

Arizona Section 1115 Waiver Amendment Request Senate Bill 1092 Arizona Legislative Directives

I. SUMMARY

As part of the 2015 legislative session, the Arizona State legislature passed Senate Bill 1092 requiring the Arizona Health Care Cost Containment System (AHCCCS) to request from the Center for Medicare and Medicaid Services (CMS) each year for a waiver or amendments to the current Section 1115 Waiver to allow the State to implement the following requirements for "able-bodied adults" receiving Medicaid services:

- 1. The requirement for all able-bodied adults to become employed or actively seek employment or attend school or a job training program.
- 2. The requirement for members to verify on a monthly basis compliance with the work requirement and any changes in family income.
- 3. The authority for AHCCCS to ban an eligible person from enrollment for one year if the eligible person knowingly failed to report a change in family income or made a false statement regarding compliance with the work requirement.
- 4. The authority for AHCCCS to limit lifetime coverage for all able-bodied adults to five years except for certain circumstances.

SB 1092 requires AHCCCS to request from CMS by March 30 of each year only the waivers or amendments to the current Section 1115 Waiver that have not been approved and are not in effect. Accordingly, AHCCCS seeks the following waiver authorities:

• Waiver Authority—Waiver from 1902(a)(10)(A) to enable the State to impose work requirements for "able-bodied adults"; require beneficiaries to verify on a monthly basis compliance with the work requirements and any changes in family income; enable the State to ban an eligible person from enrollment for one year if the eligible person knowingly failed to report a change in family income or made a false statement regarding compliance with the work requirements; and limit lifetime coverage for all able-bodied adults to five years except for certain circumstances.

II. OVERVIEW

As part of the 2015 legislative session, the Arizona State legislature passed Senate Bill 1092 requiring the Arizona Health Care Cost Containment System (AHCCCS) to apply to CMS by March 30 of each year for waiver or amendments to the current Section 1115 Waiver to allow the State to implement new requirements for "able-bodied adults" receiving Medicaid services. SB 1092 specifically requires:

- A. On or before March 30 of each year, the Director shall apply to the Centers for Medicare and Medicaid Services (CMS) for waivers or amendments to the current Section 1115 Waiver to allow this state to:
 - 1. Institute a work requirement for all able-bodied adults receiving services pursuant to this article [Arizona Revised Statutes, Title 36, Chapter 29, Article 1 which includes Title XIX eligible individuals other than persons with an institutional level of need and the Medicare Cost Sharing groups]. The work requirement shall:
 - (a) Require an eligible person to either:
 - (i) Become employed.
 - (ii) Actively seek employment, which would be verified by the department.
 - (iii)Attend school or a job training program, or both, at least twenty hours per week.
 - (b) Require an eligible person to verify on a monthly basis compliance with requirements of subdivision (a) of this paragraph and any change in family income.
 - (c) Require the administration to confirm an eligible person's change in family income as reported under subdivision (b) of this paragraph and redetermine the person's eligibility under this article.
 - (d) Allow the administration to ban an eligible person from enrollment for one year if the eligible person knowingly failed to report a change in family income or made a false statement regarding compliance with the requirements of subdivision (a) of this paragraph.
 - (e) Allow for an exemption if a person meets any of the following conditions:
 - (i) Is at least nineteen years of age but is still attending high school as a full-time student.
 - (ii) Is the sole caregiver of a family member who is under six years of age.
 - (iii)Is currently receiving temporary or permanent long-term disability benefits from a private insurer or from the government.
 - (iv) Has been determined to be physically or mentally unfit for employment by a health care professional in accordance with rules adopted by the administration.
 - 2. Place on able-bodied adults a lifetime limit of five years of benefits under this article that begins on the effective date of the waiver or amendment to the current section 1115 waiver and does not include any previous time a person received benefits under this article. The lifetime limit under this paragraph does not include any time during which the person meets any of the following conditions:
 - (a) Is pregnant.
 - (b) Is the sole caregiver of a family member who is under six years of age.

- (c) Is currently receiving temporary or permanent long-term disability benefits from a private insurer or from the government.
- (d) Is at least nineteen years of age but is still attending high school as a full-time student.
- (e) Is employed full time but continues to meet the income eligibility requirements under this article.
- (f) Is enrolled before reaching nineteen years of age.
- (g) Is an eligible person as defined in section 36-2901, paragraph 6, subdivision (a), item (iii).
- 3. Develop and impose meaningful cost-sharing requirements to deter both:
 - (a) The nonemergency use of emergency departments.
 - (b) The use of Ambulance services for nonemergency transportation or when it is not medically necessary.
- B. In any year, the Director shall apply under subsection A of this section for only the waivers or amendments to the current section 1115 waiver that have not been approved and are not in effect.
- C. On or before April 1 of each year, the director shall submit a letter confirming the submission of the waiver requests required under subsection A of this section to the Governor, the President of the Senate and the Speaker of the House of Representatives.
- D. For the purposes of this section:
 - 1. "Able-bodied" means an individual who is physically and mentally capable of working.
 - 2. "Adult" means an individual who is at least nineteen years of age. END_STATUTE

Arizona Laws 2015, First Regular Session, Chapter 29, Article 1.

SB 1092 was passed during the First Regular Session of 2015. The bill was part of the public process at the Arizona State Legislature during the 2015 legislative session. On September 30, 2015, AHCCCS included the SB 1092 legislative directive as part of its 1115 waiver renewal application. AHCCCS conducted extensive stakeholder engagement prior to submitting the waiver application, and received numerous stakeholder comments through community forums held in Phoenix, Tucson, Flagstaff, Yuma, as well as through public meetings including State Medicaid Advisory Committee. For public comments see pages 458-479 of the PDF document: https://azahcccs.gov/shared/Downloads/AZWaiverPackage.pdf.

On September 30, 2016, CMS approved Arizona's request to impose copays for non-emergency use of the emergency room for Childless Adults with incomes 100-138% above the Federal Poverty Line (FPL), but rejected the other waiver requests per SB 1092—work requirements, additional verification requirements, and a time limit on coverage—on the grounds that those requests could undermine access to care and do not support the objective of the program.

SB 1092 legislative directive requires AHCCCS to reapply by March 30 of each year for only the waivers or amendments to the current Section 1115 Waiver that have not been approved and are not in effect. Accordingly, AHCCCS will reapply for the waivers listed in the table below.

Waiver Authority Requested	SB 1092 Requirements	Brief Description
1902(a)(10)(A) and the regulations in 42 CFR Part 435 to the extent that those provisions set forth the exclusive list of eligibility requirements.	Work Requirement	Requires all able-bodies adults to become employed or actively seeking employment or attend school or a job training program.
1902(a)(17) to the extent that 42 C.F.R. 435.916 restricts the State from requiring beneficiaries to provide information.	Monthly Income and Work Requirement Verification	Requires members to verify on a monthly basis compliance with the work requirements and any changes in family income.
1902(a)(17) to the extent that 42 C.F.R. 435.916 restricts the State from redetermining eligibility more frequently than every 12 months	Monthly Redetermination of Eligibility	Permits the State to redetermine eligibility monthly based on the income and employment related information provided by beneficiaries.
1902(a)(10)(A) and the regulations in 42 CFR Part 435 to the extent that those provisions set forth the exclusive list of eligibility requirements.	Enrollee Disenrollment	Allows AHCCCS to ban an eligible person from enrollment for one year if the eligible person knowingly failed to report a change in family income or made a false statement regarding compliance with the work requirements.

1902(a)(10)(A) and the regulations in 42 CFR Part 435 to the extent that those provisions set forth the exclusive list of eligibility requirements. 5 year limit

Places all able-bodied adults on a lifetime limit of five years with exceptions for certain circumstances.

AHCCCS is also requesting that CMS allow the State to gather information needed to determine whether or not the work requirements and lifetime limits apply as part of the application process pursuant to 42 CFR 435.907.

III. PUBLIC PROCESS

Pursuant to the Special Terms and Conditions (STC) that govern Arizona's 1115 Waiver, Arizona must provide documentation of its compliance with the Demonstration of Public Notice process (42 CFR §431.408), as well as document that the tribal consultation requirements outlined in STC 15 have been met.

SB 1092 was passed during the First Regular Session of 2015. The bill was part of the public process at the Arizona State Legislature. Information about the legislation can be found on the legislative website at the following link: https://apps.azleg.gov/BillStatus/BillOverview/66346.

The amendment request was posted on the AHCCCS website for public comment and can be found here:

https://azahcccs.gov/Resources/Federal/sb1092legislativedirectivewaiverproposal.html.

A public notice of the waiver amendment was posted in the Arizona Republic, the newspaper of widest circulation in Arizona on January 12, 2017 allowing for over a 30 day comment period. The notice included a brief summary of the waiver request, the locations, dates and times of the public hearings, instructions on how to submit comments and a link to where additional information can be found. See following link for the public notice: https://azahcccs.gov/Resources/Federal/sb1092legislativedirectivewaiverproposal.html.

AHCCCS will present the details about the SB 1092 waiver request in tribal consultation, as well as public hearings in Phoenix, Flagstaff, and Tucson. The public hearing meetings will have telephonic conference capabilities to ensure statewide accessibility. Public comments will be posted on the AHCCCS website.

IV. DATA ANALYSIS- "WITH WAIVER" VS. "WITHOUT WAIVER"

The imposition of work requirements, additional verification requirements, and time limits on coverage as stated in the proposal will have a positive effect on budget neutrality.

V. ALLOTMENT NEUTRALITY

Not applicable. The amendment does not impact the XXI population.

VI. DETAILS

A. <u>Proposed Additional Eligibility Requirements under the Demonstration as Amended.</u>

The work requirements in SB 1092 apply to all able-bodied individuals 19 years of age or older ("able-bodied adults") otherwise eligible for Medicaid except for individuals who meet any of the following conditions:

- Individuals enrolled in the Arizona Long Term Care System (i.e., persons with an institutional level of need).
- Individuals eligible for Medicare Cost Sharing (i.e., persons eligible for Medicare and Medicaid, Qualified Medicare Beneficiaries, Specified Low Income Medicare Beneficiaries, and Qualified Individuals).
- Is at least nineteen years of age but is still attending high school as a full-time student.
- Is the sole caregiver of a family member who is under six years of age.
- Is currently receiving temporary or permanent long-term disability benefits from a private insurer or from the government.
- Has been determined to be physically or mentally unfit for employment by a health care professional in accordance with rules adopted by the administration.

The five-year maximum lifetime coverage limit applies to all able-bodied adult beneficiaries except those subject to the exceptions above. The lifetime coverage will be effective on the date of waiver or amendment is approved by CMS and does not include previous times a person received Medicaid benefits. Furthermore, lifetime limit under SB 1092 does not include any time during which the person meets any of the following conditions:

- Is pregnant.
- Is the sole caregiver of a family member who is under six years of age.
- Is currently receiving temporary or permanent long-term disability benefits from a private insurer or from the government.
- Is at least nineteen years of age but is still attending high school as a full-time student.
- Is employed full time but continues to meet the income eligibility requirements under this article.
- Is enrolled before reaching nineteen years of age.
- Under twenty-six years of age and who was in the custody of the department of child safety pursuant to title 8, chapter 4 when the person became eighteen years of age.

- B. <u>Proposed Cost Sharing Requirements under the Demonstration as Amended.</u> The cost sharing requirements for persons impacted by this proposed demonstration amendment will not change from the State's current program features as described in the current State Plan and Demonstration.
- C. Proposed Changes to the Delivery System under the Demonstration as Amended.

The delivery system for persons impacted by this proposed demonstration amendment will not vary from the State's current program features as described in the current State Plan and Demonstration.

D. <u>Proposed Changes to benefit coverage under the Demonstration as Amended.</u>

The benefit coverage for persons impacted by this proposed demonstration amendment will not vary from the State's current program features as described in the current State Plan and Demonstration.

VII. EVALUATION DESIGN

A. Research Hypothesis, Goals, and Objectives. The demonstration will test whether authorizing work requirements and life time coverage limits for "able-bodied adults" enrolled in AHCCCS will increase employment rate for those beneficiaries. The goal is to reduce individual reliance on public assistance. The objectives include increasing the number of beneficiaries with earned income and/or the capacity to earn income, reduce enrollment, and reduce the amount of "churn" (individuals moving on and off assistance repeatedly) as the result of greater access to employment and employer-sponsored health insurance or health insurance through the Exchange.

B. Plan for Testing the Hypothesis.

AHCCCS is proposing to test a series of hypotheses that will allow the state to: 1) evaluate its success in achieving the overall goals of the demonstration; and 2) identify opportunities for improvement to strengthen the demonstration. The table below outlines the proposed hypotheses for this demonstration and potential performance measures that would allow AHCCCS to effectively test each of the specific hypotheses:

Proposed Hypotheses	Proposed Performance Measure
The implementation of the work requirement will increase the rate of "able-bodied adults" that are employed, or actively seeking employment, or	The percentage of "able-bodied adults" enrolled in AHCCCS who become employed during the demonstration period.
engaged in training.	The percentage of "able bodied adults" enrolled in AHCCCS that are actively seeking employment during the demonstration period.

	The percentage of "able bodied adults" enrolled in AHCCCS that are attending school or a job training program, or both, at least twenty hours per week during the demonstration period.
"Able bodied adults" who lose eligibility due to the five-year maximum lifetime coverage limit will not increase over the course of the demonstration.	 The percentage of "able bodied adults" enrolled in AHCCCS over the demonstration period. The percentage of "able bodied adults" disenrolled from AHCCCS due to five-year maximum lifetime coverage limit.
"Able bodied adults" who lose eligibility due to failure to report a change in family income or making a false statement regarding compliance with the work requirements will not increase over the course of the demonstration.	The percentage of "able bodied adults" that are disenrolled from AHCCCS for failing to report a change in family income or making a false statement regarding compliance with the work requirements.