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Senate bill could end Arkansas Works, restrict Medicaid growth

By [Dan Holtmeyer](#)
Posted: June 25, 2017 at 1:10 a.m.



[Ben Goff](#)

Credit: NWA Democrat-Gazette

Dana Collins poses for a photo Saturday in the flower garden at her home in Fayetteville. Collins has used Medicaid coverage for about a year to help treat chronic heart failure that has required surgery and a pacemaker. The insurance covers her cardiologist and nurse visits, along with help for severe sleep apnea and other health concerns, said the 58-year-old.

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Tens of thousands of Northwest Arkansans and many more across the state could lose their health insurance under the Senate version of a Republican health care bill.

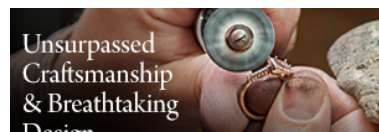
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The "discussion draft" of the bill released Thursday, like the House version before it, would gradually decrease the federal Medicaid money that sustains Arkansas Works, a program that pays most of the cost of private insurance for around 300,000 adult Arkansans.



[Tessa Thompson, 10, of Fayetteville, who gets services through Medicaid, browses books Saturday at the Fayetteville Public Library. For now, Medicaid ...](#)

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Arkansas senators

You can contact Arkansas' two senators to share your thoughts on health care policy and the proposed bill from Senate Republicans.

Tom Cotton:

- cotton.senate.gov
- (479) 751-0879 (Springdale office)
- (202) 224-2353 (Washington office)

John Boozman

- boozman.senate.gov
- (202) 224-4843 (Washington office)

Source: Staff report

The program would end under state law if the federal money goes down. Arkansas Works included about 33,000 people in Benton, Madison and Washington counties last year, according to state data.

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The Patient Protection and Affordable Care Act, also called Obamacare, supports Arkansas Works, sets standards for what insurance must cover and how affordable it must be, and mandates that everyone have coverage.

The Senate bill would undo many of the act's provisions by limiting overall Medicaid spending in the coming years, repealing several Obamacare taxes on high-earning individuals and manufacturers, loosens those health insurance standards and removes the federal tax penalty for not buying insurance.

Senate Majority Leader Mitch McConnell, R-Ky., said Obamacare has failed to adequately contain health care costs and said his proposal gives a better way. Arkansas' two Republican senators didn't comment on the bill Friday, saying they were still reviewing it.

By the numbers

Arkansas Medicaid

- Births paid for in 2015: 23,000, or 60 percent of state total
- Enrollees 20 years old and younger in 2016: 539,000, 49 percent of total
- Enrollees 21 to 64 in 2016: 503,000, 45 percent of total
- Enrollees 65 and older in 2016: 65,000, 6 percent of total
- Average cost per enrollee in 2016: \$5,800
- Total Medicaid 2016 cost, including state and federal money: \$6.5 billion
- Arkansas share of 2016 cost: \$1.4 billion
- Federal share of 2016 cost: \$5.1 billion

Source: Arkansas Department of Human Services Medicaid Program Overview

Sen. Tom Cotton was one of about a dozen senators who helped shape the bill. Spokeswoman Caroline Rabbitt in an email said the group gave McConnell input, but didn't see the finished product until Thursday.

The House passed a bill last month that affects Medicaid in similar ways, but differs in other details from the Senate proposal. The two chambers would need to agree on the proposal before it could become law.

Several state legislators in both parties said the bill's potential impact on Arkansas Works was still a cause for concern, if not an emergency. Republican Gov. Asa Hutchinson has said he opposes cutting the Arkansas Works money.

"It would be an unbelievable disaster for so many hardworking, low-income Arkansans," State Rep. Greg Leding, D-Fayetteville, said, adding he would favor changing state law to keep Arkansas Works going in the event of federal cuts.

"While I understand the Affordable Care Act wasn't perfect and needed some work, I think it's hard to argue that Arkansas Works hasn't been an unqualified success in our state," he said.

The private option

Traditional Medicaid covers hospital and nurse care, dental and other services for children, people with disabilities and other select groups. Obamacare gives states the option to extend that coverage to adults who wouldn't otherwise qualify if their income is below a certain point.

Arkansas' Republican-majority Legislature since 2013 has used that option to simply buy private insurance plans for the newly qualified adults at no or low cost to its enrollees.

Dana Collins of Fayetteville has used the coverage for about a year to help treat chronic heart failure that has required surgery and a pacemaker. The insurance covers her cardiologist and nurse visits, along with help for severe sleep apnea and other health concerns, said the 58-year-old.

"It covers all of it, and it takes a lot of stress away," said Collins, who teaches occasional university courses in business administration. "I have zero complaints about what I have."

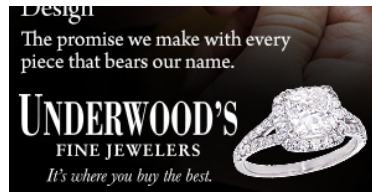
Mercy Northwest Arkansas and Washington Regional Medical Center spokeswoman said more than 10 percent of their patients fall under Medicaid in some form. At the low-cost Community Clinic in Springdale and other cities, the proportion is around one-half.

Northwest Health didn't provide a specific number for Medicaid, but CEO Sharif Omar previously said almost two-thirds of patients are covered by Medicaid or Medicare, the program aimed at people older than 65 or with disabilities.

The laws creating Arkansas Works also provide a way to shut it down. The latest version in a bill last year requires the state Department of Human Services to submit a plan to the federal government to terminate the program if federal support falls below Obamacare's levels. Obamacare covers 95 percent of the program's cost this year, or almost \$2 billion, and drops to 90 percent from 2020 on.

The Senate proposal would gradually trim the rate, first to 85 percent in 2021, then to 75 percent in 2023, getting close to the regular federal matching rate for Arkansas' traditional Medicaid enrollees.

Arkansas legislators could change the state law to keep Arkansas Works running, but that would mean tens of millions of dollars more from the state's budget; Arkansas' current share comes to around \$100 million. The Legislature this year endorsed a request to the federal government to restrict Arkansas Works' eligibility and remove about 60,000 people from its rolls to help control



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costs.

"It would be a big challenge for our budget as a state to be able to meet those increased cost levels if it does work out that way," said Sen. Lance Eads, R-Springdale, referring to the plan in Congress. "We'll probably be looking at some sort of special session to make some changes to the program in some ways so we cannot punch a big hole in our budget."

Hutchinson and other officials have said the 60,000 former enrollees could find comparable coverage in the health insurance marketplace also set up under Obamacare, and the same would be true of other enrollees if Arkansas Works shuts down. The marketplace offers low-income consumers tax subsidies that would also be cut under the Senate plan.

Marquita Little, health policy director for Arkansas Advocates for Children and Families, said many people might not find the same financial support in the marketplace or make the transition at all. Collins, for example, said she doubted she could find affordable coverage for what she needs.

"So I'm going to end up in ERs," Collins said.

Slowing Medicaid's growth

Even if Arkansas Works went away, the rest of Medicaid under the Senate bill would continue providing care for Arkansans from before birth to advanced age. The program paid for more than half of the state's births and covered more than \$800 million in nursing home costs last year.

The Arkansas Department of Human Services counts more than 1 million total Medicaid enrollees, a count that includes the private option. Almost 100,000 live in Northwest Arkansas, including Tessa Thompson, an incoming fifth-grader at Ledbetter Intermediate School in Farmington.

Therapists collaborate with teachers and the family to help Tessa overcome deficiencies in her language development and with body movement and awareness, Tessa's mother, Heidi Thompson said. Now Tessa's taking swim lessons and has won Special Olympics medals in running and long jump.

"The therapy has been life-changing by explaining what she sees, feels and hears," Thompson said, adding society benefits from such care. "All people benefit when all people are functioning at their personal best."

For now Medicaid is open-ended, meaning it gives coverage to all who qualify. The Senate bill would change that with per-person caps for Medicaid payments. The payments' growth would be tied to inflation, the change in the price of certain goods and services over time.

States could also opt for a Medicaid block grant under the bill to spend in more individualized ways, which many Arkansas conservatives support.

Medicaid costs typically grow faster than inflation, so the Senate bill could open a sizable gap between its version of Medicaid and what Medicaid would have otherwise covered. The nonpartisan Kaiser Family Foundation estimated earlier this year that Arkansas would have received an average of \$385 million less each year between 2001 and 2011 under a system similar to McConnell's bill.

After factoring in Arkansas' match of the money and the average cost per enrollee, that loss would have translated to 86,000 fewer enrollees in Medicaid last year. The real number would likely be larger with population growth.

Conservative leaders have praised the restriction as a way to cut costs and get the federal government out of health care. All four Arkansas representatives, who are Republicans, voted for the House bill that had a similar provision. Local Republicans were less sure, saying they support the block-grant approach but haven't had a chance to look closely at the Senate bill.

"The whole thing is health care in this country right now is unaffordable," said Rep. Dan Douglas, R-Bentonville, complaining that Obamacare and the Republican alternatives don't do enough to get at this core issue. Coverage costs are a symptom, not the illness, he said.

Little, the Arkansas Advocates health policy director, echoed the sentiment, saying a focus on preventive care and other changes in health care itself can save money.

"Not covering people, making it more difficult to access coverage, constantly bombarding families with these policy adjustments they have to adjust to does not achieve that," she said, adding Medicaid restrictions could actually cost the state more in emergency room visits and other costs. "We pay for people not having care."

Democrats in Congress have flatly opposed the Republican bill, but some have said they'd consider tweaking Obamacare in ways that don't rescind it.

A different kind of cut

The nonpartisan Congressional Budget Office projected changes to Medicaid in the earlier House bill would be equivalent to a cut of more than \$800 billion in the next decade. The office is expected to give an updated analysis of the Senate's version in the next few days.

Obamacare brought a spending cut of the same magnitude to Medicare, partly by cutting the government support of private Medicare Advantage insurance plans, which supplement regular Medicare benefits, and cutting payments to care providers.

The higher number of people with insurance coverage under the Affordable Care Act was meant to balance out the difference for hospital budgets.

Critics said the Medicare changes could lead doctors to refuse new Medicare patients. Obamacare supporters pointed to the increase in Medicare's prescription and preventive coverage that also came with the law.

The critics' worries haven't come to pass, said Tricia Newman, director of Medicare policy at the Kaiser foundation. Medicare Advantage enrollment has only gone up, for instance, she said.



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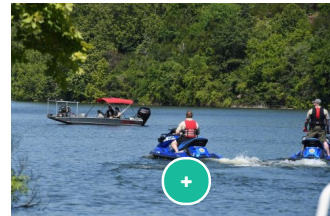
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Northwest Arkansas hospital systems said they hadn't seen fewer Medicare patients, though Washington Regional CEO Bill Bradley and Mercy Hospital President Eric Pianalto said the Medicare cuts weren't fully offset.

Joyce Hale, a 73-year-old Fayetteville Medicare enrollee, said the Washington Regional clinic she and her husband go to for care has added physicians. She praised the amount of time their doctor gives them each visit.

"I just wish everyone had as good a health care as we feel we do," Hale said.

The main difference between the Medicare reductions and today's proposal is Obamacare didn't set a hard ceiling on Medicare as Republicans would do with Medicaid, Newman said.

Northwest Arkansas hospitals generally have said Obamacare could be improved but have warned the Medicaid restrictions could harm their patients and bottom lines.

"A 'repeal and replace' bill must not make reductions in the Medicaid program, which provides services to our most vulnerable populations," the Arkansas Hospitals Association wrote earlier this month.

"Medicaid already pays doctors, hospitals, nurses, and other healthcare providers significantly less than the cost of providing care, so there is literally no place left to cut."

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