with SNAP and other program work requirements.**
3. **Enrollees will be given a readiness for work assessment upon enrollment.**
4. **Cost Sharing is required for all income levels.**
   - Premiums and co-pays for those at-or-above 100% of the federal poverty level.
   - Point-of-sale co-pays for those below 100% of the federal poverty level.

AR Works Enrollees by County: Oct. 1, 2020 Snapshot



AR Works Enrollees as a Percent of County Population 18-64
Oct. 1, 2020 Snapshot





Over 800 rural hospitals – 40% of the rural hospitals in America – are either at immediate risk or high risk of closure due to 1) persistent financial losses; 2) low or non-existent financial reserves; or 3) high dependence on non-patient service revenues.

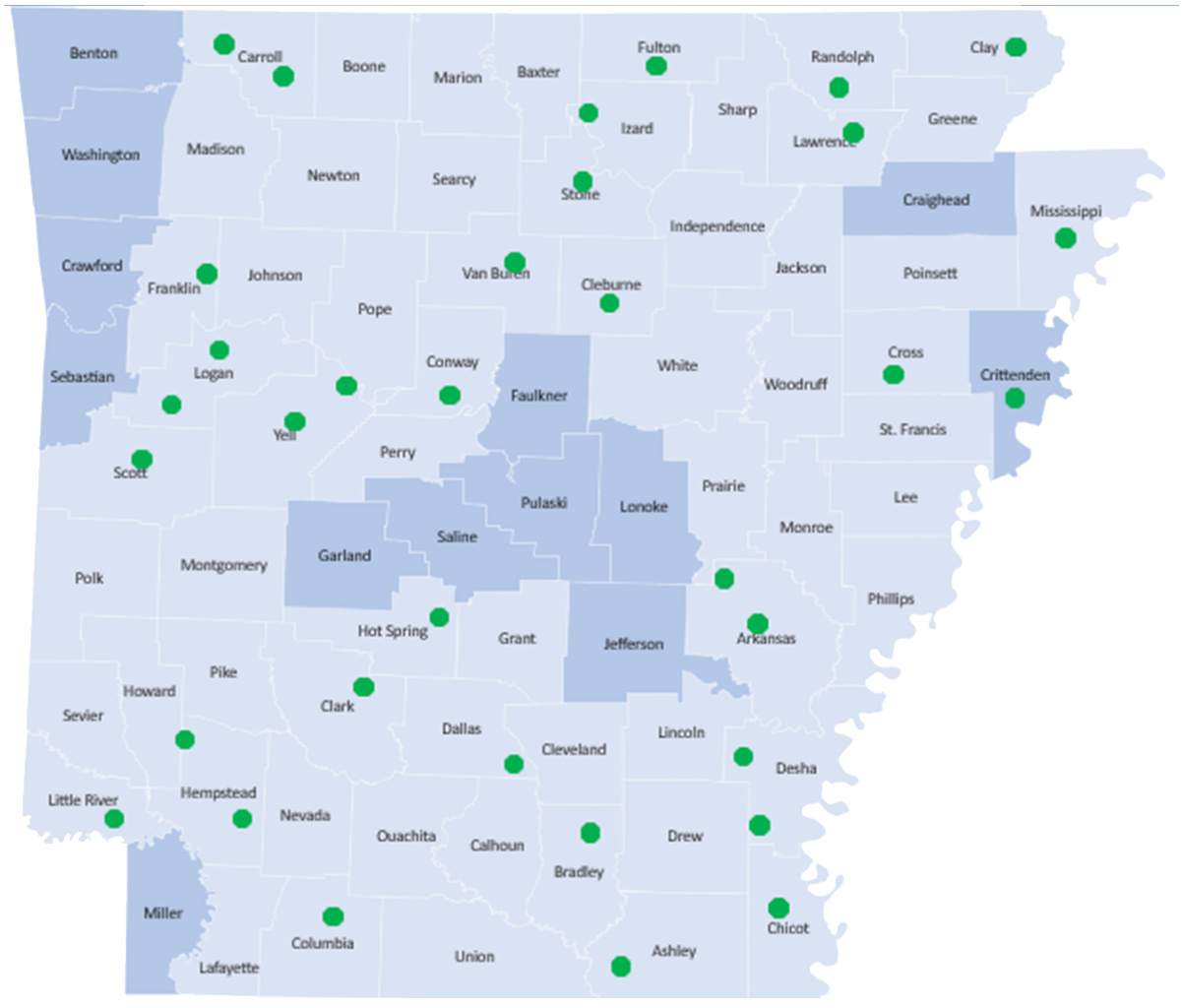
Almost all of hospitals at risk of closure are in isolated, rural communities. Their closure would mean that community residents would have no ability to receive emergency or inpatient care without traveling long distances.

State	Total Rural Hospitals	# at Risk of Closing	% at Risk of Closing
Arkansas	48	29	60%
Louisiana	49	26	53%
Mississippi	66	41	62%
Missouri	57	31	54%
Oklahoma	73	41	56%
Tennessee	51	30	59%
Texas	147	82	56%

Stabilizing and Strengthening Rural Healthcare
Rural Hospitals can become Rural Life360 HOMES

- **Rural Life360 HOMES will be paid to:**
  - Offer Acute Crisis Unit (ACU) services, including **"just in time" acute crisis beds** for clients in mental illness/substance use disorder crisis.
  - **Employ trained "coaches"** to assist enrollees with getting medical treatment and obtaining other services and supports to meet their health-related social needs through intensive one-on-one engagement.
  - **Screen and refer** all Arkansans for health-related social needs
  - Build-out their **telemedicine infrastructure** so more services are provided locally
- **Rural Emergency Response strengthened with Crisis Training and telemedicine deployed in ambulances**
- **Medical care is still provided by their local physician, pharmacy, therapist, etc.**
- **No financial risk for hospitals choosing to become Rural Life360 HOME**

Potential Rural Life360 HOMES

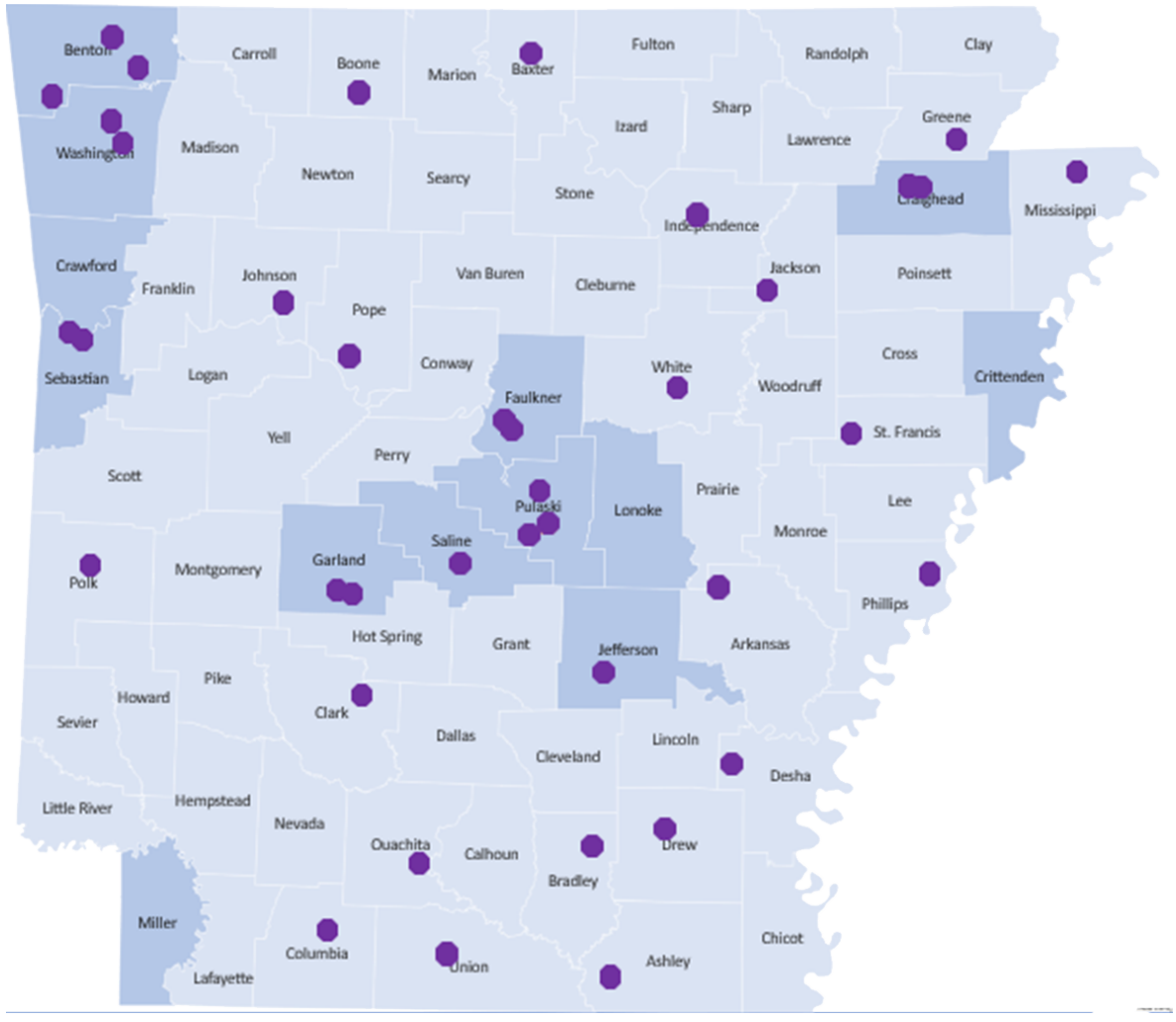


Potential Rural Life360 HOMES
Birthing Hospitals can become a Maternal Life360 HOME

- **Arkansas ranks 49th in the nation in Maternal & Infant Health Outcomes**
- **Each year, Medicaid spends more than $100 million to pay for NICU stays for about 2,100 infants**
  - Another 1700 are low-birth-weight deliveries, costing more than $44 million.
- **In 2019, over 15,000 AR Works enrollees were pregnant, with over 11,000 births that year.**
  - 34% had a high-risk pregnancy.
- **Birthing Hospitals throughout the state can choose to become a Maternal Life360 HOME offering evidence-based home visitation services for women with high-risk pregnancies.**
  - Maternal Life360 HOMEs will employ staff or engage a strategic partner such as an Early Head Start program to provide an evidence-based home visitation program from pregnancy through the first 24 months of life of the child.
  - Medical care will continue through the woman's doctor.
- **The goal is for all women in ARHOME with a high-risk pregnancy to have these services available to them, no matter where they live in Arkansas.**

Over 5,000 women are potentially eligible for a Maternal Life360 HOME annually.

Potential Maternal Life360 HOMES



The Health of Young Adults at Risk of Long-Term Dependency

Veterans, age 19-30:

- **14,500** total Veterans are estimated to be in AR Works. AR had the ***second highest reduction nationally in un-insurance*** among veterans after expansion.
- In 2015 54% of veterans enrolled in Medicaid in the U.S. had a disability, 42% had 2+ chronic conditions, 11% had SMI, and 12% had SUD.
- Over **10% of Arkansas homeless population are veterans**.

Formerly in Foster Care, age 19-27:

- **4,468 AR Works enrollees age 19-27 have been in Arkansas foster care at some point** in their lives and have a higher likelihood of being homeless, becoming pregnant as a teenager, suffering from behavioral health issues, being unemployed, and skipping college.

Formerly in DYS Custody, age 19-24:

- **2,530** AR Works enrollees were previously in DYS custody.
- **44% were incarcerated as adults**
- 23% age 19-24 who were in DYS custody were also in foster

Formerly Incarcerated, 19-24:

- 17,707 AR Works Enrollees are formerly incarcerated
- Ages 18-24 has the **highest rate** of recidivism (68% for males, 50% for females)
- The annual cost of incarceration is **~$23,000 per person**.

Target Young Adults at Risk of Long-Term Dependency
Acute Care Hospitals can become a Success Life360 HOME

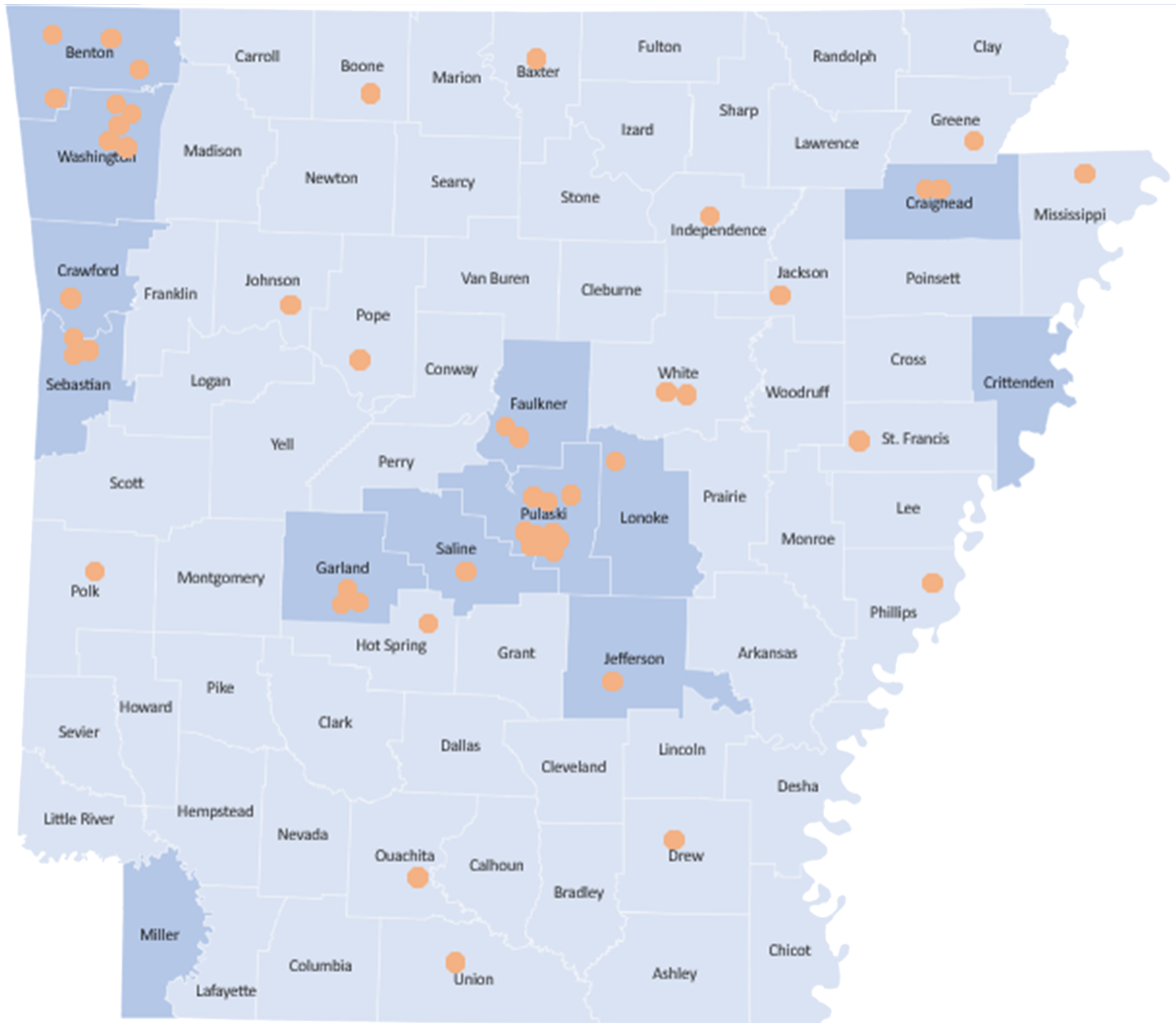
Success Life360 HOMEs connect young adults in these target populations with experienced community service organizations that provide intensive support and engagement models to help them address health-related social needs, including finding their path to long-term economic independence through work and education.

- Young adults are referred for these services by their medical provider
- Medical services will continue to be offered by their medical provider

Success Life360 HOME Funding:

- One-time funding to assist with start-up costs.
- Monthly per client payments the Success Life360 HOME will pass through to the strategic partners.
- Financial incentives for successful work, education, and reducing recidivism, which can be shared by the Success Life360 HOME and their strategic partners.

Potential Success Life 360 HOMES



Insurance Carriers Accountable for Health Outcomes & Financial Controls

Health Plans will be required to meet annual health and financial targets:

- **Annual improvement in Health Quality Measures** in the Medicaid Adult Core Set related to:
  - Primary Care Access and Preventive Care (6 measures)
  - Maternal and Perinatal Health (4 measures)
  - Care of Acute and Chronic Conditions (9 measures)
  - Behavioral Health Care (12 measures)

- **Enrollment, financial and other penalties are allowed if targets are not met.**
- **Payments to Health Plans will be capped at the annual budget neutrality limit in the waiver.**
  - DHS will not pay or reconcile with QHPs for costs above that limit
  - DHS will not reimburse Plans for any cost-sharing they do not collect from enrollees
  - Rates will be set assuming full collection of cost-sharing by QHPs