

December 19, 2017

Administrator Seema Verma  
U.S. Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

**RE: Arizona Section 1115 Waiver Amendment Request - AHCCCS Works Waiver**

Dear Administrator Verma:

I am pleased to submit Arizona's application for a Section 1115 waiver demonstration, outlining the regulatory allowances needed in order to successfully administer the AHCCCS Works program.

Arizona has long demonstrated its commitment to innovation in Medicaid. Building on that history and experience, this waiver is designed to provide low-income, able-bodied adults with the tools needed to gain and maintain meaningful employment. For able-bodied adults, Medicaid is an important solution for temporary life circumstances, but should not be a long-term substitute for private health insurance.

Medicaid coverage for non-categorical adults is a concept supported by Arizona voters for almost two decades. With almost 400,000 qualifying individuals enrolled, it is important that Medicaid evolve to meet the needs of this population and give them the tools necessary to obtain gainful employment when a path to such employment exists. In support of these efforts, and consistent with requirements in Arizona statute, Arizona is proposing to establish a program that incentivizes employment, job training and education.

The initiatives proposed in this waiver demonstration were informed by a robust public input process. Commentary offered in three public forums, an in-person tribal consultation as well as over 500 written submissions helped shaped the scope and content of this waiver. We are thankful for the many thoughtful citizens and stakeholders who took time to engage in discussions on this waiver, and the submittal is better because of them.

We appreciate your shared commitment to supporting efforts which recognize the necessary transformation of the Medicaid program and the development of new strategies and supports for its members.

Sincerely,

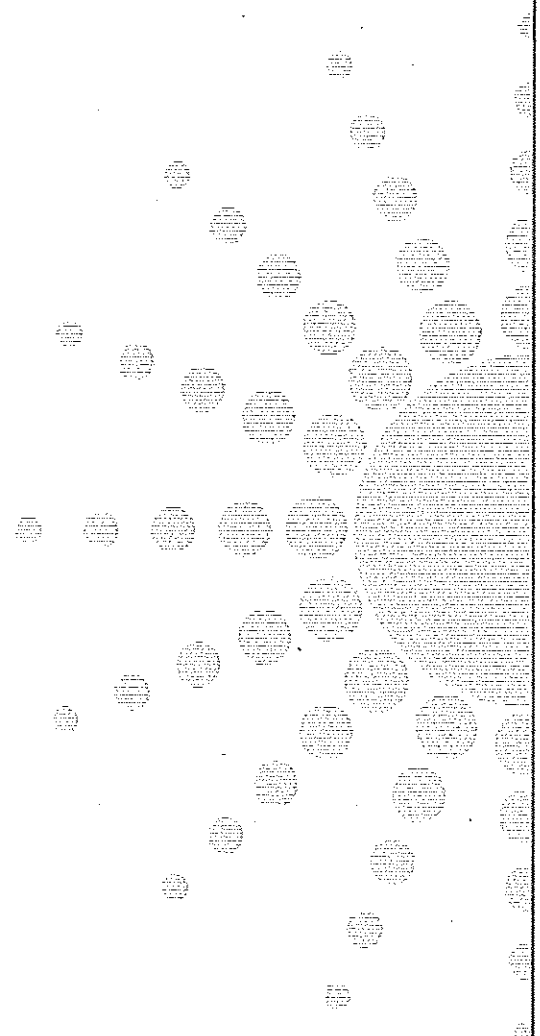


Thomas J. Betlach  
Director

cc: Brian Neale, CMS Deputy Administrator & Director for the Center for Medicaid & CHIP Services  
Christina Corieri, Governor's Office, Senior Policy Advisor



**Arizona Section 1115 Waiver  
Amendment Request:  
AHCCCS Works Waiver**



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## Arizona Section 1115 Waiver Amendment Request AHCCCS Works Waiver

### I. SUMMARY

The Arizona Health Care Cost Containment System (AHCCCS) is seeking to implement the following requirements for certain adults receiving Medicaid services:

- The requirement to become employed, actively seek employment, attend school, or partake in Employment Support and Development (ESD) activities, with exceptions discussed below.
- The requirement to verify bi-annually compliance with the requirements and any changes in family income or other eligibility factors.
- The authority to limit lifetime coverage for able bodied adults to five years, with exceptions discussed below.

Arizona respectfully requests that the Centers for Medicare and Medicaid Services (CMS) waive sections of federal law and regulation as outlined below to the extent needed to effectuate these changes.

This document reflects the waiver draft initially released to the public on January 1, 2017, modified to incorporate changes as a result of public comment and stakeholder input received over the past year.

### II. OVERVIEW

It is well-recognized that the determinants of health include social and economic factors such as education and employment. A number of studies have shown that employed individuals are both physically and mentally healthier, as well as more financially stable, as compared to unemployed individuals.<sup>1</sup> Recognizing the important connection between employment and health, Administrator Seema Verma recently proclaimed that CMS “will approve proposals that promote community engagement activities” for able bodied adults.<sup>2</sup> AHCCCS seeks to support Arizonans in pursuing their educational goals, building their technical skills, and gaining the income, independence, and fulfillment that come with employment.

<sup>1</sup> See, e.g., F.M. McKee-Ryan, Z. Song, C.R. Wanberg, and A.J. Kinicki. (2005). Psychological and physical well-being during unemployment: a meta-analytic study. *Journal of Applied Psychology*, 90 (1), 53-76. K.I. Paul, E. Geithner, and K. Moser. (2009). Latent deprivation among people who are employed, unemployed, or out of the labor force. *Journal of Psychology*, 143 (5), 477-491. Hergenrather K, Zeglin R, McGuire-Kuletz M, and Rhodes S. Employment as a Social Determinant of Health: A Systematic Review of Longitudinal Studies Exploring the Relationship Between Employment Status and Physical Health. *Rehabilitation Research, Policy, and Education*. 2015;29(25):2-26. Hergenrather K, Zeglin R, McGuire-Kuletz M, and Rhodes S. Employment as a Social Determinant of Health: A Systematic Review of Longitudinal Studies Exploring the Relationship Between Employment Status and Mental Health. *Rehabilitation Research, Policy, and Education*. 2015; 29 (30): 261-290.

<sup>2</sup>Remarks by Administrator Seema Verma at the National Association of Medicaid Directors (NAMD) 2017 Fall Conference: <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-11-07.html>

To further this objective, Arizona proposes that able bodied members (defined as physically and mentally capable of working and not medically frail) who are at least 19 years old and fall within the definition of the Social Security Act (SSA) Section 1902(a)(10)(A)(i)(VIII) (henceforth referred to as the “Group VIII” population, who are individuals with incomes between 0 and 138% of the Federal Poverty Level (FPL) who do not qualify for Medicaid in any other category) verify that they are employed, attending school, participating in ESD activities or any combination of these, for at least 20 hours per week. Individuals may also engage in employment search activities consistent with those required to obtain unemployment benefits in the State of Arizona.<sup>3,4</sup> Collectively, these activities are hereafter referred to as “AHCCCS Works” activities.

Certain individuals would be exempt from this requirement as detailed in Section IV below. The comprehensive list of exemptions was informed through a robust public engagement process through which AHCCCS received hundreds of comments from various stakeholders.

AHCCCS will work with the Arizona Department of Economic Security (DES) to leverage existing programs that support Arizonans on their path to employment and will create new supports to empower members. This will require an investment to scale existing programs and enhance infrastructure. Arizona requests the authority to leverage Medicaid funding to support these enhancements designed to ensure AHCCCS enrollees have opportunities to meet the proposed requirements. The gains in education and employment that will result from this initiative will facilitate and enhance positive health outcomes for Arizonans.

Similarly, Arizona will put processes and procedures in place, including data sharing among state agencies and programs, to ensure that determinations as to whether members are meeting employment and community engagement requirements are made efficiently.

Pursuant to Arizona Revised Statutes (A.R.S) § 36-2903.09, AHCCCS also requests a five-year maximum lifetime coverage limit for able bodied adult members who are subject to the above requirement and do not fall under one of the exemptions. The five-year maximum lifetime coverage limit would become effective on the date of approval by CMS, and would not include previous times a person received Medicaid benefits.

### **III. ALLOTMENT NEUTRALITY**

Not applicable. The amendment does not impact the XXI population.

<sup>3</sup> In Arizona, to be eligible to receive unemployment benefits, individuals both engage in a “systematic and sustained effort to obtain work during at least four different days of the week” and make at least one job contact on each of those days. <https://des.az.gov/services/employment/unemployment-individual/instructions-completing-weekly-claim-ui-benefits>. Individuals must report compliance weekly.

<sup>4</sup> AHCCCS will work with CMS on the implementation of how those employment search requirements will be monitored.

## **IV. DETAILS**

### **A. Proposed Additional Eligibility Requirements under the Demonstration as Amended.**

#### **AHCCCS Works Requirements**

##### *Applicability*

The AHCCCS Works requirements in this waiver amendment apply to all able-bodied members who are at least 19 years old and fall within Group VIII, and who are not otherwise exempt. The Group VIII population includes individuals with incomes between 0 and 133% (138% including the 5% income disregard) FPL who do not qualify for Medicaid in any other eligibility category.

The AHCCCS Works requirements will not apply to individuals who meet any of the following conditions:

- Individuals who are at least 55 years old;
- American Indians;
- Women up to the end of the month in which the 90th day of post-pregnancy occurs;<sup>5</sup>
- Former Arizona foster youths up to age 26;
- Individuals determined to have a serious mental illness (SMI);
- Individuals currently receiving temporary or permanent long-term disability benefits from a private insurer or from the government;
- Individuals who are determined to be medically frail;
- Full-time high school students who are older than 18 years old;
- Full-time college or graduate students;<sup>6</sup>
- Victims of domestic violence;
- Individuals who are homeless;
- Individuals who have recently been directly impacted by a catastrophic event such as a natural disaster or the death of a family member living in the same household;
- Parents, caretaker relatives, and foster parents; or
- Caregivers of a family member who is enrolled in the Arizona Long Term Care System.

It is important to note that by limiting these policies to Group VIII, some of the populations listed above automatically do not fall under the AHCCCS Works requirement provisions by virtue of their eligibility category (e.g., parents and caretaker relatives, postpartum women, former foster youth). However, we are noting their exemption here for transparency purposes, particularly due to stakeholder concerns about applying the requirements to vulnerable populations.

As of October 2017, there are 398,519 individuals enrolled in Group VIII eligibility categories. AHCCCS currently does not collect information on some of the exemptions that will be allowed

<sup>5</sup> Arizona currently provides coverage to Title XIX eligible women through the month in which the 60<sup>th</sup> day of the postpartum period occurs. AHCCCS may work with the state legislature to expand eligibility for SOBRA women through the month in which the 90<sup>th</sup> day of the postpartum period occurs. If this is not successful, the exemption would apply to the current SOBRA women category (up to the month in which the 60<sup>th</sup> day of the postpartum period occurs).

<sup>6</sup> Defined as 12 hours/week for undergraduate programs, 9 hours/week for graduate programs.

under this proposal, and therefore the number of exempt individuals will be higher than we can currently estimate. However, AHCCCS does have data on the following exemption groups:

Exemption Group	Unique Individuals
American Indians	43,719
Individuals determined to have a serious mental illness	12,912
Individuals who are at least 55 years old	81,124

Individuals may fall into multiple exemption groups (e.g., an American Indian member who is over age 55 is counted in both groups above). Of the 398,519 individuals in Group VIII, 269,507 individuals do not fall into one of the three above-mentioned exemption groups. Again, the remaining population includes individuals who will fall into other exemption categories, as well as individuals who are already employed or otherwise meeting AHCCCS Works requirements. AHCCCS will continue to refine this data and attempt to identify numbers of individuals who fall into other exempt categories or who may be employed.

*AHCCCS Works Requirements*

Able-bodied adult members will be required to meet the following activities or combination of activities, for at least 20 hours per week to qualify for AHCCCS:

- Be employed;
- Attending school;<sup>7</sup> or
- Attending an ESD program. The definition of an ESD program includes:<sup>8</sup>
  - English as a Second Language courses;
  - Parenting classes;
  - Disease management education; and
  - Courses on health insurance competency, and healthy living classes.

In addition, individuals who engage in job search activities similar to those required to receive unemployment benefits in Arizona would be deemed as meeting the AHCCCS Works requirements. This requires individuals to engage in a “systematic and sustained effort to obtain work during at least four different days of the week” and make at least one job contact on each of those days.

For individuals who are transitioning from the justice system, living in an area of high unemployment, or who otherwise face a significant barrier to employment, community service hours may count toward the required 20 hours per week.

<sup>7</sup> As noted above, full-time college students will be exempt; for students who are attending school but not full-time, they may combine school hours with other activities to reach the required 20-hour total.

<sup>8</sup> AHCCCS will determine the qualifying Employment Support and Development programs, as well as allowable community service activities, through a public process.

Members subject to this requirement who do not qualify for an exemption and fail to meet the requirements will receive an initial 6-month grace period. Failure to comply after the grace period will result in a termination of AHCCCS enrollment; however, members may re-enroll once they can demonstrate compliance for at least the past 30 days.

Individuals who demonstrate compliance but then later become noncompliant, will have an opportunity to become compliant as follows:

- If a member is determined non-compliant upon redetermination, and the non-compliance began within 3 months of the redetermination, the member will have an additional 3 months after the redetermination to become compliant. After those three months, a redetermination of compliance will be conducted and if the member continues to not meet the requirement, the member will be disenrolled.
- If the member is determined non-compliant upon redetermination, the non-compliance began more than 3 months prior to the redetermination, and the member did not report his or her change in circumstance that resulted in noncompliance, the member will be disenrolled. The member may re-enroll after demonstrating compliance for at least 30 days.
- If a member reports a change in circumstance that results in non-compliance, the member will have 3 months to come back into compliance.

#### *Data Collection*

To implement these requirements, AHCCCS will have to modify the data it collects from members as part of its application. AHCCCS is requesting that CMS allow it to require members to provide, as part of the application process, data necessary to determine both compliance with the AHCCCS Works requirements as well as exemptions. This includes, but may not be limited to, whether an individual: is receiving private disability benefits; is a foster parent, victim of domestic violence, or experiencing homelessness; and whether a person has experienced a catastrophic event. It will also include documenting employment search activities. As discussed below, AHCCCS will also want to offer an opportunity for members to demonstrate whether they are medically frail.

#### **Redeterminations**

AHCCCS enrollees are required to report changes in income as soon as they become known, and within 10 calendar days of an unanticipated change occurring. In addition, 42 C.F.R. 435.916 requires AHCCCS to redetermine eligibility for the Group VIII (and certain other populations) no more frequently than once a year. To ensure it can track compliance with work requirements and assure the application of appropriate exemptions, AHCCCS proposes to conduct bi-annual redeterminations of eligibility for the Group VIII population. In addition, AHCCCS proposes to redetermine eligibility within a 3-month time frame for individuals who have a change in circumstance that results in non-compliance with AHCCCS Works requirements in the instances described above.



**Lifetime Limit**

Pursuant to A.R.S § 36-2903.09, AHCCCS also requests a five-year maximum lifetime coverage limit for able bodied adult members who are subject to the above AHCCCS Works requirements and do not fall under one of the exemptions outlined.<sup>9</sup> The five-year maximum lifetime coverage limit would become effective on the date of approval by CMS, and would not include previous times a person received Medicaid benefits. Consistent with the AHCCCS works requirements, the five-year lifetime limit would only apply to the Group VIII population. For example, if a child was enrolled in AHCCCS for ten years before he or she turned 19, that period would not count toward the lifetime limit. Similarly, the time during which an exemption to the work requirement applied would not count toward the lifetime limit. Finally, consistent with the state statute, the time an individual complied with the work requirement but was still enrolled in AHCCCS would not count toward the lifetime limit.

**B. Proposed Cost Sharing Requirements under the Demonstration as Amended.**

The cost sharing requirements for persons impacted by this proposed demonstration amendment will not vary from the State’s current program features as described in the current State Plan and Demonstration.

**C. Proposed Changes to the Delivery System under the Demonstration as Amended.**

The delivery system for persons impacted by this proposed demonstration amendment will not vary from the State’s current program features as described in the current State Plan and Demonstration.

**D. Proposed Changes to Benefit Coverage under the Demonstration as Amended.**

The benefit coverage for persons impacted by this proposed demonstration amendment will not vary from the State’s current program features as described in the current State Plan and Demonstration.

**E. Waiver and Expenditure Authorities Necessary to Authorize the Demonstration.**

Below is a list of proposed waivers necessary to authorize this demonstration.

Waiver Authority Requested	Requirement	Brief Description
1902(a)(10)(A) and regulations in 42 CFR Part 435 to the extent that those provisions set forth the exclusive list of eligibility requirements.	AHCCCS Works Requirements	To allow the State to require all able-bodied adults to become employed, actively seek employment or attend school or an ESD, and to permit disenrollment and prohibit re-enrollment of individuals who do not meet the requirements.

<sup>9</sup> That is, the same exemptions that apply to the AHCCCS Works requirement also apply to the five-year lifetime limit.

1902(a)(17) and 42 CFR 435.907 to the extent they restrict the State from requiring beneficiaries to provide information.	AHCCCS Works Requirements and Five-year Lifetime Limit	To allow the State to require members to provide additional information as part of the application process beyond what is required under federal law and to permit the state to deny or discontinue eligibility to persons who do not provide verification of compliance.
1902(a)(17) and 42 C.F.R. 435.916 to the extent they restrict the State from redetermining eligibility more frequently than every 12 months.	Redeterminations	To allow the State to redetermine eligibility for the Group VIII population every six months rather than annually and to allow a three-month redetermination for individuals who become non-compliant.
1902(a)(10)(A) and regulations in and 42 CFR Part 435 to the extent that those provisions set forth the exclusive list of eligibility requirements.	Five-year Lifetime Limit	To allow the State to apply a five-year lifetime coverage limit for Group VIII individuals who do not comply with the work requirements and are not otherwise exempt from those requirements.

AHCCCS is also requesting expenditure authority to claim as medical assistance costs under sections 1903(a)(3) and (7) and 42 CFR 433.15 costs associated with the design, development, installation, operation, and administration of systems necessary to implement AHCCCS Works.

**F. Implementation of the Demonstration.**

AHCCCS will begin implementation of the demonstration within six months of CMS approval. However, full implementation will depend upon a number of factors including the requirements ultimately approved and the administrative changes necessary to effectuate the changes.

**Administrative Changes**

AHCCCS will need to make changes to its systems to collect data that is not currently collected as part of the application process, but will be required for implementation. This includes data such as number of hours worked and compliance with the work, educational or ESD requirements. AHCCCS must also add data fields to capture exemptions. AHCCCS will work with CMS to develop a comprehensive definition of what members would be considered medically frail.<sup>10</sup> This list will include, but is not limited to, members with cancer, HIV/AIDS, chronic substance abuse disorder, hemophilia, and end-stage renal disease (ESRD). Members will be identified through claims and encounter data, which is lagged, as well as a process by which members or providers can notify AHCCCS of the diagnosis to ensure timely application of their exemption.

<sup>10</sup> Policies around the definition of medically frail would also go through the standard AHCCCS policy development process which includes a 45-day public comment period.

AHCCCS will also work with the Department of Economic Security (DES) to leverage its existing workforce development programs. This partnership will require scaling DES programs and systems to accommodate the members who are subject to the work requirement and who take advantage of the opportunity to access the DES programs to gain employment and ESD opportunities. In addition, Arizona will have to electronically capture job search activities. As noted above, AHCCCS is requesting to leverage Medicaid funding for these enhancements rather than building new, Medicaid-funded, systems from the ground up.

#### **Member Communication**

Members will be notified of the AHCCCS Works requirements as part of the initial AHCCCS application process, or, for members currently enrolled, their first renewal after implementation. The application will include information about the requirement, what activities qualify toward meeting the requirement, the 6-month grace period to come into compliance and that the member will be disenrolled for not meeting the requirements after the grace period. It will also include information about changes in circumstances and time frames to come back into compliance. Every renewal notice will also include this information. Disenrollment notices will include information about how members may be re-enrolled after demonstrating compliance for 30 days.

The State and its contracted managed care organizations will be able to answer member questions regarding these changes and requirements. AHCCCS will also make information publicly available on its website and contracted managed care organizations will include information in member handbooks.

## **V. EVALUATION DESIGN**

- A. Research Hypothesis, Goals, and Objectives. The demonstration will test whether authorizing AHCCCS Works requirements and life time coverage limits for “able bodied adults” enrolled in AHCCCS will increase the employment rate for those beneficiaries. The goal is to increase employment opportunities and reduce individual reliance on public assistance. The objectives including increasing the number of beneficiaries with earned income and/or the capacity to earn income, reduce enrollment, and reduce the amount of “churn” (individuals moving on and off assistance repeatedly) as a result of greater access to employment and employer-sponsored health insurance or health insurance through the Federally-Facilitated Marketplace.
- B. Plan for Testing the Hypothesis. AHCCCS is proposing to test a series of hypotheses that will allow the state to: 1) evaluate its success in achieving the overall goals of the demonstration; and 2) identify opportunities for improvement to strengthen the demonstration. The table below outlines the proposed hypotheses for this demonstration and potential performance measures that would allow AHCCCS to effectively test each of the specific hypotheses:

Proposed Hypotheses	Proposed Performance Measure
The implementation of the AHCCCS Works requirements will increase the rate of “able bodied adults” that are employed.	<ul style="list-style-type: none"> <li>The number and percentage of “able bodied adults” enrolled in AHCCCS who become employed during the demonstration period.</li> </ul>
The implementation of the AHCCCS Works requirements will increase the rate of “able bodied adults” that are actively seeking employment.	<ul style="list-style-type: none"> <li>The number and percentage of “able bodied adults” enrolled in AHCCCS that are actively seeking employment during the demonstration period.</li> </ul>
The implementation of the AHCCCS Works requirements will increase the rate of “able bodied adults” that are engaged in training or educational activities.	<ul style="list-style-type: none"> <li>The number and percentage of “able bodied adults” enrolled in AHCCCS that are attending school or an Employment Support and Development program, or both, at least twenty hours per week during the demonstration period.</li> </ul>
The implementation of the AHCCCS Works requirements will increase the average household income of “able bodied adults” that are employed.	<ul style="list-style-type: none"> <li>The average household income of “able bodied adults” enrolled in AHCCCS over the demonstration period.</li> </ul>

## VI. PUBLIC PROCESS

Pursuant to the Special Terms and Conditions (STC) that govern Arizona’s 1115 Waiver, Arizona must provide documentation of its compliance with the Demonstration of Public Notice process (42 CFR §431.408), as well as document that the tribal consultation requirements outlined in STC 15 have been met. This section of the document provides a summary of the public notice and input process used by AHCCCS to solicit feedback for this waiver amendment proposal.

### Public Website

The public comment period for the waiver amendment proposal began on January 12, 2017 and closed on March 29, 2017. The amendment request was posted on the AHCCCS website for public comment and can be found here:

<https://azahcccs.gov/Resources/Federal/sb1092legislativedirectivewaiverproposal.html>.

The webpage includes a summary of the waiver amendment request, the schedule (locations, dates, and times) of public forums across the state, the PowerPoint slides presented at the public hearings, a copy of the full public notice, the draft waiver amendment application, and budget neutrality worksheets.

### Newspaper

A public notice of the waiver amendment was posted in the Arizona Republic, the newspaper of widest circulation in Arizona on January 12, 2017, allowing for over a 30-day comment period. The notice included a brief summary of the waiver request, the locations, dates and times of the public hearings, instructions on how to submit comments and a link to where additional information can be found for public review and comments. A copy of the full public notice and proof of publication can be found in Appendix 3 of this waiver amendment application. In addition to the newspaper posting, AHCCCS utilized its twitter account and an electronic mailing list serve to notify interested parties about the waiver amendment.

### Stakeholder Meetings

AHCCCS has sought broad-based stakeholder feedback regarding the waiver amendment. Over 140 participants attended the AHCCCS public forum meetings. The Agency hosted three public forum meetings: January 17, 2017 in Phoenix; January 27, 2017 in Tucson; and January 30, 2017 in Flagstaff. AHCCCS presented the details of the waiver amendment at an in-person tribal consultation on January 18, 2017 (Appendix 4). All the stakeholder meetings had telephonic conference capabilities that ensured statewide accessibility. The public forum presentation slides can be found in Appendix 5.

### Summary of Public Comment

AHCCCS acknowledged, reviewed, and considered all comments received as part of the public input process. The Agency received over 500 written public comments through its website, including 14 public comment letters from tribal nations and tribal affiliated organizations. Copies of the written comments are included in Appendix 6. Below is a summary of the key themes that emerged from public comment.

- Five Year Lifetime Limit. Many stakeholders are concerned that imposing the limit on AHCCCS eligibility could undermine access to care and have disproportionate effects on the elderly, caregivers of children or other family members who are elderly or have special health care needs, and members with disabilities, chronic diseases, and behavioral health conditions. Many are concerned that this could leave members without coverage when the Medicaid safety-net is most needed. Some assert that a lifetime limit is fundamentally inconsistent with the objective of the Medicaid statute.
- Work Requirement. Stakeholders recognize a positive correlation between health and economic prosperity. But many have suggested broadening the exemptions to account for those who may encounter barriers in maintaining employment, such as: those who have had justice system involvement, are disabled and not yet receiving SSI benefits and/or Medicare, have been diagnosed with a SMI, are over the age of 50, are American Indians, and are caregivers of children or other family members who are elderly or who have special health care needs. Stakeholders also suggest broadening the definition of “work” to include a 9-credit hour course load, volunteering, a part time job, etc.
- Monthly Verification of Work and Income. Stakeholders are concerned that this requirement will increase costs and administrative burden for the State. Many also expressed concern that these requirements would place undue burden on AHCCCS

members with very limited resources and ultimately would result in otherwise eligible members losing Medicaid coverage.

- Postpone Waiver Submission. Stakeholders have suggested that the State delay the submission of the waiver due to the considerable uncertainty at the federal level surrounding the future of Medicaid. Stakeholders are concerned about the confusion and uncertainty that could result from attempting to implement a second round of waiver revisions while they are also anticipating significant federal policy changes.

#### **The State's Response to Public Comment**

AHCCCS appreciates all of the comments received as part of the public comment process and looks forward to continuing to engage stakeholders actively in the ongoing design and implementation of the waiver amendment demonstration proposal.

In response to stakeholder comment, AHCCCS has incorporated additional exemptions beyond those specified in A.R.S. § 36-2903.09 because it believes stakeholders correctly identified exemptions necessary to ensure that the implementation of the requirements is consistent with the objectives of the Medicaid program and therefore necessary to receive CMS approval. By further clarifying populations that AHCCCS would consider "able-bodied," these exemptions demonstrate the State is thoughtfully applying the requirements of the state statute while fulfilling the state and federal objectives for the program. AHCCCS also modified the requirement for a monthly redetermination because such frequency is administratively unworkable. Members are already required to report income changes, and AHCCCS is proposing to redetermine eligibility for the Group VIII population every six months.

While AHCCCS appreciates stakeholder input regarding a possible delay in submittal, it notes that it did delay submittal while Congress was deliberating potential legislation that would have affected the Group VIII population. State statute requires submittal of the waiver annually, therefore, a further delay is not possible.