Exhibit D

2015 Changes to Arkansas's Private Option: Independence Accounts and Cost Sharing

June 17, 2014

Agenda

- Overview
- Goals
- Proposed Approach: Cost Sharing and Independence Accounts
- Independence Account Design Objectives

Overview: Statutory Requirements for Independence Accounts and Cost Sharing for Individuals with Incomes from 50-99% FPL

The Health Care Independence Act requires the creation of Independence Accounts and the implementation of cost sharing for individuals with incomes from 50-99% FPL

*The Department of Human Services shall develop a model and seek from the Center for Medicare and Medicaid Services all necessary waivers and approvals to allow non-aged, non-disabled program-eligible participants to enroll in a program that will create and utilize **Independence Accounts** that operate similar to a Health Savings Account or Medical Savings Account during the calendar year 2015...*

*...The state shall implement **cost sharing and co-pays** and, as a condition of participation, earnings shall exceed fifty percent (50%) of the federal poverty level*

*...Participants may receive **rewards** based on healthy living and self-sufficiency.*

Overview: Fiscal Year 2014-2015 DMS Appropriation Solidifies Timeframe for Development and Approval

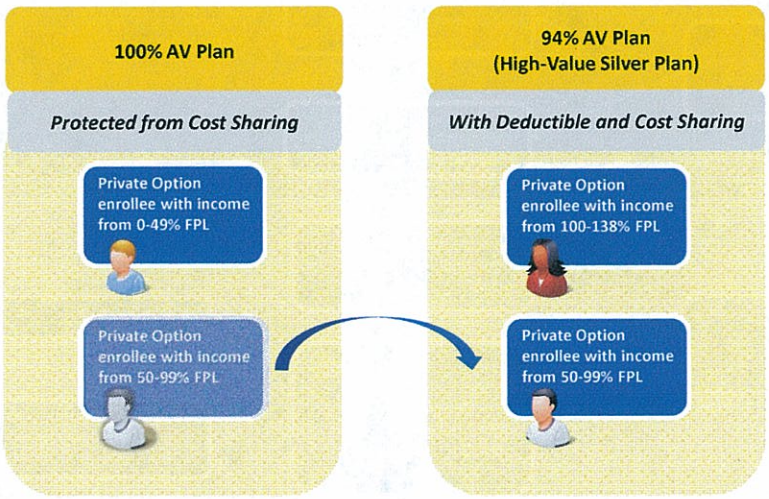
Aug. 1, 2014	DHS must release for public comment draft waiver request or State Plan Amendment that would authorize changes to Health Care Independence Program, including the creation of Independence Accounts and implementation of cost sharing for individuals with incomes from 50-99% FPL
Sept. 15, 2014	DHS must file waiver request or State Plan Amendment with HHS
Feb. 1, 2015	DHS must receive federal approval for waiver or State Plan Amendment authorizing changes to Health Care Independence Program, including the creation of Independence Accounts and implementation of cost sharing for individuals with incomes from 50-99% FPL, to be effective no later than February 1, 2015

Goals of Independence Accounts

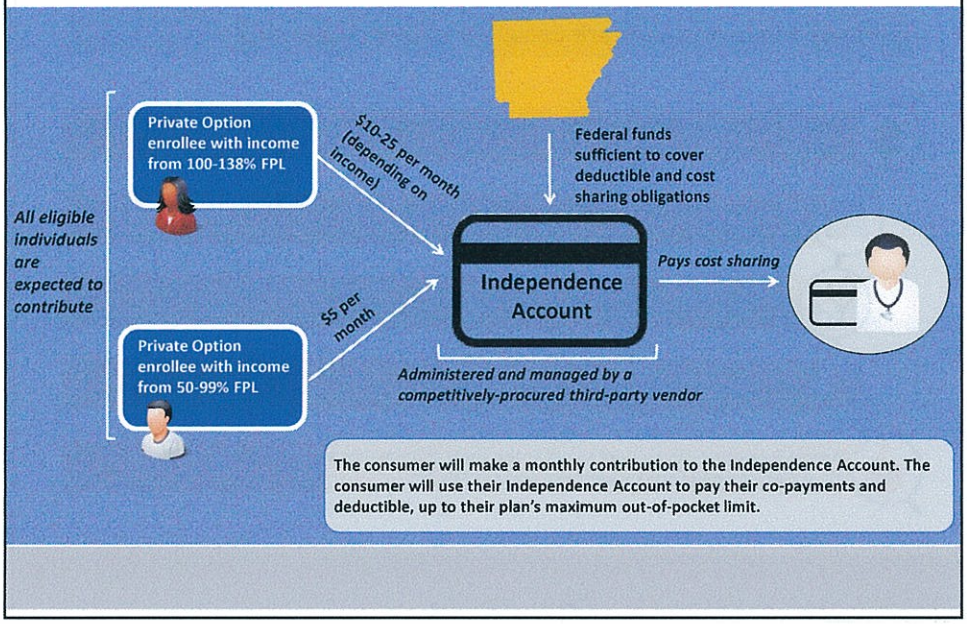
Independence Accounts are designed to help Arkansans:

- Gain knowledge about appropriate access points for health care services and their associated costs
- Gain experience making monthly contributions to cover costs associated with health care expenditures
- Gain experience paying cost-sharing at point of service
- Take personal responsibility for their health care
- Accrue funds that can be used to offset the costs of premiums and cost-sharing in the Marketplace when their incomes rise above 138% FPL

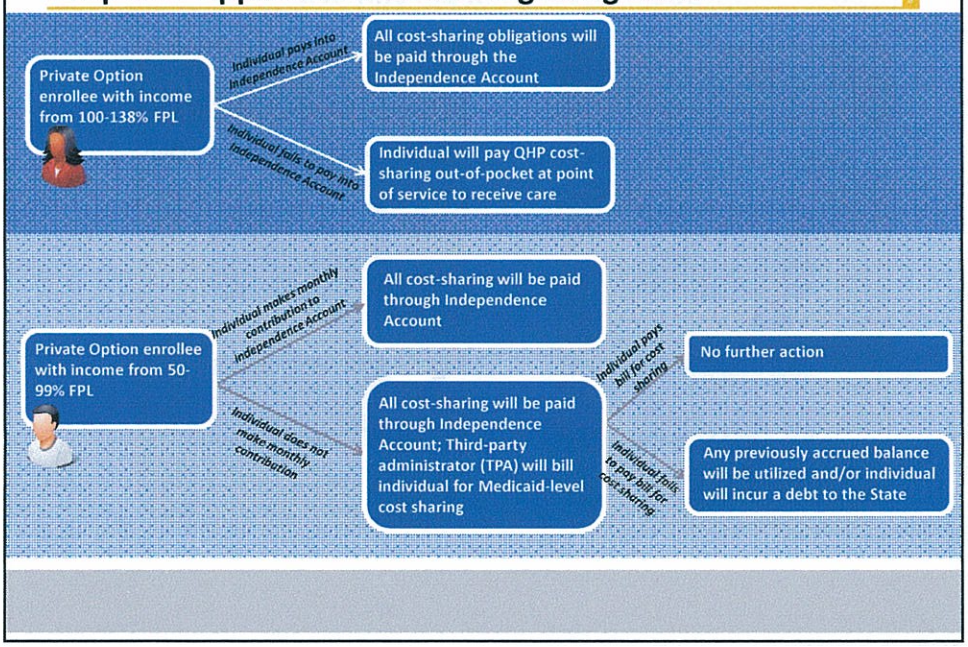
Proposed Approach: Silver Plan Enrollment



Proposed Approach: Participation, Contributions, Use of Funds



Proposed Approach: Cost-Sharing Obligations



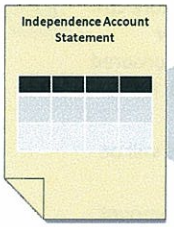
Proposed Approach: Rollover

- Individuals making contributions have their cost-sharing obligations paid through the account and will accrue rollover funds to offset future QHP premium in the Arkansas Health Insurance Marketplace or their employee contribution to their certified Arkansas employer-sponsored insurance. Individuals will accrue $15 in rollover funds for each month that they make a timely contribution
  - When a person departs the Private Option, rollover funds will be capped at $200
  - Any debt to the State will be deducted from the rollover amount
  - Individuals must contribute a total of six months to be eligible for rollover funds
- In future years, the Independence Accounts could be used to establish incentives for more appropriate utilization or healthy behavior.

Proposed Approach: Consumer Education

Educational materials, notices and periodic statements providing balance and information on cost sharing will help consumers understand the value of participation and appropriate use of insurance coverage.

Proposed Approach: Independence Account Statements



Enrollees will receive periodic Independence Account statements that include information on:

- Their contributions
- Cost sharing paid through their Independence Account
- Cost of services utilized
- Any outstanding unpaid cost sharing

Independence Account Design Objectives

Promotes transparency in the cost of health care services and accountability of consumers.

Contributions mirror private market premiums. Monthly contributions to Independence Accounts introduce enrollees to the concept of premium payment for insurance.

Rewards consumerism. For individuals making monthly contributions, their total out-of-pocket exposure to health care costs is lower than the Medicaid maximum allowable amount.

Promotes personal responsibility. The potential savings for individuals making monthly contributions rewards foresight and helps participants learn the value of insurance.

Mitigates the cost-sharing cliff upon transition to QHP coverage. Incentive payments can be used to offset out-of-pocket expenditures when an individual leaves the Private Option.

Thank you!