



Conventional Medicaid expansion in Arkansas would cut taxpayer costs in half

FIVE REASONS THE PRIVATE OPTION MODEL IS WRONG FOR ARKANSAS:

1

The private option is **98 percent more expensive than conventional expansion would be—or twice as much**—according to an interim evaluation done by the Arkansas Center for Health Improvement.¹

2

“Medically frail” expansion enrollees **cost 32 percent less** than able-bodied adults enrolled in private insurance plans.²

3

Iowa and New Hampshire **dumped the private option model** in favor of conventional expansion, due to skyrocketing costs.³

4

The private option has caused individual premiums to rise dramatically. **Premium rates in Arkansas have more than doubled** and rates are rising more than 22 percent faster than national averages.^{4,5}

5

Due to the private option, Arkansas has the **worst risk score in the country** and only two carriers now compete in the Arkansas marketplace.⁶

WHAT IS THE PRIVATE OPTION OR “ARKANSAS WORKS”?



The private option or “Arkansas Works” is an **“alternative”** **ObamaCare Medicaid expansion model**.



It **gives able-bodied adults private insurance plans that are purchased using Medicaid dollars** through the ObamaCare exchange.

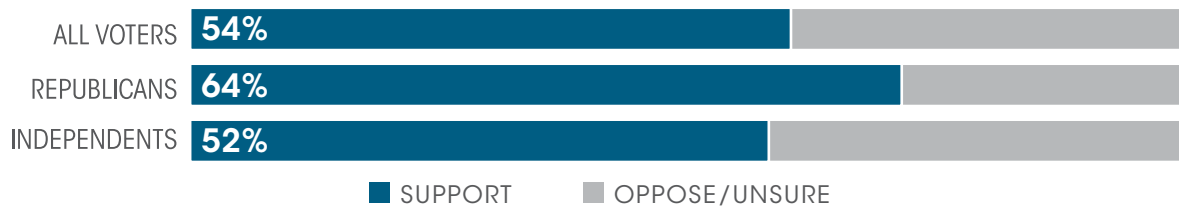


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By simply transitioning to conventional Medicaid expansion, **Arkansas could cut the cost of the program in half**, without removing anyone from the program.

ARKANSAS VOTERS SUPPORT SWITCHING TO CONVENTIONAL MEDICAID EXPANSION⁷



BOTTOM LINE

Replacing the private option with conventional Medicaid expansion will save taxpayer dollars & free up funds for the truly needy.

1. Joseph W. Thompson et al., "Arkansas Health Care Independence Program ('Private Option') Section 1115 demonstration waiver: Interim report," Arkansas Center for Health Improvement (2016), <https://achi.net/wp-content/uploads/2017/05/Interim-Report-with-Appendices.pdf>.
2. Author's calculations based upon data provided by the Arkansas Department of Human Services on enrollment and expenditures for expansion enrollees in the private option and in fee-for-service Medicaid. See, e.g., Division of Medical Services, "Monthly enrollment and expenditures report," Arkansas Department of Human Services (2019), https://humanservices.arkansas.gov/images/uploads/Monthly_Enrollment_and_Expenditure_Report_01152019.pdf.
3. Jonathan Ingram and Josh Archambault, "Iowa scraps waiver for ObamaCare Medicaid expansion," Forbes (2015), <https://www.forbes.com/sites/theapothecary/2015/09/14/iowa-scraps-waiver-for-obamacare-medicaid-expansion>.
4. Budget Division, "Fiscal note: Senate Bill 313," New Hampshire Office of Legislative Budget Assistant (2018), http://gencourt.state.nh.us/bill_status/billText.aspx?sy=2018&v=SI&id=1972&txtFormat=html.
5. Office of the Assistant Secretary for Planning and Evaluation, "Individual market premium changes: 2013- 2017," U.S. Department of Health and Human Services (2017), <https://aspe.hhs.gov/system/files/pdf/256751/IndividualMarketPremiumChanges.pdf>.
6. Centers for Medicare and Medicaid Services, "Summary report on the transitional reinsurance payments and permanent risk adjustment transfers for the 2014 benefit year," U.S. Department of Health and Human Services (2015), <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RI-RA-Report-REVISED-9-17-15.pdf>.
7. Arkansas survey of likely voters, paid for by the Foundation for Government Accountability and conducted by Cor Strategies. 525 likely voters were surveyed from October 20-23, 2020.