

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850



State Demonstrations Group

August 14, 2015

John Selig
Director
Arkansas Department of Human Services
700 Main Street
Little Rock, AR 72201

Dear Mr. Selig:

The Centers for Medicare & Medicaid Services (CMS) is approving the Arkansas Healthcare Independence Accounts Operational Protocol for the Arkansas Independence Program ("Private Option") section 1115 demonstration (Project Number: 11-W-00287/6). Per the Special Terms and Conditions (STCs), within 120 days, the state must submit a progress report that verifies the Independence Accounts are operating in accordance with this approved protocol.

Your project officer for this demonstration is Ms. Leila Ashkeboussi. She is available to answer any questions concerning your section 1115 demonstration. Ms. Ashkeboussi's contact information is:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop S2-01-16
7500 Security Boulevard
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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
Division of Medicaid and Children's Health Operations
1301 Young Ste., Ste. 833
Dallas, TX 75202

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We look forward to continuing to partner with you and your staff on the Private Option demonstration.

Sincerely,

/s/

Eliot Fishman
Director
State Demonstrations Group

Enclosures

ATTACHMENT C

Arkansas Healthcare Independence Accounts Operational Protocol

Purpose

This document describes the background and requirements for the implementation and operation of the Arkansas Healthcare Independence Accounts (HIA).

Background

The Arkansas HIA is a health care savings instrument through which participant cost-sharing requirements, which include co-pays and coinsurance, will be satisfied, monitored and communicated to the beneficiary. The HIAs provide a unique educational opportunity for low-income participants to learn about commercial health insurance principles through the use of financial incentives and a low-risk cost sharing program. The Arkansas Department of Human Services (the Department) has established uniform standards and expectations for the HIA's operation through this Operational Protocol and by contract as appropriate.

The 2015 Arkansas General Assembly suspended the application of any additional cost sharing requirements that were to be effective on or after January 31, 2015, under the Health Care Independence Program to Medicaid beneficiaries with incomes below 100% FPL. Therefore, while the amended Standard Terms and Conditions address the policies related to copayments and IAs for participants with incomes below 100% FPL, these provisions related to those below 100% FPL will not be implemented until further notice. Consequently, procedures for participants with incomes below 100% FPL are not included in this Protocol. The State will update this Protocol and notify CMS at least 30 days before implementing IAs and copayments for those with incomes below 100% FPL.

Third Party Administrator

Arkansas has contracted with a third party administrator (TPA) to provide the following functions related to the administration of the HIA operations:

- establish and operate the HIAs for all eligible Health Care Independence Program (HCIP) participants
- accept contributions from HCIP participants and deposit and maintain those funds in the HIA account
- deliver HIA cards to HCIP participants
- process all financial transactions associated with HIA operations
- pay providers the amounts they are due resulting from HCIP participants using the HIA card to cover their cost sharing obligations
- establish a rollover process to issue accumulated credits to HCIP participants who leave the HCIP program
- accept fund transfers from the Department, and apply those funds to the appropriate accounts

- track individual contributions to the HIA program
- create and distribute periodic account activity reports to HIA participants

Use of MyIndyCard

Once the participant selects or is assigned to a qualified health plan (QHP), the State will notify the TPA to enroll the participant into an HIA. The TPA will send the HCIP participants their debit card identified as the “MyIndyCard” and a user guide, which will provide information on how to activate and use the card. The participants will activate their MyIndyCard by phone or internet. Once activated, the card will be used by the HCIP participant to cover all in-network cost sharing. The card will not cover out-of network payments and the participant will be responsible to pay any non-covered, out-of-network out-of-pocket costs.

Participant Education and Access to Information

All new applicants will receive an initial welcome letter and a pocket guide that explains the cost sharing obligation, enrollment into an HIA, notice that the MyIndyCard will soon be received, and a brief explanation of the HIA program. The pocket guide, which will be enclosed with the welcome letter, will include information regarding:

- how to activate the MyIndyCard when it arrives
- points of contact should the participant have problems with the MyIndyCard
- where the card should be used
- where payments into the HIAs should be made.

Every HCIP participant will also receive a detailed user guide along with their first MyIndyCard that provides information on the HIA process. The user guide will provide information about the MyIndyCard which will be used to pay participant cost sharing. The user guide will explain:

- the overall program and the HIAs
- how to use the MyIndyCard
- what to do if the MyIndyCard is lost
- the monthly statements related to the use of the card
- how and when to make the monthly contribution to the HIA
- addressing failures to make monthly contributions
- the meaning of important terms
- the toll-free phone number for the MyIndyCard call center for questions concerning the use of the card and payment options
- the MyIndyCard website address to access downloadable resources for card users, such as guides to understanding the monthly statement and general FAQs concerning the program and participation benefits

The guide will also provide a link to access additional information regarding incentive payment opportunities for HIA credits.

Periodically, the pocket guide will be enclosed with the monthly statement. This will help participants maintain easy access to information regarding the use of the MyIndyCard and HIA payments.

The HCIP participant can also obtain information over the internet at www.MyIndyCard.org. The website will include a short educational video that explains how the MyIndyCard works.

The pocket guide and user guide can be viewed and download at the following website:
www.MyIndyCard.org/resources

Appeals and Issue Resolution

HCIP participants will have access to the standard Medicaid fair hearing process for complaints regarding (1) the amount of monthly contributions owed; (2) whether a monthly contribution was made; (3) whether a debt is owed to the State; and (4) the rollover balance accrued. No modifications to the existing processes are needed.

If an HIA participant believes there is an error on the monthly statement, the HIA participant may use the TPA's informal issue resolution process prior to filing a formal appeal.

When a participant calls to inquire about a payment for the HIA program that is not reflected on the monthly statement, the customer service representative asks for their name and telephone number and follows the process listed below:

Process for Monthly Contribution Questions or Disputes

Step 1: Collect Information from Participant

When a participant calls to inquire about a monthly payment for the HIA program, the customer service representatives asks the following:

1. What is your name?
2. What is your telephone number?
3. When did you make your payment?
4. How did you make your payment?
 - a. Did you include your monthly remit slip?
 - b. Did you make the payment or did someone make it on your behalf?
 - c. From where did you mail the payment?
 - d. Confirm the date (or range) when the payment was mailed

Step 2: Investigate Missing Payment

1. If payment was made by money order or check, check the daily bank file starting on the day the payment was mailed for the following:
 - a. Payments with the participant's name and account number (if present)
 - b. Receipts that match the payment amount but do not have an account number or a monthly remit slip
 - i. If a non-identified payment exists, check the envelope (in the image file) to determine post mark location. Compare post mark location to

on envelop with information provided by Participant to determine if there is a match.

1. If there is a match, apply payment to the account
- c. Payments that may have been applied to the wrong account number (search by name).
- d. Payments made by one family member but for multiple participants
2. If the payment was made online, check for the following:
 - i. If there was a NSF for the account
 - ii. If there was a network timeout (which would be noted by a process incomplete status)
 - iii. If the transaction was cancelled by the Participant

Step 3: Follow Up with Participant

1. Follow up with participant to obtain any additional information that may be necessary.
2. If we are unable to find their payment, ask them to resend, and we will apply it manually to ensure their card works for the upcoming month.

Monthly Statements

A monthly statement will be issued to each HCIP participant on the 25th of the month. The monthly statement will provide the following information:

- The HIA payment amount that is due
- The payment due date
- When the last payment was made
- The date of a missed payment
- The number and the amount of copayments and coinsurance paid for the prior month
- A reminder to make the next monthly contribution to the HIA

The monthly statement will be mailed, or the participant can choose to receive the statement by email.

An annotated sample of the monthly statement is provided in the user guide.

Payments

HCIP participants who meet the contribution requirements will pay their QHP copayments and coinsurance obligations through the HIA. There will be 3 payment levels depending on the HCIP participant's income. The levels are outlined in Table 1.

Table 1 Contribution Requirements

INCOME RANGE	>100% -115% FPL	>115%-129% FPL	>129%-133% FPL
CONTRIBUTION	\$10	\$15	\$15

The TPA will provide multiple options for HCIP participants to remit monthly contributions. These options will include online payments, check, cashier's check and money orders. There are no restrictions on who can make the monthly payment into the HIA.

Monthly statements mailed to the HCIP participant will inform the participant that payments are due by the 20th of the following month. This information can also be obtained online by checking the HIA or by phone contact with the TPA. See the time line in the Implementation section below for dates when initial payments will be due.

Tracking of HIA Debits and Credits

The TPA will provide processing for all HIA cards and financial transactions. The TPA card transaction processing system will have the capability to recognize if the participant is eligible for the HIA program and is up-to-date on HIA contributions, based on eligibility information received from the MMIS and participant contribution information within the TPA contractor's systems.

The TPA will provide monthly reports to the State with both aggregate financial reports and detailed reporting of financial accounts and transactions at the individual participant level. The TPA will develop an on-line view for state personnel into the TPA records after the basic components of the card issuance, participant interfaces, and financial management systems are operational.

Addressing Failures to Make Monthly Contributions

When a HCIP participant with income greater than 100% FPL does not make a monthly payment by the 20th of the month, their MyIndyCard will be deactivated effective the first of the following month. The individual will pay copayments and coinsurance at the provider site. If the individual restarts contribution payments, the card will be reactivated to cover QHP-level copayments or coinsurance at the point of service for the month following payment. For example, if the participant does not make a payment in March, they will be required to cover copayment and coinsurance at their provider site for any service provided in April. If they make their payment in April, they can use their card to pay any copayments and coinsurance in the month of May.

Tracking of Out of Pocket Expenses

Tracking of out-of-pocket expenditures is not necessary for individuals making contributions to the Independence Accounts because the maximum quarterly contribution is \$45, which is below the quarterly cap for individuals with incomes of 100% FPL.

Use of Credits

The TPA will configure the HIA processing system to restrict the use of credits retained after the end of the participant's eligibility for the program. The fund credits will be used only for services identified by the State, including QHP premium payments, contributions to employer-sponsored insurance, or Medicare premiums (for individuals over age 64). No later than June 1, 2015, the TPA contractor will demonstrate the process for issuing accumulated credits to HCIP participants who leave the HCIP program.

The following process has been developed for issuing accumulated credits for HIA participants who become ineligible for the demonstration.

- The daily process for loading files into the TPA's system includes a screen for terminated participants who have accumulated credits.
- The system flags any terminated individuals who have accumulated credits.
- TPA staff will contact those participants to determine if the individual is enrolled in coverage offered in Arkansas or by an Arkansas-based employer.
- After the TPA confirms enrollment in a qualifying plan, the TPA will issue a check in the amount of the accumulated credits to the insurance carrier or employer to offset the participant's premiums or contributions.

Implementation

The implementation schedule applies to both existing HCIP participants and those who enroll on or after the effective date of the Demonstration amendment. Implementation of the HIA program will be phased in based on the following schedule:

Activity	Date
Arkansas submits operational protocol to CMS (30 days prior to implementation)	December 2
HP auto-transfer occurs	December 16 or once STCs are approved
The TPA DataPath mails MyIndyCard, user guide, and pocket guide	December 23
MyIndyCard turned on	January 1
DataPath sends first invoice	January 25
First payment due	February 20