



**DEC - 8 2016**

Ms. Cindy Gillespie  
Director  
Arkansas Department of Human Services  
700 Main Street  
Little Rock, Arkansas 72201

Dear Ms. Gillespie:

The Centers for Medicare & Medicaid Services (CMS) is approving an extension of Arkansas' Medicaid section 1115 demonstration project entitled, "Arkansas Works" (Project Number 11-W-00298/1), originally entitled, "Arkansas Health Care Independence Program." The demonstration is approved on December 7, 2016 in accordance with section 1115(a) of the Social Security Act (the Act). The demonstration is effective on January 1, 2017 and is approved through December 31, 2021, assuming the state fulfills the requirements outlined within the special terms and conditions (STCs).

Under the Arkansas Works demonstration, the state will continue using premium assistance to purchase qualified health plans (QHPs) offered through the individual market in the Marketplace for those eligible for expanded coverage under Title XIX. In addition, the demonstration will establish a mandatory cost-effective small group employer sponsored insurance (ESI) program for the new adult group that has an offer of coverage from a qualified small group employer. Both the QHP premium assistance and ESI program will comply with federal requirements regarding cost sharing, benefits, and cost effectiveness.

Arkansas Works beneficiaries with incomes at or below 100 percent of the federal poverty level (FPL) will not be subject to premiums or cost sharing. Arkansas Works enrollees with incomes above 100 percent of the FPL will be required to pay monthly premiums of up to 2 percent of household income, regardless of whether they obtain coverage through ESI premium assistance or through QHPs. This premium contribution is in lieu of monthly contributions to Independence Accounts previously authorized under the demonstration. The Independence Account program is formally terminated with the approval of this renewal. Individuals who do not pay their premiums in a timely manner will incur a debt to the state. Individuals with incomes above 100 percent of the FPL will continue to be subject to point-of-service cost sharing consistent with Medicaid limits (no more than 5 percent of quarterly household income), regardless of whether they obtain coverage through ESI premium assistance or through QHPs.

The demonstration includes a conditional waiver of retroactive coverage, with implementation of the waiver conditioned upon the state coming into compliance with statutory and regulatory requirements related to the determination of eligibility. The demonstration provides authority for

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the state to not offer non-emergency medical transportation for individuals covered through ESI premium assistance who have not demonstrated a need for such services.

The authority to deviate from Medicaid requirements is limited to the specific waivers and expenditure authorities described in the enclosed lists, and to the purposes indicated for each of those waivers and expenditure authorities. The enclosed STCs further define the nature, character, and extent of anticipated federal involvement in the project, and the state's implementation of the waivers and expenditure authorities, and the state's responsibilities to CMS during the demonstration period. Our approval of the demonstration is conditioned upon the state's compliance with these STCs. Our approval is further subject to CMS receiving your written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter.

Your project officer for these demonstrations is Ms. Jessica Woodard. She is available to answer any questions concerning your section 1115 demonstration Ms. Woodard's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
Mail Stop: S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
E-mail: [Jessica.woodard@cms.hhs.gov](mailto:Jessica.woodard@cms.hhs.gov)

Official communications regarding program matters should be sent simultaneously to Mr. Bill Brooks, Associate Regional Administrator for the Division of Medicaid and Children's Health in the Dallas Regional Office. Mr. Brooks' contact information is as follows:

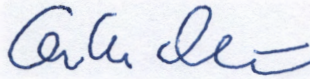
Mr. Bill Brooks  
Associate Regional Administrator  
Centers for Medicare & Medicaid Services  
Division of Medicaid and Children's Health Operations  
1301 Young Street, Suite 833  
Dallas, TX 75202

If you have questions regarding this approval, please contact Mr. Eliot Fishman, Director, State Demonstrations Group, Center for Medicaid & CHIP Services, at (410) 786-5647.

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Thank you for all your work with us over the past several months on this important demonstration. Congratulations on this approval.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew M. Slavitt", is written over a light blue rectangular background.

Andrew M. Slavitt  
Acting Administrator

Enclosure