



THE SECRETARY OF HEALTH AND HUMAN SERVICES

WASHINGTON, D.C. 20201

APR 05 2016

The Honorable Asa Hutchinson
Governor of Arkansas
500 Woodlane Street, Suite 250
Little Rock, AR 72201

Dear Governor Hutchinson:

Thank you for your recent call and for the update on the design and development of the Arkansas Works program. We appreciate the continuing dialogue regarding the elements of Arkansas Works, and we look forward to continuing to work with you to strengthen the Arkansas Medicaid program for the state and its residents.

Specifically, I appreciate our discussions of the four major goals you have identified for Arkansas Works: incentivizing work; increasing personal responsibility; enhancing program integrity; and supporting employer-based insurance coverage. In each of these areas, I look forward to continuing our discussions about finding acceptable approaches that maintain coverage and access for Medicaid beneficiaries and are consistent with federal law.

In our conversations, you emphasized the importance of supporting employers participating in the Arkansas Works program to promote and strengthen employer-sponsored insurance (ESI). HHS is committed to working with you and your staff to find a workable approach to support small employers who participate in the Arkansas Works ESI premium assistance program, consistent with federal requirements.

However, as we have discussed previously, some of your proposals are neither allowable under federal Medicaid law nor consistent with the purposes of the program. In particular, one potential reform under discussion in your state, requiring an asset test for newly eligible populations, is not allowable under statute. Further, consistent with the purposes of the Medicaid program, we cannot approve a work requirement. We can, however, support referrals to programs that can help applicants increase their connection to the workforce and improve their economic outcomes, goals that we support. To that end, I remain committed to working with you and with my counterparts in other agencies to discuss options to make job training and employment more available for Arkansas Works participants.

Additionally, you highlighted your desire to eliminate 90-day retroactive coverage for the new adult group. Retroactive coverage is an important Medicaid provision that protects people who need medical care, and who may not know that they are eligible for coverage. Retroactive coverage is especially important when issues with a state's eligibility and enrollment systems lead to unnecessary gaps in coverage. We recognize the recent improvements Arkansas has made to its eligibility and enrollment system, but significant additional progress is needed to

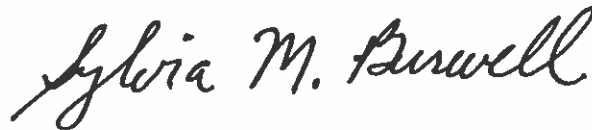
The Honorable Asa Hutchinson
Page 2

ensure that all eligible individuals are enrolled in Medicaid in a timely manner and in accordance with Medicaid rules, and remain enrolled as long as they are eligible.

We have closely followed discussions in the state and hope that the legislature approves Arkansas Works legislation consistent with our waiver guidance in the upcoming special session. We also look forward to the official submission of Arkansas's 1115 waiver amendment. As you know, once the state has developed a formal proposal, the proposal will need to be open to public comment at both the state and federal levels. HHS cannot approve a waiver until it has been submitted and the proposal and any public comments are reviewed under our transparency processes. We are, as always, committed to working diligently to process Arkansas's waiver application to ensure continuous coverage for Arkansans.

Thank you for your commitment to providing access to healthcare for Arkansans, and for your continued work with us on the Arkansas Works proposal. I look forward to our next steps and to working with you to support Arkansas's innovative Medicaid reform efforts.

Sincerely,

A handwritten signature in black ink that reads "Sylvia M. Burwell". The signature is written in a cursive, flowing style.

Sylvia M. Burwell