

Arkansas Health & Opportunity for Me

Health and Economic Outcomes

Accountability Oversight Advisory Panel



**ARKANSAS DEPARTMENT OF
HUMAN SERVICES**



Welcome

- Advisory Panel members and others joining via Zoom.
- Act 276 of 2021 requires DHS to [take and report attendance](#) of Advisory Panel members. If you are a member or designee, please enter your name in the chat.
- Reminder: Arkansas PBS will be **live streaming** this meeting; watch livestream now or recording later [here](#).
- Reminder: Statutorily required quarterly report has been distributed and is available [here](#).
- Meeting Focus:
 - ARHOME program overview
 - Changes for the ARHOME program in Act 774 of 2025 (SB 527)
 - Process for ARHOME waiver renewal
 - Update on Pathway to Prosperity waiver amendment



Welcome, New and Returning Members!

New Members

- Sen. Blake Johnson
- Sen. Jamie Scott
- Rep. Keith Brooks
- Rep. Lee Johnson
- Rep. John Maddox
- Rep. Stephen Magie
- Rep. Jeff Wardlaw
- Secretary Lindsay Wallace, Department of Corrections
- Ms. Lauren Fields

Returning Members

- Dr. Kay Chandler, Arkansas Surgeon General
- Sen. Missy Irvin
- Sen. Jane English
- Sec. Jim Hudson, Department of Finance and Administration
- Sec. Renee Mallory, Department of Health
- Sec. Alan McClain, Insurance Department
- Dr. Charisse Childers, Director, Division of Workforce Services
- Ms. Jerri Clark, Department of Education
- Ms. Kenya Eddings, Director, Arkansas Minority Health Commission



ARHOME Program Overview



**ARKANSAS DEPARTMENT OF
HUMAN SERVICES**

What is ARHOME?

- The Arkansas Health and Opportunity for Me program, created by Act 530 of 2021, is a section 1115 waiver demonstration program.
 - Section 1115 demonstration waivers, authorized under the Social Security Act, allow states to test new or innovative ways of delivering services by giving states the flexibility to waive certain federal requirements.
 - Arkansas's Affordable Care Act (ACA) expansion was accomplished through the ARHOME 1115 demonstration waiver.



How does ARHOME work?

- ARHOME uses Medicaid funds to buy insurance for eligible participants from Qualified Health Providers (QHPs) on the Health Insurance Marketplace.
- The federal government pays 90% of the cost and the state pays the remaining 10%.
- Our QHPs are currently through two insurance carriers:
 - Centene (Ambetter/Celtic, QualChoice Life and Health Insurance, QCA Health Plan Inc.)
 - Arkansas Blue Cross & Blue Shield (BCBS, HMO Partners Inc./Health Advantage, USABLE HMO Inc./Octave)

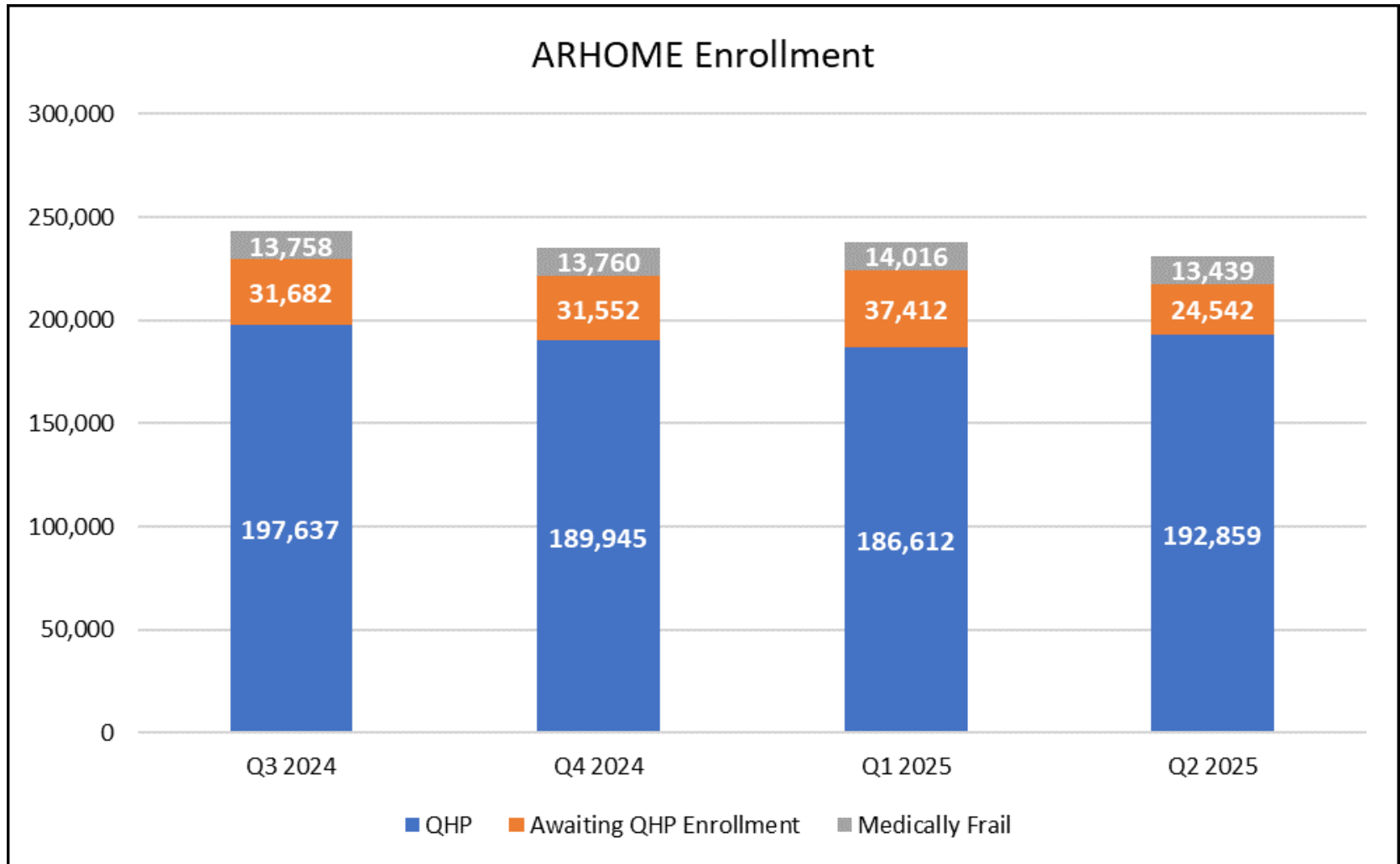
Eligibility and Enrollment

- To be eligible for ARHOME applicants must be:
 - Adults ages 19-64
 - Below 138% of the Federal Poverty Level (FPL)
 - \$21,597 annually for a household of 1
 - \$36,777 annually for a household of 3
- The ARHOME program currently covers about 230,000 beneficiaries.
- Upon enrollment in the ARHOME program, beneficiaries are placed into two categories.
 - Medically frail
 - Awaiting QHP enrollment (Interim Alternative Benefit Plan/IABP)

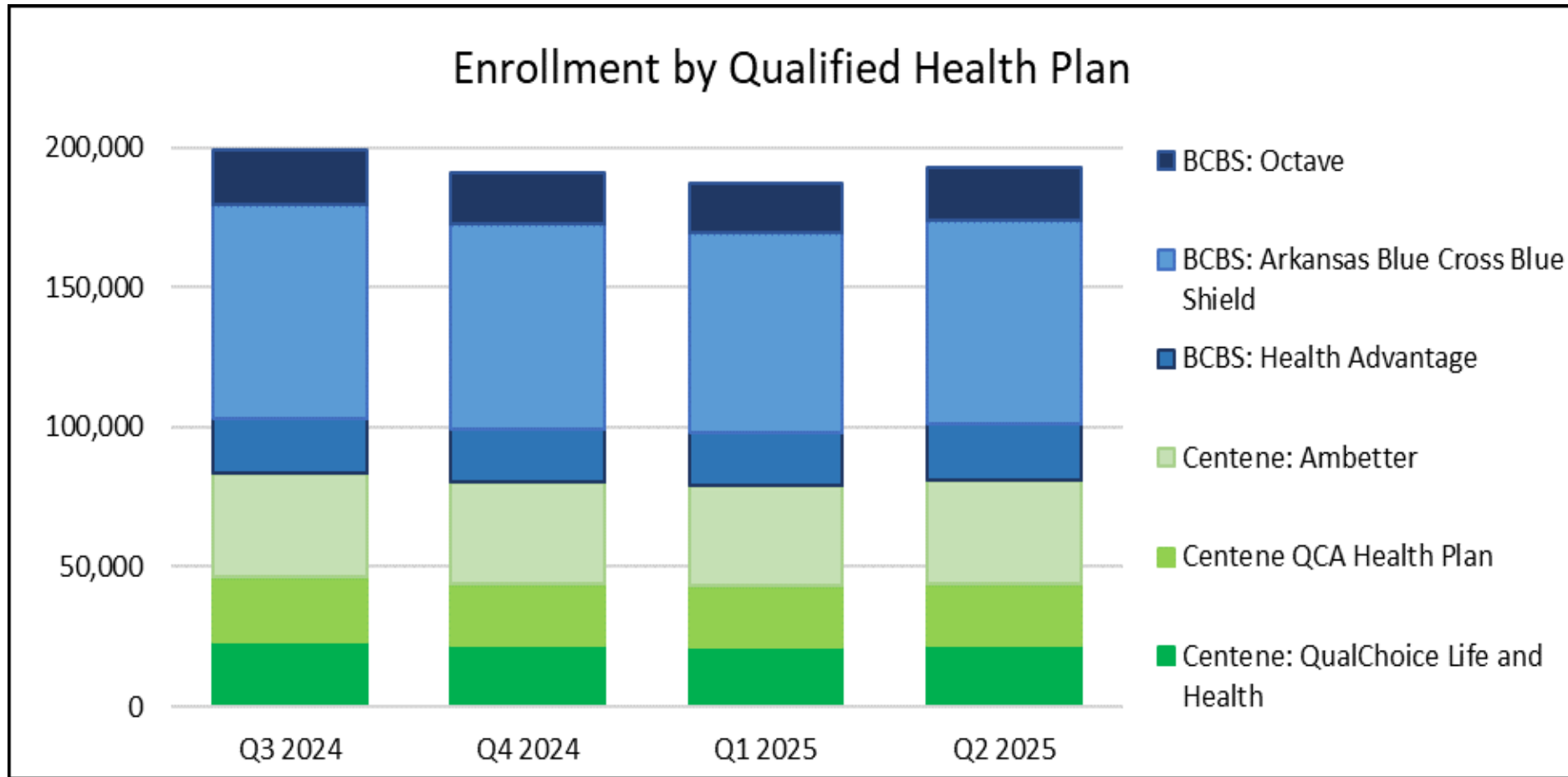
Medically Frail vs. QHP

- Medically frail beneficiaries have health care needs that are better served by the traditional Medicaid program.
 - These beneficiaries do not enroll in a QHP; instead, they receive health care services through traditional fee for service Medicaid.
 - About 6% of ARHOME beneficiaries are considered medically frail.
- Individuals who are not medically frail begin the process of enrolling in a QHP.
 - These beneficiaries have 42 days to select an ARHOME QHP.
 - Those who do not select a plan are auto-assigned to a QHP.
 - Those who are auto-assigned have another 30 days to change their plan before their QHP coverage begins.
 - Most ARHOME beneficiaries are enrolled in a QHP.

ARHOME Enrollment by Quarter



Enrollment by QHP



QHP Coverage and Essential Health Benefits

- For ARHOME beneficiaries, DHS purchases the lowest cost qualifying silver-level plan offered in each rating area and those within 10% of the lowest cost plan.
- The plans DHS purchases are available to the public on the Arkansas Health Insurance Marketplace and cover the 10 essential health benefits all Marketplace plans are required to cover under the Affordable Care Act, which include:
 - Ambulatory patient services
 - Emergency services
 - Hospitalization
 - Pregnancy, maternity, and newborn care
 - Mental health & substance use disorder services
 - Prescription drugs
 - Rehabilitative and habilitative services & devices
 - Laboratory services
 - Preventive & wellness services and chronic disease management
 - Pediatric services

Client Cost Share Obligations

- ARHOME clients do not pay premiums, but they do pay copayments.
- Copayments for clients below 20% of the federal poverty line (FPL) pay \$0.00 for all covered services.
- For clients between 20% and 138% of the FPL, copayments range between \$0.00 and \$9.40 for covered services. The copayment for most services is \$4.70.



ARHOME Program Costs

- ARHOME costs are split between the federal share (90%) and the state share (10%).
- ARHOME's total program expenditures for 2024 were \$1.8 billion.
- ARHOME is required to stay under a budget neutrality cap each year.
 - The budget neutrality cap for 2025 is \$849.43 per member per month.
 - For Q1 2025, ARHOME was well below its budget neutrality cap at \$802.20 per member per month.



Maternal Life360 HOME Overview



**ARKANSAS DEPARTMENT OF
HUMAN SERVICES**

Maternal Life360 HOME Program

The concept: DHS contracts with hospitals to provide home visiting services to high-risk pregnant individuals in Medicaid.

All medical services continue through QHP or traditional Medicaid.

➤ **Today:** update the Panel on Maternal Life360 implementation including the opening of four (4) Maternal Life360 programs at hospitals.



Current Status: Maternal Providers

DHS has approved or executed:

- **A total of ten (10) Letters of Intent from hospitals (two were withdrawn)**
- **Five (5) applications (received 6 applications, 1 of which is still under review)**
- **Four (4) provider agreements for hospitals to enroll up to **245** beneficiaries collectively, including:**
 - **White River Health**
 - **St Bernard Medical Center**
 - **Baptist - Little Rock**
 - **Baptist - North Little Rock**

New Legislation



**ARKANSAS DEPARTMENT OF
HUMAN SERVICES**

Act 774 of 2025

- Act 774 of 2025 was signed into law April 17, 2025.
- The Act amended ARHOME's governing statutes, adding language concerning work requirements, pharmacy rebates, and a medical loss ratio of 85%.
- The Act also extended the ARHOME program's sunset statute, allowing the program to continue until December 31, 2031, or a later date if extended by the General Assembly.
 - This allows ARHOME to renew its waiver with CMS for an additional five-year period.

Act 774 Pharmacy Rebates

- Pharmacy rebates are discounts, incentives, or other payments drug manufacturers pay remit to insurers based on the drug's utilization.
- Act 774 requires ARHOME QHPs to seek all available pharmacy rebates for products they cover and remit the funding to DHS. DHS is required to track these rebates and ensure that the amount of the pharmacy rebates is remitted to the state each quarter.
- Act 774 also includes a statement of legislative intent recognizing that pharmacy rebates are an important tool for ensuring access to and affordability of pharmaceuticals, as well as an instrument for ensuring the fiscal sustainability of ARHOME.

Act 774 Medical Loss Ratio

- Medical Loss Ratio (MLR) is the percentage of premium dollars a health plan spends on medical claims and quality improvements. The ACA sets minimum MLR standards for health insurance.
- Act 774 requires QHPs to maintain an MLR of 85% (formerly 80%) or rebate the difference between the insurer's actual MLR and 85% to be returned to DHS for ARHOME members.

Act 774 Work Requirements

- Act 774 adds a requirement that ARHOME clients comply with all state and federal Medicaid program work requirements and sets criteria for individuals meeting the work requirement.
- DHS has proposed a work requirement program, known as Pathway to Prosperity, that is under review by CMS.
- Federal work requirements are being established in pending legislation.



Pathway to Prosperity



**ARKANSAS DEPARTMENT OF
HUMAN SERVICES**

Pathway to Prosperity

- On January 28, 2025, Governor Sarah Huckabee Sanders announced the Pathway to Prosperity Initiative.
- Arkansas is seeking an amendment to the ARHOME Section 1115 Waiver to allow a work requirement for ARHOME beneficiaries.
- Purpose: Poverty is closely connected to poor health outcomes and premature death. Pathway to Prosperity will provide focused care coordination and a personal development plan supported by success coaching to assist ARHOME beneficiaries achieve economic independence.



The “Benefits Cliff”

- “Benefits cliff”: the sudden and often unexpected decrease in public benefits that can occur with a small increase in earnings.
- Some individuals reduce their risk of encountering the “benefits cliff” by foregoing additional income or reducing work hours.
- Pathway to Prosperity will provide a bridge over the benefits cliff by increasing participants’ understanding of the value of health insurance and providing supports to help maintain health care coverage as they move from poverty to economic independence.

Program Goals

- **Goal 1: Increase income**
 - Higher earnings supported by success coaching
- **Goal 2: Use of health care coverage**
 - Greater percentage of enrollees accessing preventative and primary care services
- **Goal 3: Increase access to private insurance coverage or maintain coverage in the most appropriate model of care**
 - With success coaching and increase in income, provide support as beneficiaries cross the benefit cliff into private insurance coverage.
- **Goal 4: Address health-related social needs (HRSN)**
 - Beneficiaries engaged with success coaching will see improvement in HRSNs, including nutritional assistance, transportation, and housing.

Success Coaching and Personal Development Plans

- For beneficiaries who are not on track, DHS will identify a success coaching resource to make contact and determine whether the beneficiary could benefit from additional supports or if the beneficiary is already on track.
- Individuals identified as not on track who decline to engage with success coaching will have their ARHOME coverage suspended. Suspended coverage can be restored if the individual reengages with success coaching and their personal development plan.
- Success coaching will include at a minimum:
 1. Reporting in a DHS-approved case management system;
 2. Identifying any health-related social need and helping to access community services;
 3. Development of an individualized personal development plan (PDP) with identified goals and measurement of progress at 3-month intervals;
 4. Tracking and documenting monthly progress; and
 5. Monitoring and follow-up activities, including verification of engagement and a final determination of progress toward the goals in the PDP.

Waiver Renewal Process



**ARKANSAS DEPARTMENT OF
HUMAN SERVICES**

Waiver Renewal

- The federal Centers for Medicare and Medicaid Services (CMS) approved our five-year waiver (January 1, 2022, through December 31, 2026) on December 21, 2021.
- We are due for renewal at the end of this year (December 31, 2026).
 - Our waiver renewal will include changes under Act 774 of 2025 and changes under the Pathway to Prosperity initiative.
- Changes to the program may require that we amend our waiver between renewals.
 - Waiver amendments must be submitted at least 6 months before the waiver is due for renewal or set to end.

Next Activities

- Next meeting in September; date and location TBD
- Potential topics:
 - Maternal Life360
 - Updates on ARHOME legislation and Pathway to Prosperity amendment



We Care. We Act. We Change Lives.

