



## Office of Director

PO Box 1437, Slot S201 · Little Rock AR 72203-1437  
501-682-8650 · Fax: 501-682-6836 · TDD: 501-682-8820



September 22, 2016

Governor Asa Hutchinson  
State Capitol Rm 250  
500 Woodlane Ave  
Little Rock AR 72201

Dear Governor Hutchinson:

You have asked that I provide a monthly update on enrollment in the Private Option. At the end of August, there were 265,608 Arkansans enrolled in private health insurance plans through the Health Care Independence Program (Private Option). In addition, there were 23,043 individuals who applied for the program that were determined to be medically frail and therefore are in the traditional Medicaid program, and 28,638 that have been determined eligible and are somewhere in the process for a total of 317,289. We attribute the increase to the number of applications we have been processing over the last several weeks as part of our efforts to eliminate our backlog of casework for Medicaid eligibility.

The attached charts detail this information as well as associated expenditures by month and per-person. You will also find the average monthly per-person budget cap the Centers for Medicare and Medicaid Services (CMS) agreed to for this calendar year.

To ensure that data remains consistent, the monthly cost information is based on premiums, cost-sharing and claims paid during that month. I will continue to provide this monthly update throughout the year. Once we implement changes and begin Arkansas Works, I will provide regular updates about recipients and costs under that program as well. We are still awaiting approval, but it's expected soon.

Private Option is only \$1.6 billion of the \$7 billion the State of Arkansas Medicaid program budget and, as you stated when you hired me, ensuring the long-term sustainability and affordability of the entire program is critical. Per your request of September 15, I have begun working with Arkansas Insurance Department Commissioner Allen Kerr and Arkansas Health Insurance Marketplace (AHIM) Executive Director Cheryl Smith Gardner to develop a plan for long-term sustainability of the entire Arkansas Medicaid Program, including Arkansas Works and traditional Medicaid, by the end of May 2017. To clarify the work to be done, we are working internally to project five-year costs for the entire program, and will also coordinate our five-year analysis with The Stephen Group to ensure our assumptions are in line with those they are presenting to the Health Care Task Force. We will provide this five year outlook no later than October 15, 2016.

Thank you for your continued support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cindy Gillespie".

Cindy Gillespie, Director  
Arkansas Department of Human Services

**Private Option Overview 2016 (Budget Cap \$523.58)**

Month Num	Year	Cost Sharing			Average CSR			Average		Total Average Cost PP
		Premiums Paid	Reduction Payments (CSR)	Premium Payments	Wraparound Costs	Per Person (PP)	Average Premium PP	Wraparound Cost PP		
1	January	2016	213,026	\$ 28,822,513.35	\$ 77,454,285.66	\$ 905,451.80	\$ 135.30	\$ 363.59	\$ 4.28	\$ 479.15
2	February	2016	228,064	\$ 30,575,992.05	\$ 82,204,273.58	\$ 972,885.83	\$ 134.07	\$ 360.44	\$ 4.28	\$ 495.33
3	March	2016	239,225	\$ 32,589,911.50	\$ 87,589,030.40	\$ 1,022,562.78	\$ 136.23	\$ 366.14	\$ 4.28	\$ 521.31
4	April	2016	238,050	\$ 31,767,287.33	\$ 85,373,310.24	\$ 905,494.57	\$ 133.45	\$ 358.64	\$ 3.82	\$ 490.20
5	May	2016	243,269	\$ 32,378,069.90	\$ 86,995,957.05	\$ 923,863.01	\$ 133.10	\$ 357.61	\$ 3.81	\$ 485.36
6	June	2016	250,885	\$ 33,570,070.35	\$ 90,205,804.25	\$ 980,373.00	\$ 133.81	\$ 359.55	\$ 3.92	\$ 493.08
7	July	2016	258,161	\$ 34,486,129.64	\$ 92,668,529.82	\$ 1,070,928.74	\$ 133.58	\$ 358.96	\$ 4.16	\$ 481.35
8	August	2016	265,608	\$ 35,480,274.91	\$ 95,331,912.69	\$ 1,112,043.84	\$ 133.58	\$ 358.92	\$ 4.20	\$ 480.62

PO Population Counts				
Month	Premiums Paid	Medically Frail	Interim	Total
January	213,026	22,927	31,873	267,826
February	228,064	23,517	23,259	274,840
March	239,225	23,611	18,773	281,609
April	238,050	22,989	22,357	283,396
May	243,269	23,010	24,455	290,734
June	250,885	23,129	27,959	301,973
July	258,161	23,042	26,675	307,878
August	265,608	23,043	28,638	317,289

**Data Source** = DMS Financial Warehouse (DFW) managed by Northrop Grumman EDW. (tblFactCashExpenditures)

**Medically Frail** = All 06 recipients who do not have a Premium or Cost Share payment in the target month and have a Medically Frail indicator in MMIS.

**Interim** = All 06 recipients who do not have a Premium or Cost Share payment in the target month and are not included in the Medically Frail set.

**Wraparound** = Non-Premium/Cost Share payments for all recipients who have a Premium/Cost Share payment in the target month. To prevent double counting, the query removes any recipient who has already been counted as "Medically Frail."

**Average Per Person** = All averages are derived by dividing total amount paid by the number of unique recipients. Average does not take eligibility counts into consideration.