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Arizona 1115 Medicaid Waiver Update

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In 2014, Arizona expanded Medicaid to the new adult group. Following the expansion, Arizona submitted, and CMS approved, an 1115 waiver extension to create the Choice, Accountability, Responsibility, Engagement (CARE) program. CARE adds premiums and cost sharing, healthy behavior incentive programs, and flexible spending accounts, called CARE Accounts, for certain adults in the expansion population. The program is approved to run through September 30, 2021.

In December 2017, the State submitted an 1115 waiver amendment adding work requirements and time limits to certain expansion adults. Additionally, in May 2017, Arizona submitted a Medicaid institutions for mental disease (IMD) Exclusion 1115 waiver amendment, and in April 2018, the State submitted an 1115 waiver amendment seeking to limit retroactive coverage to the month of application.

The work requirement amendment and the retroactive eligibility amendment **were approved on January 18, 2019**. The Medicaid IMD exclusion waiver is currently pending CMS approval. This document summarizes the recently approved work requirement and retroactive eligibility amendment, as well as the pending IMD waiver.

Approval of AHCCCS Works

On December 19, 2017, Arizona submitted an **1115 Waiver Amendment Request** (AHCCCS Works) to CMS to implement work requirements on certain Medicaid beneficiaries. The request was **approved** on January 18, 2019. Participation in AHCCCS Works program is required for certain beneficiaries in the new adult group who are between 19 and 49 years of age. (Of note the initial waiver request included individuals up to the age of 55.) Implementation of the work requirement program may begin no sooner than January 1, 2020.

Individuals that are exempt from work requirements include, but are not limited to, individuals with disabilities or those who are “medically frail,” students, individuals with serious mental illness, former foster youth up age 26, victims of domestic violence, individuals who are homeless, women who have given birth in the last 90 days, and parents and caregivers. Individuals participating in SNAP, Cash Assistance, or Unemployment Insurance income benefits are also exempt. Additionally, all American Indian/Alaska Native beneficiaries are exempt.

Participants must have a minimum of 80 hours per month of approved activities, which can include employment, school, job or life skills training, and health education classes; job search activities; or community service.

There is an initial 3 month grace period to meet the work requirement. Failure to meet the requirements beyond the initial 3 month grace period will result in a suspension of the beneficiary’s eligibility for two months. Beneficiaries with suspended eligibility will have their eligibility reactivated immediately after the end of the two-month suspension as long as they continue to meet all other eligibility criteria. (Of note, the initial waiver amendment requested a 6 month grace period and a termination from the program if the beneficiary did not meet the work requirements, but beneficiaries had the ability to re-enroll once work requirement compliance was met for 30 days.)

Not Approved: Work Requirement Amendment Provisions

CMS did not approve Arizona’s request for federal matching funds for the costs associated with the design, development, installation, operation, and administration of systems necessary to implement AHCCCS Works community engagement programs and activities.

Additionally, Arizona’s initial request also included a five-year maximum lifetime coverage limit for beneficiaries subject to work requirements. The lifetime limit would not factor in previous periods of Medicaid coverage and would not have included exemption periods or, when in compliance, work requirements. This time limit “clock” would have begun during any period a beneficiary fails to meet program requirements, exemption periods do not count towards the lifetime limit. However, this portion of the waiver was not approved.

Retroactive Eligibility

In April 2018, Arizona submitted an **1115 waiver amendment** seeking to limit retroactive eligibility coverage to the first day of the month in which member applies for Medicaid. CMS **approved** this waiver amendment on January 18, 2019, alongside the work requirement amendment. This approval permits Arizona to grant eligibility to AHCCCS beneficiaries beginning the month they submit an application, and to waive the three month retroactive eligibility period. Previously, retroactive eligibility coverage applied to the three months preceding the month in which the member applied for AHCCCS coverage. Providers will receive reimbursement for services provided during that period.

The following populations are exempt from the waiver of retroactive eligibility: pregnant women; women who are 60 days or less postpartum; infants under age one; and children under age 19. Implementation of retroactive eligibility may begin no sooner than April 1, 2019.

Medicaid IMD Exclusion: Pending

On May 3, 2017, Arizona submitted an 1115 waiver amendment to receive federal financial participation for IMD services provided to Medicaid beneficiaries, ages 21 through 64, regardless of delivery system (fee-for-service and managed care). Currently, the CMS managed care regulation limits managed care organizations' ability to provide IMD services to Medicaid beneficiaries ages 21 through 64 for more than 15 days in a given month. Prior to the implementation of the managed care regulation, Arizona managed care organizations were covering Medicaid IMD services to beneficiaries ages 21 through 64 as an in lieu of service. This waiver amendment is **currently pending** CMS approval.

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