Arizona's Pending 1115 Waivers

In 2014, Arizona expanded Medicaid to the new adult group. Following the expansion, Arizona submitted, and CMS approved, an 1115 waiver extension to create the Choice, Accountability, Responsibility, Engagement (CARE) program. CARE adds premiums and cost sharing, healthy behavior incentive programs, and flexible spending accounts, called CARE Accounts, for certain adults in the expansion population. The program is approved to run through September 30, 2021. Currently, Arizona has two additional waivers pending CMS approval. In May 2017, Arizona submitted a Medicaid institutions for mental disease (IMD) Exclusion 1115 waiver amendment. In December 2017, the State submitted an 1115 waiver amendment adding work requirements and time limits to certain expansion adults. This document summarizes the two pending 1115 waiver amendments for Arizona.

Of note, in [November 2017 Arizona expressed interest](#) in pursuing additional waiver authorities to limit Medicaid's coverage of prescription drugs and non-emergency medical transportation, and also limit Medicaid's retroactive coverage. Additional waiver applications may be necessary to implement these changes.

Medicaid IMD Exclusion: Pending (submitted 5/3/17)

On May 3, 2017, Arizona submitted an 1115 waiver amendment to receive federal financial participation for IMD services provided to Medicaid beneficiaries, ages 21 through 64, regardless of delivery system (fee-for-service and managed care). Currently, the CMS managed care regulation limits managed care organizations' ability to provide IMD services to Medicaid beneficiaries ages 21 through 64 for more than 15 days in a given month. Prior to the implementation of the managed care regulation, in Arizona managed care organizations were covering Medicaid IMD services to beneficiaries ages 21 through 64 as an in lieu of service.

AHCCCS Works Requirements and Time Limit: Pending (Submitted 12/19/17)

On December 19, 2017, Arizona submitted an [1115 Waiver Amendment Request](#) (AHCCCS Works) to CMS to implement work requirements on certain Medicaid beneficiaries. Participation in AHCCCS Works program is required for certain able-bodied members who are between 19 and 55 years of age, have incomes between 0 and 138% FPL, and who do not qualify for Medicaid in any other eligibility category. Individuals that are exempt from work requirements include, but are not limited to, individuals with disabilities or those who are "medically frail," students, individuals with serious mental illness, former foster youth up age 26, victims of domestic violence, individuals who are homeless, women who have given birth in the last 90 days, and parents and caregivers. A minimum of 20 hours per week of approved activities, such as an employment, school, or an Employment Support and Development (ESD) program is required to retain Medicaid benefits. (ESD activities include: English as a second language courses. parenting classes, disease management education, and courses on health insurance competency, and healthy living classes.)

There is an initial 6 month grace period to meet the work requirement. Failure to meet the requirements beyond the initial 6 month grace period will result in termination from the program. Members have the opportunity to re-enroll once they are able to demonstrate work requirement compliance for a minimum of thirty days. Members are also required to report changes in income within 10 days of the change.

Under the waiver, the state would implement a five-year maximum lifetime coverage limit for beneficiaries subject to work requirements. The lifetime limit would not factor previous periods of Medicaid coverage and will not include exemption periods or, when in compliance, of work requirements. This time limit "clock" will begin during any period a beneficiary fails to meet program requirements, exemption periods do not count towards the lifetime limit. The state intends to implement the AHCCCS Works program within six months of CMS approval.