



# Children's Action Alliance

*A Voice for Arizona's Children since 1988*

## **ADMINISTRATIVE IMPACTS TO ACA MARKETPLACE**

Reports from Standard & Poor's, the Congressional Budget Office and the Kaiser Family Foundation all suggest that the exchanges are stabilizing.

### In Arizona:

Currently the Arizona marketplace has 140,000 effectuated enrollees (meaning paying premiums); last year the marketplace had 164,000 effectuated enrollments.

Blue Cross Blue Shield has committed to sell insurance in 13 counties and Ambetter in the two remaining counties (Pima and Maricopa).

### **Cost Sharing Reductions (CSR):**

CSRs are payments the government makes to insurance companies in order to lower out-of-pocket costs like pays and deductibles to marketplace consumers. The President has not committed to paying them, but instead has authorized release of funds on a month-to-month basis, creating uncertainty. Congressional Budget Office (CBO) estimated CSR subsidies in 2017 would total about \$7 billion. When filing plans for the 2018 marketplace, carriers on average raised premiums by about 34 percent — with about 20 points stemming from CSR uncertainty.

### **The Individual Mandate:**

The individual mandate requires people to either buy creditable health insurance or face a tax penalty. It is meant to ensure that healthy people buy insurance so as to create a favorable risk pool for insurance. President Trump has signaled through executive order he will not enforce the individual mandate. Consequently, the IRS processed the tax returns this year of individuals who did not report whether they had health coverage.

### **Outreach and Enrollment:**

The enrollment period has been shortened from 12 weeks to 6 weeks (Nov. 1-December 15). The administration also scaled back on ads for enrollment and technical assistance to the website, which could lead to a reduced number of enrollees and a less favorable insurance pool.

## ARIZONA'S SECTION 1115 WAIVER

### **Background:**

Arizona established its entire Medicaid program under a Section 1115 waiver in 1982, which it has to resubmit every five years for CMS approval.

In 2015, the Arizona legislature passed SB1092, which directs AHCCCS to request the changes outlined below to the AHCCCS program in their section 1115 waiver requests. The legislation directs AHCCCS to request the changes every year by March until fully approved by CMS.

September 30, 2016, CMS partially approved Arizona's latest section 1115 waiver request, allowing the establishment of copays and HSAs for the expansion population; however, AHCCCS has not yet implemented these changes.

AHCCCS has not yet to submit its 2017 waiver request.

### **Arizona's Section 1115 Waiver Request with CAA's Comments**

The following are the proposed new requirements for able-bodied adults covered through AHCCCS.

- ***The requirement for all able-bodied adults to become employed or actively seeking employment or attend school or a job training program in order to qualify for coverage.***

The experience of other states has confirmed that health coverage is itself a work support and helps people get and stay healthy enough to find jobs and keep working. Currently, 79% of AHCCCS members live in a household with at least one full-time (66%) or part-time (13%) worker so it is unclear that adding barriers to coverage will improve this rate. Furthermore, this does not take into account members who are caregivers for children older than 6 with special healthcare needs or elderly relatives.

- ***The requirement for able-bodied adults to verify on a monthly basis compliance with the work requirements and any changes in family income.***

This is a costly and unnecessary layer of bureaucracy that will serve as a barrier to coverage. For parents struggling to make ends meet in low-paying jobs, imposing a monthly reporting requirement only makes the goal of climbing out of poverty that much more unattainable.

- ***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 requirements.***

The new requirements do not take into account the myriad of barriers low-income adults face in maintaining continuous employment such as securing reliable after-school child care, lack of transportation, fluctuations in hourly schedules, lay off, divorce, or domestic violence. The high stakes consequence of even one month's lapse resulting in a one-year lock of coverage is not only overly-punitive but contradicts the stated objectives of the waiver.

- ***The authority for AHCCCS to limit lifetime coverage for all able-bodied adults to five years except for certain circumstances.***

CMS has earlier rejected this request because it could "undermine access to care." Imposing a lifetime limit runs counter to research on the management of chronic conditions, including behavioral health conditions. Many people are able to get and keep jobs because they can keep chronic and mental health conditions under control through AHCCCS coverage. The waiver assumes that AHCCCS members would simply be able to afford private health insurance or have employer-based coverage within five continuous years of coverage, which contradicts the evidence and information about the job market and health insurance market in our state.