

Commissioners

November 8, 2018

Penny Thompson, MPA, *Chair*
Stacey Lampkin, FSA, MAAA, MPA,
Vice Chair
Melanie Bella, MBA
Brian Burwell
Martha Carter, DHSc, MBA, APRN,
CNM
Frederick Cerise, MD, MPH
Kisha Davis, MD, MPH
Toby Douglas, MPP, MPH
Leanna George
Darin Gordon
Christopher Gorton, MD, MHSA
Charles Milligan, JD, MPH
Sheldon Retchin, MD, MSPH
William Scanlon, PhD
Peter Szilagyi, MD, MPH
Alan Weil, JD, MPP
Katherine Weno, DDS, JD

Anne L. Schwartz, PhD,
Executive Director

The Honorable Alex Azar II
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue SW, Sixth Floor
Washington, DC 20201

Dear Secretary Azar:

I am writing today to convey concerns and suggested actions from the Medicaid and CHIP Payment and Access Commission (MACPAC) arising from our review of early results of Arkansas's work and community engagement requirements, approved under its Section 1115 research and demonstration waiver (CMS 2018c).

The Commission discussed this matter at our September and October public meetings, consistent with our statutory authority to review and discuss Medicaid access, eligibility, and enrollment and retention policies, and to submit reports and recommendations to Congress, the Secretary, and the states regarding both national and state-specific Medicaid and CHIP data. MACPAC was interested in the early experience from this first-in-the-nation implementation of work and community engagement requirements, both to look at the effects in Arkansas and as a way to consider implications and considerations for the U.S. Department of Health and Human Services (HHS) and other states working in this area.¹ Please note MACPAC is not commenting here on the merits of work and community engagement requirements.

In summary, we are highly concerned about the disenrollment (and subsequent lockout) of 8,462 individuals in Arkansas from Medicaid coverage because they did not report work and community engagement activities. The low level of reporting is a strong warning signal that the current process may not be structured in a way that provides individuals an opportunity to succeed, with high stakes for beneficiaries who fail. A number of factors may be contributing to these results. As a result, the Commission calls for a pause in disenrollments in order to make program adjustments to promote awareness, reporting, and compliance.



In addition, given that there was not an approved evaluation design in place at the time of implementation, the Commission is concerned as to whether the state and the Centers for Medicare & Medicaid Services (CMS) will be able to interpret early experience and evaluate progress towards evaluation goals. The short implementation timeframe in Arkansas may have contributed to both beneficiary reporting challenges and the absence of sufficient measures and data to interpret early results and guide adjustments.

These concerns present lessons for other such waivers. The Commission calls on HHS to invest the time necessary to establish mechanisms for effective evaluation and monitoring and ensure adequate lead time for implementation before approving other states to begin enforcement of requirements that might lead to beneficiary disenrollment or lockout.

We discuss each of these points in greater detail below.

Providing beneficiaries with the tools to succeed

The Commission appreciates the operational challenges in standing up the various elements needed to implement work and community engagement requirements, particularly in terms of reaching, educating, and engaging beneficiaries to understand requirements and report compliance. The state of Arkansas has been successful in a number of respects, including using administrative data to identify beneficiaries who are exempt or in compliance (relieving 73 percent of the target population from having to report in September 2018), and engaging in various education and outreach activities (DHS 2018).

Despite these efforts, 91.6 percent of beneficiaries required to report compliance with the new requirements failed to do so in September 2018 (DHS 2018). When states make significant changes, beneficiaries should have the opportunity to learn about the changes, understand new obligations, and succeed in complying. We call attention to features that may be preventing beneficiaries from succeeding.

Reliance on online reporting. While states are typically required to provide beneficiaries with multiple means of submission, the only way beneficiaries in Arkansas may report compliance is through an online portal. This approach may be challenging for beneficiaries given limited Internet access in the state and the multi-stage process for establishing an account and entering information. The state has made reporting assistance available through county eligibility offices, the Arkansas Foundation for Medical Care (AFMC) call center, and approximately 250 registered reporters; however, the Department of Human Services (DHS) was unable to provide MACPAC with information on how many beneficiaries are taking advantage of that assistance.

Beneficiary awareness. The Medicaid population has been historically hard to reach and educate. Previous work by MACPAC and others suggests that efforts to change beneficiary behavior require multiple avenues of communication and a sustained strategy that evolves over time, based on lessons learned (Zylla et al. 2018). In Arkansas, many educational resources are available only online or through social media, which is problematic given the low level of Internet access (Little and Joy 2018).



Use of work supports. Although CMS made clear that it could not make Medicaid funds available for job search or work supports, such activities are clearly important for beneficiaries to succeed. The Commission understands that DHS makes automatic referrals to the Arkansas Department of Workforce Services, but data currently are not being reported on the extent to which beneficiaries are accessing such services, what services they are asking or qualified for, which barriers may exist for their use of these services, and whether services are being delivered. The Commission also noted the importance of connections to other supportive resources, such as transportation. Information is available on the DHS website; however, neither DHS nor AFMC are directly connecting beneficiaries to organizations providing these resources, and data currently are not being collected to assess access to or unmet need for these or other resources that support work and community engagement (Stehle and Franklin 2018, Hanley and Sullivan 2018).

Importance of monitoring and evaluation to the success of Section 1115 demonstrations.

Section 1115 waivers require program evaluations to learn from these experiences to inform policy development (42 CFR 431.424). In addition, because the time frame for such evaluations can be long, monitoring reports can support rapid cycle assessment, ensuring that both states and CMS can track progress and make midcourse corrections as needed. Submission of such information is meant to provide early indications about program operations and progress towards demonstration goals. They can also be helpful in pointing out where adjustments in policy and procedures may be needed, and may help guide other states planning similar approaches.²

CMS has noted in guidance to states that it expects work and community engagement demonstrations to test the hypothesis that “requiring certain Medicaid beneficiaries to work or participate in other community engagement activities increases the likelihood that they will achieve improved health and well-being” (CMS 2018d). As states differ somewhat in their approaches, Arkansas’s demonstration will additionally test whether the demonstration will “encourage movement up the economic ladder,” and “facilitate transitions between and among Arkansas Works, employer-sponsored insurance, and the Marketplace” (CMS 2018c).

States are required to submit an evaluation plan that specifies the evaluation questions and methodology, including the comparison populations, time period, measures, and data sources that will be used (CMS 2017b). Perhaps because Arkansas does not have an approved evaluation design, CMS and DHS staff were not able to provide information regarding measures and data including those related to employment, transitions to other sources of health coverage, health status, downstream effects on safety net providers, and beneficiaries’ ability to access health services after disenrollment (Stehle and Franklin 2018; Cash 2018).

The Commission understands that CMS is currently working to develop evaluation guidance for states implementing work and community engagement demonstrations, and is working with Arkansas to address



issues in its draft evaluation design regarding specificity of measures, data limitations, and methodology (CMS 2018a). These are positive developments.

Importance of adequate time frames

Arkansas moved quickly to implement work and community engagement requirements, from approval on March 5 to implementation on June 1 (CMS 2018b). Past state experiences with major program innovations, such as managed care implementation, suggest that more time may have been needed to develop a robust education and outreach strategy (e.g., focus group testing of notices and outreach materials, sustained effort across multiple modes of communication); establish key measures and data collection processes; design and test the functionality and user experience of the online portal; and establish connections to supportive resources.

Federal action

Work and community engagement waivers represent a significant new policy direction for the Medicaid program. In addition to Arkansas, 3 states have received approval to implement these requirements, and 10 others have submitted formal applications. Implementation of any new initiative can be disruptive. Preparation, data collection, and continuous improvement in response to feedback are important for success, as proven by prior experience with other innovations, waiver and state plan policies, and state operational changes.

As HHS considers these proposals, it should require the development and approval of robust evaluation and monitoring plans to measure whether waivers achieve their intended purposes and provide meaningful information along the way, including during the early days of implementation. These data will help states make adjustments in program operations, provide feedback on whether waiver objectives are being met, and form the basis for dialogue between federal and state staff reviewing progress and success.

Further, the Commission calls on HHS to work with states and ensure that sufficient time is available between waiver approval and implementation to educate and engage beneficiaries on their new responsibilities and for states to demonstrate readiness, particularly when beneficiaries face disenrollment or lockout. While these steps may mean a slower tempo in making decisions on waivers, or in allowing states to move forward with implementation, it is the Commission's strongly held view that this investment of time is critical.

With respect to the early results in Arkansas, based on our concerns about the number of beneficiaries losing coverage, the Commission also urges HHS to pause disenrollments under the waiver. During this pause, federal and state governments can make adjustments as needed to promote awareness and compliance, and finalize methods, measures, and data collection needed for robust monitoring and evaluation.



If you have any questions concerning our discussion or comments, please feel free to contact me or have your staff contact Anne Schwartz, executive director, at (202) 350-2000.

Sincerely,



Penny Thompson
Chair

Cc: Seema Verma, Administrator, Centers for Medicare & Medicaid Services
Cindy Gillespie, Director, Arkansas Department of Human Services
The Honorable Orrin Hatch, Chair, Senate Finance Committee
The Honorable Ron Wyden, Ranking Member, Senate Finance Committee
The Honorable Greg Walden, Chair, House Energy and Commerce Committee
The Honorable Frank Pallone, Ranking Member, House Energy and Commerce Committee

Endnotes

¹ MACPAC reviewed materials disseminated by the Arkansas Department of Human Services (DHS), reviewed the waiver special terms and conditions and eligibility and enrollment monitoring plan, and had multiple communications with officials from DHS and the Centers for Medicare & Medicaid Services (CMS), the Arkansas Foundation for Medical Care (AFMC), health plan staff, and beneficiary advocates in the state. We appreciate the willingness of these individuals to share information with us, and the state's commitment to being transparent by releasing data more frequently than required by the waiver special terms and conditions. The presentation slides and transcripts from our October and September meetings can be found on our website at: https://www.macpac.gov/public_meeting/october-2018-macpac-public-meeting/ and https://www.macpac.gov/public_meeting/september-2018-macpac-public-meeting/.

² The Commission and others, including the U.S. Government Accountability Office, have noted the importance of these elements to successful Section 1115 waivers, both for the state testing a program innovation and to other states eager to learn from the experience, as well as for federal oversight (GAO 2018, MACPAC 2017). CMS has also been working on improving the transparency and methodological rigor of monitoring and evaluation, as noted in a November 2017 informational bulletin (CMS 2017a).

References

Arkansas Department of Human Services (DHS). 2018. *Arkansas Works program: September 2018 report*. Little Rock, AR: DHS. http://d31hzlhk6di2h5.cloudfront.net/20181015/d9/50/39/04/d3b5bd23a6cef7ccec3e4716/101518_AWreport.pdf.

Cash, J., Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018. Phone call with MACPAC, October 12.



Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018a. CMS letter and feedback to Arkansas on draft evaluation design. November 1, 2018. Baltimore, MD: CMS.

<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/Health-Care-Independence-Program-Private-Option/ar-works-feedback-eval-dsgn-20181101.pdf>.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018b. Arkansas Works eligibility and enrollment monitoring plan. May 31, 2018. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/Health-Care-Independence-Program-Private-Option/ar-works-elig-enrlmnt-plan-05312018.pdf>.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018c. Section 1115 of the Social Security Act Medicaid demonstration amendment: Arkansas Works. March 5, 2018.

<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-works-ca.pdf>.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2018d. Letter from Brian Neale to state Medicaid directors regarding “Opportunities to promote work and community engagement among Medicaid beneficiaries.” January 11, 2018. <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2017a. CMCS informational bulletin regarding “Section 1115 demonstration process improvements.” November 6, 2017. Baltimore, MD: CMS. <https://www.medicaid.gov/federal-policy-guidance/downloads/cib110617.pdf>.

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2017b. *Section 1115 demonstration: developing the evaluation design*. August 2017. Baltimore, MD: CMS.

<https://www.medicaid.gov/medicaid/section-1115-demo/downloads/evaluation-reports/developing-the-evaluation-design.pdf>.

Hanley, R., and A. Sullivan, Arkansas Foundation for Medical Care. 2018. Phone call with MACPAC, September 25.

Little, M., and J. Joy, Arkansas Advocates for Children and Families. 2018. Phone call with MACPAC, October 3.

Medicaid and CHIP Payment and Access Commission (MACPAC). 2017. Presentation: Monitoring and evaluating section 1115 demonstrations. September 14, 2017. Washington, DC: MACPAC. <https://www.macpac.gov/wp-content/uploads/2017/09/Monitoring-and-Evaluating-Section-1115-Research-and-Demonstration-Waivers.pdf>.

Stehle, D., and M. Franklin, Arkansas Department of Human Services. 2018. Phone call with MACPAC, September 28.

U.S. Government Accountability Office (GAO). 2018. *Medicaid demonstrations: Evaluations yielded limited results, underscoring need for changes to federal policies and procedures*. Report no. GAO-18-220. Washington, DC: GAO.

<https://www.gao.gov/products/GAO-18-220>.

Zylla, E., C. Planalp, E. Lukanen, and L. Blewett. 2018. *Section 1115 Medicaid expansion waivers: Implementation experiences*. February 8, 2018. Minneapolis, MN: State Health Access Data Assistance Center.

<https://www.macpac.gov/publication/section-1115-medicaid-expansion-waivers-implementation-experiences/>.

