

***Non-technical Description of
Arkansas Works Act of 2016
Revised 4.7.16***

Introduction

The Health Care Independence Program (Private Option) terminates automatically on December 31, 2016.

Arkansas Works is a State-initiated reform of Medicaid for the low income populations that makes significant changes in the soon to expire private option insurance program. Arkansas Works is designed to emphasize work; personal responsibility; employer based insurance coverage and program reforms to protect the taxpayers.

Section 1

§ 23-61-1001---Title: “Arkansas Works Act of 2016.”

§ 23-61-1002---Legislative intent.

The legislative intent supporting Arkansas Works is to modernize the State expanded Medicaid program so that it is cost-effective, fiscally sustainable and empowers individuals to achieve self-reliance through greater work opportunities.

The plan uses the private insurance marketplace, with significant changes, to strengthen the ability of employers to provide employer-based health insurance.

§ 23-61-1003---Definitions.

Key definitions:

“Cost-effective” clarifies that a Medicaid recipient who is required to join the employer health insurance program will have equivalent coverage, and any difference will be covered by Arkansas Works. This ensures there is not additional burden on the employer, and there is not a gap in coverage for the beneficiary.

“Program participant” includes those who are authenticated to be a U.S. citizen or lawful permanent alien.

§ 23-61-1004---Administration of Arkansas Works Program.

- (a) The Department of Human Services (DHS) has authority to seek federal waivers to implement the Arkansas Works Program consistent with this legislation, and to seek State plan amendments as necessary.

Any State plan amendments submitted must be optional which allows revocation by the State at its discretion.

- (b) The Arkansas Works program is dependent upon DHS receiving the necessary appropriations.
- (c) DHS has authority to provide individual premium assistance for enrollment in individual qualified health insurance plans; to provide premium assistance for individuals who enroll in an employer health insurance plan; and to provide supplemental benefits to incentivize personal responsibility.
- (d) DHS has authority to seek a waiver to eliminate retroactive eligibility for individuals enrolled in an Arkansas Works program.
- (e) The Arkansas Department of Insurance (DOI) and DHS shall promulgate rules to administer the Arkansas Works program.
- (f) DHS shall present to the Centers of Medicare and Medicaid Services a plan to terminate the Arkansas Works program within thirty (30) days after any reduction by the federal government in Medicaid expansion funds from its current commitment of 95% in 2017; 94% in 2018; 93% in 2019 and 90% in 2020 or any year thereafter. Any reduction in the FMAP means Arkansas Works will terminate within 120 days.
- (g) DHS report to the General Assembly any changes in the hospital assessment fee and DHS and DOI shall report to the Legislative Council or to Joint Budget Committee information on the Arkansas Works program including enrollment, utilization, costs, health insurer participation and avoided uncompensated care. Insurers shall report claims and enrollment data to the DOI.
- (h) The Governor shall request a block grant under relevant federal law and regulations for the funding of the Arkansas Medicaid Program as soon as practical if the federal law or regulations change to allow the approval of a block grant for this purpose.

§ 23-61-1005---Requirements for eligible individuals.

Work Training, Opportunities and Promotion of Wellness Checks

- (a) Within one (1) year of enrollment in qualified health insurance coverage through Arkansas Works, the individual shall have a wellness visit with a primary care provider, and failure to do so shall result in the loss of incentive benefits for up to one (1) year.
- (b) If a program participant has income less than 50% FPL at time of eligibility determination then the eligible individual shall be referred to the Department of Workforce Services (DWS) for work training opportunities and job search efforts.

§ 23-61-1006---Requirements for program participants.

Employer Insurance, Personal Responsibility and Premium Payments

- (a) Any program recipient of age 21 or over shall enroll in health care coverage offered by the employer if DHS deems the coverage to meet it's standards.
- (b) If a participant makes over 100% of federal poverty level (FPL) then the participant shall pay a premium of no more than 2% of the income. Failure to pay will result in a debt to the State and the loss of incentive benefits if the failure to pay continues for 3 months. Incentive benefits shall be restored if the participant pays all premiums owed.
- (c) The participant shall receive notice that the program is not a perpetual federal or State right or entitlement, and that the Arkansas Works program is subject to cancellation upon appropriate notice.

§ 23-61-1007---Insurance standards for individual qualified health insurance plans.

- (a) Coverage for program participants shall be obtained off the federal exchange as a silver-level metallic plan that restricts out-of-pocket costs.
- (b) DHS shall pay premiums and supplemental cost sharing reductions directly to a health insurer for a program participant enrolled in a qualified health plan.
- (c) All participating health insurers shall be approved by the State Insurance Department and maintain applicable medical-loss ratios of 80%.

- (d) The State shall approve at least two (2) individual qualified health plans are offered in each county in the State.
- (e) All insurers shall participate in the Arkansas Patient-Centered Medical Home Program.
- (f) Arkansas DHS and Department of Insurance may implement regulations to carry out this legislation.

§ 23-61-1008---Insurance standards for employer health insurance coverage.

Standards for Employer Based Insurance Coverage

- (a) The employer based coverage and wrap around benefits from Arkansas Works is available for those employers who *elect* to participate and whose plans are deemed cost effective.
- (b) DHS is authorized to pay premiums and supplemental cost sharing reductions for employer based coverage of individuals.
- (c) DHS shall seek any necessary waivers to carry out this program, including funding incentives for employers.
- (d) The State may utilize and expand the small business health options program created by the State Health Insurance Marketplace.
- (e) Insurance Department and DHS may implement regulations to carry out the provisions of this legislation.
- (f) If SHOP exchange is used to offer Arkansas Works-compliant plans, the plans will be in accordance with federal standards for the medical loss ratio of small and large group plans.

§ 23-61-1009 – Sunset

The legislation shall sunset December 31, 2021.

Section 2

Private Option Ends.

§ 20-77-2408---The Health Care Independence Program (Private Option) shall terminate on December 31, 2016. Contributions to Independence accounts shall cease no later than July 1, 2016.

Section 3

Repeal of § 23-61-805(b)---Repeals the Arkansas Code section that allowed a tax credit of an assessment fee within the Arkansas Health Insurance Marketplace, specifically small business employers.

Section 4

§ 26-57-604(a)(1)(B)(ii)--- Amends the allowance of a credit to be applied against the insurance premium tax.

Section 5

§ 26-57-610(b)(2)--- Amends the disposition of the insurance premium tax.

Section 6

§ 19-5-1146---Arkansas Works Program Trust Fund.

The fund is created to apply savings resulting from the Arkansas Works Act and other funds authorized by law to pay for future obligations of the Arkansas Works program.

Section 7

§ 19-5-1141---Ends the Health Care Independence Program Trust Fund on January 1, 2017, and transfers remaining funds to the Arkansas Works Program Trust Fund.

Section 8

Emergency Clause