

**Georgia General Assembly
Joint Study Committee on Medicaid Reform**

Approval of Arkansas Premium Assistance
Medicaid Expansion Waiver

Blake Fulenwider
Governor's Office of Planning & Budget
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Georgia Southern University
Statesboro, Georgia

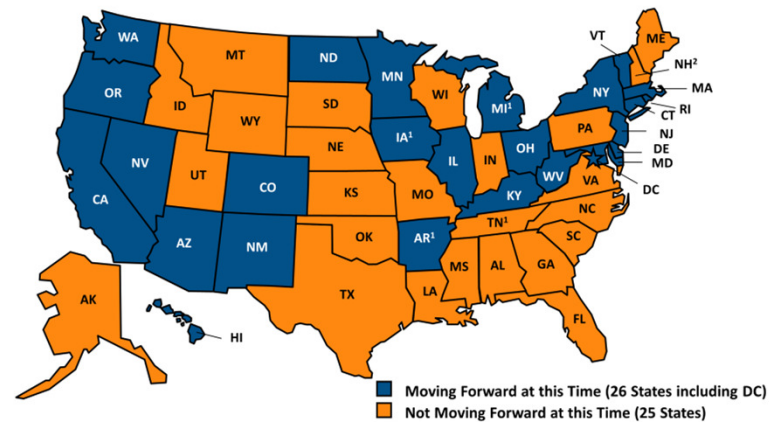
Agenda

- Medicaid Expansion through Premium Assistance
- Arkansas Approved Premium Assistance Expansion Plan
- Key Considerations

Medicaid Expansion Status Update

- “Purple” states still weighing options
 - Iowa
 - Pennsylvania
- Arkansas received 1115 Demonstration Waiver approval from CMS late September
- Ohio Controlling Board approved Medicaid Expansion last week
 - Republican Legislators have filed suit against action
- Gov. Deal remains strongly opposed to Medicaid Expansion
 - Lack of flexibility from the federal government
 - Enormous cost burden on state

Current Status of State Medicaid Expansion Decisions, as of October 22, 2013



NOTES: 1 - Exploring an approach to Medicaid expansion likely to require waiver approval. 2- Discussion of a special session being called on the Medicaid expansion.
SOURCES: State decisions on the Medicaid expansion as of October 22, 2013. Based on data from the Centers for Medicare and Medicaid Services, available at: <http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-Eligibility-Levels/medicaid-chip-eligibility-levels.html>. Data have been updated to reflect more recent activity.



States remain virtually split

Why consider alternatives for expansion?

“The State’s existing network of fee-for-service Medicaid providers is at capacity; as a result, Arkansas would be faced with the challenge of increasing providers’ capacity to serve Medicaid beneficiaries to ensure adequate access to care.

In short, absent the Demonstration, Arkansas’s Medicaid expansion would rely on the existing Medicaid delivery system and perpetuate an inefficient, underfunded and inadequately coordinated approach to patient care.”

Premium Assistance Requirements

- **CMS established limitations for Premium Assistance Waivers¹:**
 - Willing to consider “a limited number” of state requests
 - Must entitle recipients to all Medicaid benefits and cost-sharing limitations
 - Must pass “cost effectiveness” test
 - Must provide consumer choice of plans
 - Must be limited to select populations (generally healthier)
 - Must be time limited to no later than 2017

¹ CMS, “Medicaid and the Affordable Care Act: Premium Assistance”, March 2013. <http://medicaid.gov/Federal-Policy-Guidance/Downloads/FAQ-03-29-13-Premium-Assistance.pdf>

Arkansas Approval conforms with CMS limitations

- ☑ Willing to consider “a limited number” of state requests
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Arkansas Medicaid Expansion Waiver Approval

Arkansas 1115 Special Terms and Conditions Approval Document	
Goals	<ul style="list-style-type: none"> • Improving continuity of care (particularly with “churn”) • Increasing access through competitive reimbursement • Increased enrollment in Arkansas state-federal partnership exchange
Eligibility	<ul style="list-style-type: none"> • All newly-eligible recipients under ACA Medicaid expansion: <ul style="list-style-type: none"> • Parents between 17-138% FPL • Childless adults between 0 – 138% FPL • Plan to seek waiver amendment to include currently-eligible parents after first year • Both Exchange and Arkansas Medicaid are entry points to eligibility determination
Enrollment in a Qualified Health Plan	<ul style="list-style-type: none"> • Mandatory for the “New Adult Group” • Exempts “medically frail” and those with exceptional medical needs; enroll in FFS Medicaid • Not phased-in or capped • Enrollment approved to begin as of October 1, 2013
Benefits	<ul style="list-style-type: none"> • Full Medicaid benefits provided through combination of Alternative Benefit Plan (ABP) plus, • Fee-For-Service benefits <ul style="list-style-type: none"> • Between eligibility determination and plan enrollment date • Medicaid wrap-around benefits • Family Planning services at out-of-network providers • Non-Emergency Medical Transportation • Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) • Dental and Vision for 19 and 20 year-olds • Medicaid cost-sharing limitations

Arkansas Medicaid Expansion Waiver Approval

	Arkansas 1115 Special Terms and Conditions Approval Document
Plan Choice	<ul style="list-style-type: none"> At least two Silver plans in each of seven rating areas offered in the Arkansas Health Connector (partnership exchange) State Medicaid agency will pre-select plans available to expansion through Premium Assistance enrollees <ul style="list-style-type: none"> Plan choice is limited by Arkansas Medicaid
Auto-Assignment	<ul style="list-style-type: none"> If recipients do not select a health plan, they will be assigned a plan based upon targeted minimum market share in each region as established by the state
“Medically Frail” Recipients	<ul style="list-style-type: none"> Screened-out via electronic health assessment Enroll in traditional Medicaid Approximate 25,000 individuals
Premiums and Cost-Sharing	<ul style="list-style-type: none"> Full premium paid directly to insurance carrier by Arkansas Medicaid Cost-sharing must be in compliance with federal requirements set forth in statute, regulation and policies, including exemptions from cost-sharing <ul style="list-style-type: none"> Under 100% FPL: No cost-sharing 100-138% FPL: Cost-sharing consistent with Medicaid requirements; 5% of family monthly or quarterly income cap
Appeal Rights	<ul style="list-style-type: none"> Recipient maintains full Medicaid appeal rights, including fair hearing rights, provided by the State No waiver; may not rely on QHP appeal process
Reporting, Reporting and more Reporting	<ul style="list-style-type: none"> Voluminous reporting to CMS required <ul style="list-style-type: none"> Financial, progress, compliance, annual, final, independent outside evaluation

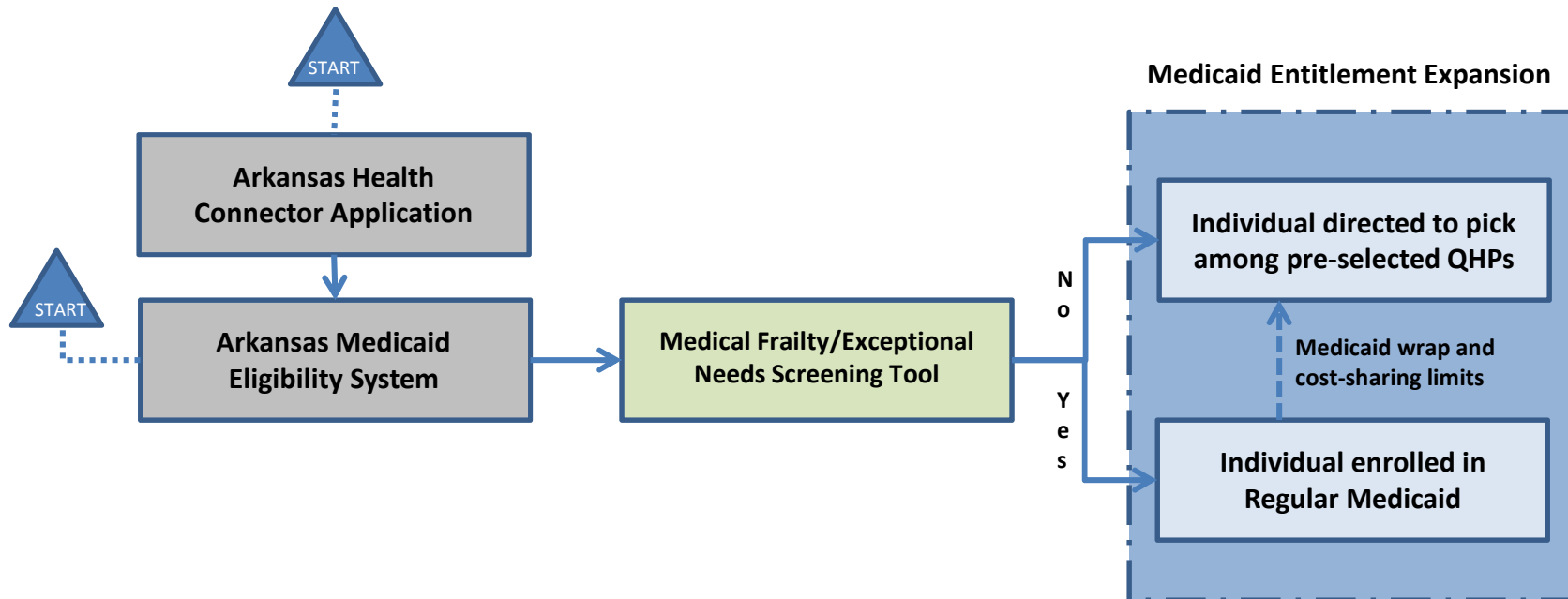
Approved Waivers in Arkansas Application

Provision Waived	Purpose of Waiver
1902(a)(17)	Provide different delivery systems for different populations of Medicaid beneficiaries
1902(a)(23)	Make premium assistance mandatory for Premium Assistance beneficiaries and to permit the state to limit beneficiaries' freedom of choice among providers participating in the network of the "Private Option" recipient's QHP
1902(a)(54)	Permit the state to require that requests for prior authorization for drugs be addressed within 72 hours, rather than 24 hours. A 72-hour supply of the requested medication to be supplied in an emergency situation.

- Premium Assistance delivery system
- Mandatory enrollment
- Closed provider network
- Pharmacy prior authorization standard

Enrollment Process

- May apply via Insurance Exchange or Arkansas Medicaid program
- Individual directed to electronic screening system to identify health status:
 - If determined “medically frail” or have exceptional medical needs, enrolled in traditional Medicaid program
 - If not “medically frail” or do not have exceptional medical needs, directed to exchange to pick among pre-selected Silver Plan coverage

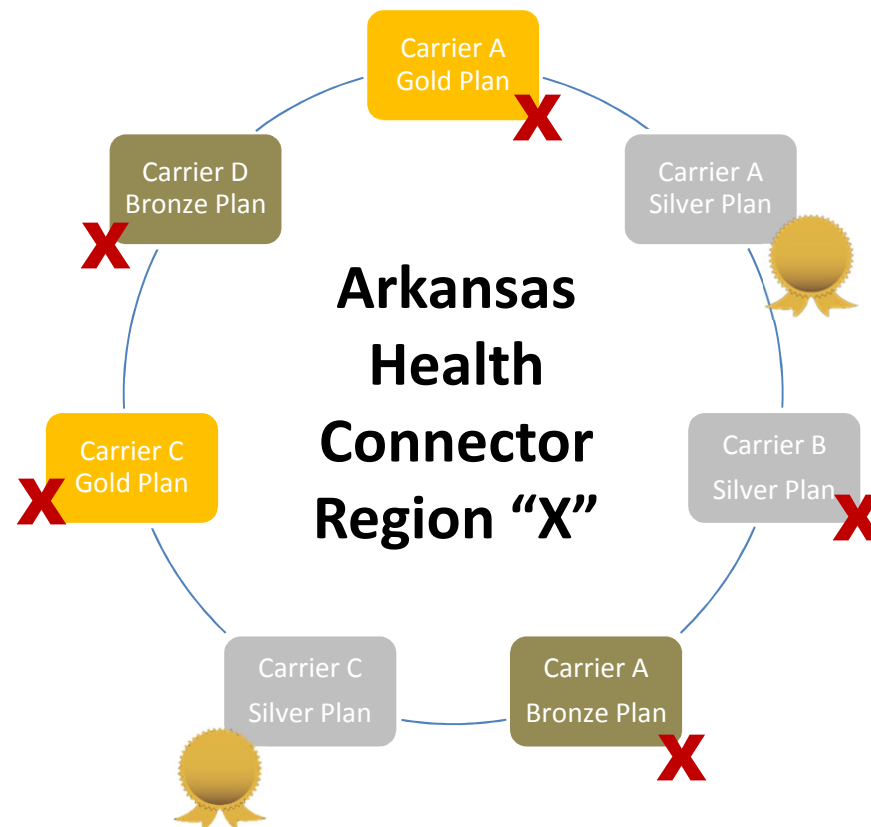


Arkansas Exchange Carriers

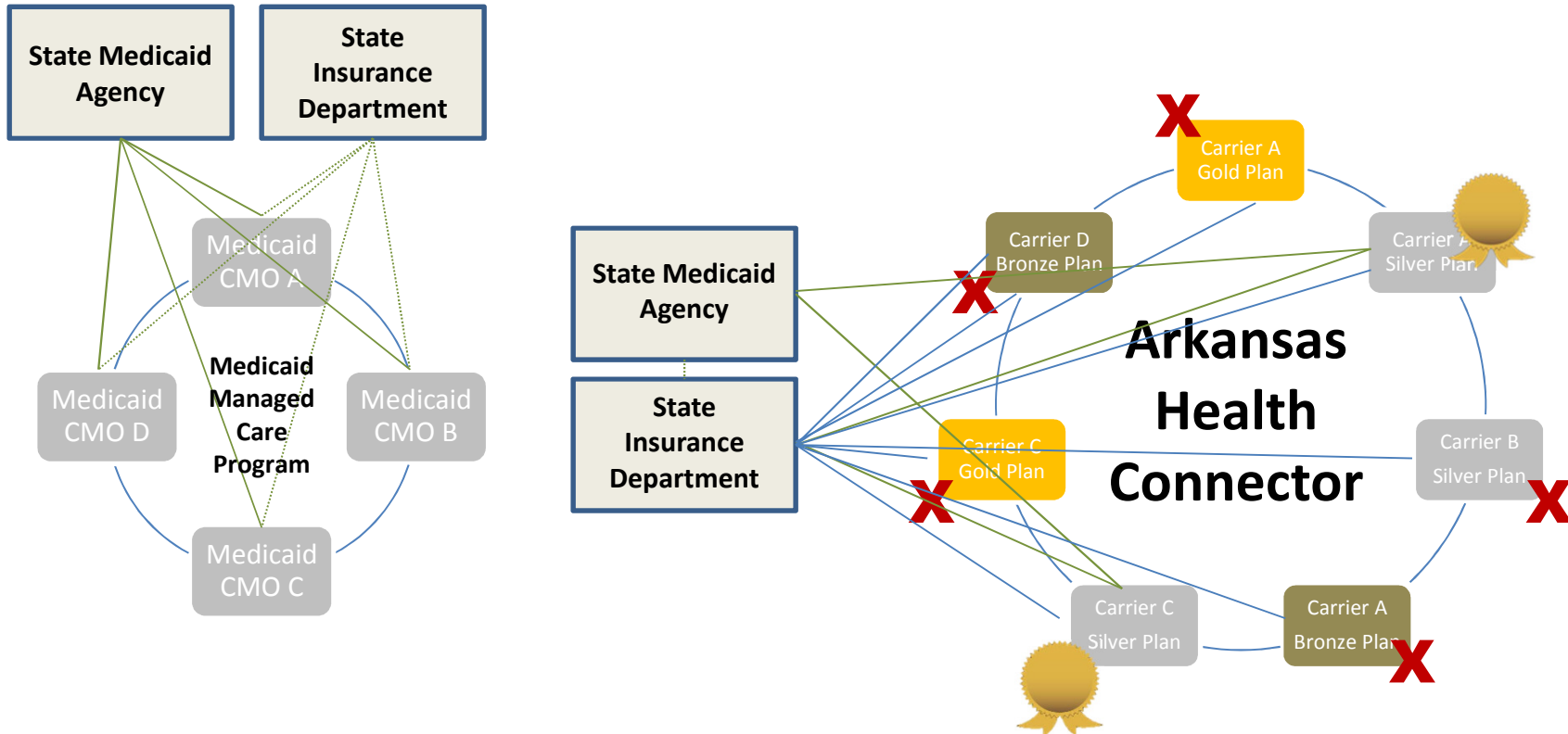
- 4 approved carriers offering 71 qualified health plans
 - Arkansas Health and Wellness Solutions (Celtic Insurance Company)
 - Arkansas Blue Cross and Blue Shield
 - Blue Cross and Blue Shield Multi-State plan
 - QualChoice Health Insurance of Arkansas (QCA Health Plans, Inc.)
-
- Medicaid Premium Assistance “approved” plans: TBD

Premium Assistance Plan Approach: In Reality, it's nothing new

- Arkansas Medicaid will select at least two Silver plans in each rating region from which Premium Assistance recipients can choose
- Begins to operate very similarly to capitated Care Management Organization (CMO) programs
 - Capitated
 - Wrap-around services provided
 - CMOs are 'private' plans
 - Medicaid recipients have a 'choice' of plans



Premium Assistance Plan Approach: ...again, nothing new... just more complicated



Experts weigh in on the Arkansas proposal...

- “... we’ve learned in recent days that what the Obama administration is offering Arkansas is not, in fact, true exchange-based insurance, but rather a kind of private-sector window-dressing upon the Medicaid program. Unless HHS agrees to revise its stance and embrace true market-oriented reforms, [Arkansas] should oppose the Medicaid expansion in their state.”

- Avik Roy, The Apothecary, Forbes Magazine,
“Should Arkansas Take the Obamacare Medicaid Deal? Probably Not (April 3, 2013)

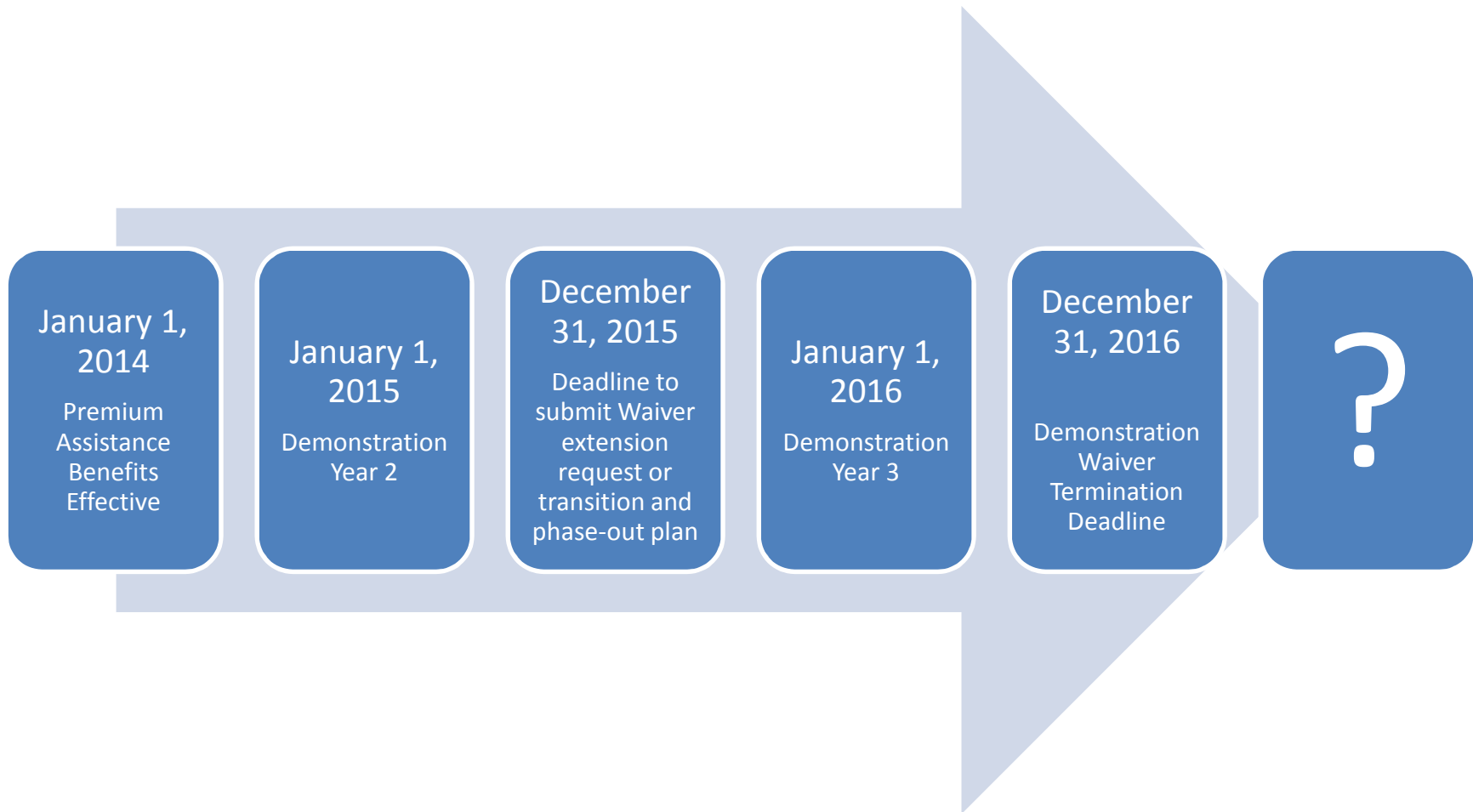
- “It’s Medicaid but more expensive and complicated. There’s no other way to look at it.”

- Anthony (Tony) Keck, Director, South Carolina Department of Health and Human Services,
“Why South Carolina won’t follow Arkansas’s Medicaid lead,” Washington Post (April 3, 2013)

- Regarding CMS’ waiver limitations: “This does not make it look very appealing to states... I’m disappointed [CMS] passed up the opportunity.”

- Dennis Smith, Managing Director, McKenna, Long & Aldridge LLP
Former Wisconsin Secretary of Health and Human Services, Walker Administration
Former U.S. Medicaid Director, U.S. H&HS, George W. Bush Administration
“Why the Obama Administration’s Novel Medicaid Idea Might Not Catch On,” National Journal (March 29, 2013)

Timeline



Key Takeaways

- Not a true “Premium Assistance” program
- No unique state flexibility granted by the federal government
- Exchange plan options limited; resembles more complex CMO program
- Cost is higher
- Timeline leaves uncertainty for future

Questions / Thank You

Blake Fulenwider

Healthcare Reform Administrator

Governor's Office of Planning & Budget

Blake.Fulenwider@opb.state.ga.us

(404) 463-4445

PARKING LOT

Projected Per Capita Cost Estimate

Group	Trend	2014	2015	2016
New Adult Group	4.7%	\$477.63	\$500.08	\$523.58

*Eligible/Member Months

Timeline

