



STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

August 18, 2015

Dear Member of the General Assembly:

As you know, two weeks ago I directed John Selig, director of the Department of Human Services, to pause in terminating any Medicaid and private option coverage until DHS could eliminate the backlog of documents and communications received from beneficiaries. The purpose of this letter is to update you on the income reverification process in compliance with federal rules.

During the last two weeks, DHS personnel has worked overtime; reallocated resources; improved technology; and added staff in order to meet the heavy workload requirements of the income redetermination initiative. Director Selig reported to me that the following actions were taken to process the information and inquiries of beneficiaries:

- 300 DHS staff members have worked 2,200 overtime hours beginning last week to address the workload. That overtime work will continue, including weekends, for as long as necessary.
- We are filling 35 vacant positions.
- We are finalizing an arrangement with the Department of Workforce Services to deploy more than 100 TANF recipients part-time to assist with mail, scanning and keying in of applications.
- We are adding staff to our existing call center.
- We have reassigned and trained more than 20 existing staff to remotely assist the call center, the Arkansas Processing Center and the Pine Bluff Scanning Center.
- We have installed new technology to better distribute the call center load across the state.
- We have improved the message that callers hear to give them additional options.
- We have updated the envelope. It now has a color DHS logo and "IMPORTANT INFORMATION ABOUT YOUR BENEFITS!" in red ink.

- We have rewritten notices to provide additional information and better guidance on what is needed. This includes providing answers to frequently asked questions and alternative contact information.
- Carriers are providing us with lists of alternative addresses, and when we have bad addresses, we are attempting to contact clients at those alternative addresses.

As a result of these steps, I am informed that the backlog for those who needed to verify their income has been eliminated and that DHS is prepared to continue reverifying the income qualifications of Medicaid and private option recipients and to terminate those who are no longer eligible.

The current process of redetermination of income eligibility is based upon the standard that was set in previous administrations. In my judgment, the process of income verification will always be challenging for these reasons:

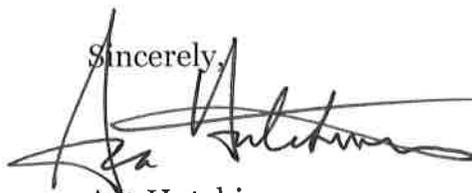
*A significant number of the beneficiary population do not respond to a request for income information whether the request provides 10 days or 30 days.

*Individuals will be removed from coverage because of failure to respond and then reinstated when income status is provided within 90 days. The 90 days is to re-establish coverage. In many instances, the Medicaid beneficiary is not motivated or alerted to the need to provide information to DHS until a claim or service is denied by Medicaid or the insurance provider.

In order to minimize the risk of a person being denied access to care and pharmacy prescriptions during this review process, DHS and the majority of insurance carriers have reached an agreement that will continue access to pharmacy benefits even though a Notice of Termination has been sent. This access will continue for 30 days. If the individual is determined to be income eligible, then the individual will be reinstated retroactively and the insurance premiums to the carrier will be paid retroactively. This will smooth the coverage and minimize disruption.

If there are questions on this initiative then your communications are always welcome. Rett Hatcher is my Legislative Director and he is available as needed.

With high regards, I am

Sincerely,

Asa Hutchinson