

Interpreting early Medicaid expansion results

State Spotlight: Arkansas – Year one of expansion

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Arkansas at a Glance

Population: 2,978,204

Effective Date of Expansion: January 1, 2014

Uninsured Rate: 2013: 16.0% → 2014: 11.8%

Political Leadership: Republican Governor Asa Hutchinson (2014–present)

Source: U.S. Census Bureau, July 2015; 2013–2014 American Community Survey.

Under former Democratic Governor Mike Beebe, Arkansas implemented the first alternative Medicaid expansion program under the Affordable Care Act (ACA) on January 1, 2014, referred to as the *Private Option*. This program places most enrollees into private managed care plans and pays their insurance premiums. In part because of its Medicaid expansion, Arkansas saw the nation's largest post-ACA drop in uninsured rates, from 16.0 percent to 11.8 percent in 2014. However, early cost results for these new enrollees raised some concerns.

In 2014, the per-member-per-month (PMPM) cost for the state's expansion population was \$492.85 PMPM, well over the budget cap of \$477.63 PMPM. The average enrollee age was older than anticipated, which may have contributed to these cost overruns, according to Arkansas' fiscal year 2014 *Private Option* report. Arkansas' budget cap for 2015 increased to \$500.08, and costs for the first half of 2015 hovered around \$485.00 PMPM.

The 2014 election of Republican Governor Asa Hutchinson raised questions about the future of the state's alternative expansion program. Though questions surfaced as to whether Governor Hutchinson would shut down the *Private Option*, he ultimately decided to pursue amendments to the state's demonstration waiver by proposing an update called *Arkansas Works*. Under *Arkansas Works*, the state implemented job training referral requirements and incentivized employer-sponsored insurance in order to reduce *crowd-out* (when newly eligible individuals with private health insurance drop coverage and enroll in Medicaid). A few other changes, such as the adjustment of cost-sharing requirements for enrollees below 100 percent of the federal poverty level, have already been implemented.

For more information on the results of Medicaid expansion, view the full issue brief, *Interpreting Early Medicaid Expansion Results*, online at khi.org/policy/article/16-07.

Type of Expansion: Alternative				Effective Date of Expansion: January 1, 2014			
2014 ENROLLMENT	Newly Eligible Population only	Estimated	200,000	2014 TOTAL COST (Federal & State)	Newly Eligible Population only	Budget Cap	\$477.63 PMPM
		Actual	209,795			Actual	\$492.85 PMPM
	All Medicaid (including CHIP)	Actual	824,682		All Medicaid (including CHIP)**	Estimated	N/A
	Percent increase in Medicaid enrollment from pre-ACA levels*	Actual	48.10%			Actual	\$4.9 billion

Note: *Percent change in Medicaid and CHIP enrollment between July and September 2013 and December 2014. The average enrollment increase was 37.0 percent for Medicaid expansion states and 12.0 percent for non-expansion states. Expansion population costs in Arkansas are reported per-member-per-month. **Refers to Arkansas' fiscal year 2014 (October 2013–September 2014).

Source: Kaiser Family Foundation, June 2016; Centers for Medicare and Medicaid Services; Arkansas Department of Human Services; Medicaid and CHIP Payment and Access Commission (MACPAC), December 2015.