

February 20, 2017

Thomas J. Betlach M.P.A., Director
Arizona Health Care Cost Containment System
801 E. Jefferson St., MD 4100
Phoenix, AZ 850



RE: Section 1115 Waiver Renewal

Dear Director Betlach:

On behalf of the Arizona Public Health Association (AzPHA), we thank you for the opportunity to comment on Arizona's 2017 1115 Medicaid waiver application.

Founded in 1928, AzPHA is a membership organization that works to improve the level of health and well-being for all Arizonans. Our members include healthcare professionals, state and county health employees, health educators, community advocates, doctors, nurses and students. The comments below are reflective of our vision to create healthy communities for all Arizonans. Our comments focus on the following key areas of your waiver request:

- The requirement for all "able-bodied" adults to become employed or actively seeking employment or attend school or a job training program.
- The requirement for able-bodied adults to verify on a monthly basis compliance with the work requirements and any changes in family income.
- 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 authority for AHCCCS to limit lifetime coverage for all able-bodied adults to five years except for certain circumstances.

Work Requirement, Verification, and Suspended Eligibility

Henry J. Kaiser Family Foundation (2015) found three in four households eligible for Medicaid expansion in the U.S. have a full- or part-time worker. Among those not working, nearly half report that an illness/disability or family obligation was the main reason for their work status. Another 18% were going to school and 20% could not find work. *To our knowledge, no such analysis has been done for the state of Arizona.* We encourage you to conduct such an analysis before implementing the proposed work requirement.

Other states have reported significant barriers to employment for Able Bodied Adults without Dependents as required by some states through the Supplemental Nutrition Assistance Program, including a lack of employment history, lack of transportation, substance abuse, mental illness and felony convictions. In Ohio, nearly 33% of clients reported a physical or mental health limitation, more

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than 30% have no high school diploma or GED, and 34% have felony convictions. *Here again, we urge you to conduct an analysis to examine the employment barriers your members face before implementing the proposed work requirement.* Getting more detailed information in advance will help you test a hypothesis that is more refined and targeted and more likely to demonstrate that it is effective at transitioning members off public benefits.

We expect that your Waiver request work requirement will result in confusion for clients as well as eligibility staff and community partners. First, the Administration will need to determine who is subject to or exempt from the work requirement. It is likely that administrative challenges will exist throughout the notification, compliance, documentation and eligibility processes. Some points of considerable concern for our members include:

- Will doctors/providers be faced with an unfunded mandate to determine work status of those requesting an exemption from the work requirement? We have heard from the behavioral health community that there are barriers in getting doctors willing to complete the necessary paperwork to receive or maintain SSI/SSDI. An additional expectation that doctors/providers document work exemptions will exacerbate this problem.
- How will eligibility staff understand and apply the rules related to the time limits consistently and accurately? Would these staff be located at AHCCCS or at the Arizona Department of Economic Security?
- How will Administration staff adequately and appropriately assess each individual for work readiness?
- What procedures will the Administration use among their more than 1 million members to document the means by which members will verify on a monthly basis compliance with the work requirement and any changes in family income? How will members verify that they have appropriately and correctly provide AHCCCS the necessary reports to retain his/her eligibility?
- How will the Administration ensure that eligible Arizonans are not terminated, especially those who are physically or mentally unfit for employment? How will the Administration reinstate individuals who have been improperly terminated and credit them back the benefits?
- How will staff understand and count allowable employment activities? How will they track the required number of hours and what will the Administration use as criteria for meeting attendance in school or job training requirements?
- What changes will be necessary to forms, including applications and notices? How many new FTEs would be required to implement the new requirement and how much additional administrative costs would that entail?
- How will these new rules be communicated to clients in a way they understand and are able to respond?

For these reasons and concerns, we encourage the Administration and the Centers for Medicare and Medicaid Services to withhold approval of the Administration's work requirement waiver request.

Getting more detailed information and addressing the questions above in advance will help AHCCCS test a Demonstration Waiver hypothesis that is more refined and targeted and more likely to demonstrate effectiveness toward reducing individual reliance on public assistance.

Lifetime Limits and Disenrollment

Removal of Medicaid coverage after 5 years of lifetime enrollment will negatively impact our collective efforts to improve health outcomes, threaten the viability of public and private investments, and jeopardize access to care for vulnerable populations.

The Administration has included in its waiver request a lifetime limit of 5 years for Medicaid benefits. As Director Betlach has indicated a number of times, Medicaid and AHCCCS are counter cyclical programs. When the economy is in contraction, people lose employment and Medicaid enrollment tends to increase. The opposite is true during a robust economy. Economic cycles tend to occur in 8 – 12 year intervals, with several recessionary cycles during the employable life.

In addition, there are much longer-term "geographic recessions" that exist in Arizona, even when the U.S. is not officially in a recession. Many parts of Arizona, particularly in rural and frontier areas, have much higher unemployment rates than our urban areas. These geographically depressed areas have fewer economic opportunities for residents, increasing the likelihood that they would exceed your proposed 5-year lifetime enrollment cap.

The Administration's request provides no safety valve to account for the counter cyclical nature of the Medicaid program and the importance it plays during economic down swings. Further, it does not account for the economic opportunity disparity that many rural Arizona communities face. Your proposed 5-year lifetime limit appears to be arbitrary and would needlessly limit access to healthcare for critical medical services for many Arizonans. In addition, individuals will seek care even if they have reached their 5-year lifetime limit, resulting in increased uncompensated care and care being delivered after complications have developed in more expensive settings.

We oppose the legislative mandate and your request to place a 5-year lifetime limit on AHCCCS coverage because: 1) it would negatively impact our collective efforts to improve health outcomes; 2) is not evidence-based; 3) the 5-year limit is arbitrary; and 4) the request does not account for the counter-cyclical nature of the Medicaid program; and 5) does not account for geographic economic opportunity disparities.

Non-emergency Transportation

Ensuring individuals have access to reliable transportation to medical services is important in order to ensure that members have access to pre-emergent care. We understand the Administration's concern that some members may not be using the non-emergency transportation benefit appropriately.

Adding a reasonable and modest co-pay for non-emergency transportation may be an effective means of achieving lower non-emergency transportation costs as long as it is implemented thoughtfully (e.g. considering how the policy may affect rural v. urban areas). If your request to require co-pays for the use of non-emergency transportation is approved by the CMS, we encourage you to implement it using requirements that are evidence-based and that you measure over time the impacts that the

requirement may have on missed appointments and the effect that it may have on emergency transportation because of delayed pre-emergent care.

Preventive Health Services

Currently, AHCCCS covers preventive services assigned a grade of A or B by the United States Preventive Services Task Force for individuals living between 100%-138% federal poverty level.

However, these same services are not covered for individuals living under 100% FPL. While your waiver request does not mention these preventive health services, AzPHA advocates for coverage of the USPSTF Category A and B services to be included for all AHCCCS members under the new waiver, and would like to bring attention to 2013 CMS guidance indicating a 1% reduction in the Federal Medical Assistance Percentages (FMAP) rate for states which pay for those services for individuals living under 100% FPL: <http://www.medicaid.gov/Federal-Policy-Guidance/Downloads/SMD-13-002.pdf> .

Adequate coverage of A and B services is important in our collective work to promote health equity across all populations since federal law also requires commercial and marketplace health insurance plans to include this in benefit packages.

Summary

We encourage the Administration and the Centers for Medicare and Medicaid Services to withhold approval of the Administration's work requirement waiver request until more complete analyses are completed and a clear picture of employment ability and status is known among AHCCCS members. Getting more detailed information in advance, including answering key implementation questions highlighted in this letter, will help AHCCCS test a Demonstration Waiver hypothesis that is more refined and targeted and more likely to demonstrate effectiveness toward reducing individual reliance on public assistance.

We oppose the legislative mandate and your request to place lifetime limits on AHCCCS coverage because: 1) it would negatively impact our collective efforts to improve health outcomes; 2) is not evidence-based; 3) the 5-year limit is arbitrary; and 4) the request does not account for the counter-cyclical nature of the Medicaid program; and 5) does not account for geographic economic opportunity disparities in Arizona.

Sincerely,



Jeri Royce, Interim Executive Director

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Are Uninsured Adults Who Could Gain Medicaid Coverage Working? <http://kff.org/medicaid/fact-sheet/are-uninsured-adults-who-could-gain-medicaid-coverage-working/>