



Implementing AHCCCS Works

A summary of Arizona’s 1115 Waiver submittal, featuring questions for policymakers to consider when implementing Medicaid work requirements and a five-year benefit limit.

As states across the country look to reshape their Medicaid programs through the implementation of work requirements and similar eligibility criteria, policymakers will be engaged in important discussions about the structure and implementation of these programs to ensure they meet their goals of providing meaningful supports and pathways for individuals seeking to obtain and maintain employment.

The Trump Administration has stated that it will, for the first time, approve Medicaid “community engagement” requirements for certain adults. These requirements, which condition eligibility on participation in work, job search and educational activities, will mean significant changes to both members, who will be required to comply with the new eligibility criteria, and state agencies, who will need to administer these complex changes to ensure members have pathways to compliance.

To help inform these important discussions, this paper provides a summary of the Arizona Health Care Cost Containment System (AHCCCS) 1115 Demonstration Waiver request, known as AHCCCS Works, to implement work requirements and a five-year lifetime limit on benefits for certain adults.

This paper also outlines important questions for policymakers to ask as they engage in discussions with AHCCCS and the Governor’s Office about how to implement AHCCCS Works to support members in obtaining and maintaining employment and prevent unintended loss of critical health care coverage. These questions explore issues surrounding:

- **Implementation Costs:** *What financial investment must the state make in infrastructure and staffing to ensure effective implementation of the Waiver?*
- **Member Impact and Data:** *How many AHCCCS members will be subject to the new requirements, and what will be asked of them to demonstrate compliance?*
- **Future Changes:** *How will future program changes be managed and are legislative changes necessary?*
- **Community Relations:** *How will AHCCCS engage its community stakeholders on implementation details, as well as establish a feedback loop to receive timely information about how implementation is working “on the ground?”*
- **Evaluation Methods:** *How will AHCCCS track and measure effectiveness, and report to policymakers on the results of the Waiver?*

Answers to these and similar questions will help policymakers determine how to best support AHCCCS in successfully assisting members in gaining employment and maintaining health care coverage.

Introduction

On December 19, 2017, Arizona's Medicaid program, AHCCCS submitted an 1115 Demonstration Waiver Request to the federal government titled *AHCCCS Works*. Consistent with A.R.S. § 36-2903.09, AHCCCS is requesting to require certain able-bodied adults either to work or engage in job readiness activities as a condition of maintaining their Medicaid eligibility. In addition, AHCCCS is required by state law to propose a five-year lifetime limit on Medicaid benefits for those same adults if they do not comply with the work requirements of the Waiver.

The Trump Administration has stated unequivocally that it will support work requirements for certain Medicaid recipients.¹ As AHCCCS works with the Centers for Medicare and Medicaid Services (CMS) on the implementation of its initiatives, there are many programmatic, operational, systems and policy changes that will need to occur to successfully implement the Waiver.

Supporting individuals in obtaining work is a worthwhile goal. However, it will be critical to ensure that pathways to employment (and compliance with the requirements in the Waiver) are available and accessible to members. In areas where jobs are not available, job training and employment support activities can help individuals build skills and leverage tools necessary to gain future employment. Helping individuals identify such opportunities and supports will be critical to ensuring *AHCCCS Works* is successful, rather than solely resulting in the loss of health care coverage.

It is important for policymakers and community stakeholders to understand the implications of these changes and engage robustly in the details of how they are administered. This paper identifies relevant questions for policymakers to consider regarding the Waiver implementation. These include questions regarding system infrastructure, staffing, waiver design, monitoring and evaluation, and community engagement. Below is a checklist of important items for policymakers to consider as they engage on the implementation of *AHCCCS Works*.

¹ Price, T., & Verma, Seema. (2001). *Secretary Price and CMS Administrator Verma Letter*. Retrieved from <https://www.hhs.gov/sites/default/files/sec-price-admin-verma-ltr.pdf>

Policymaker Checklist for AHCCCS Works Implementation

- Develop a comprehensive, publicly-available timeline for AHCCCS Works implementation.
- Design and implement changes to AHCCCS' eligibility system to collect additional data from applicants and members.
- Develop a real-time process to allow members and providers to notify AHCCCS of a diagnosis that qualifies an individual as medically frail or as having an acute medical condition.
- Determine the amount of infrastructure investment needed for eligibility system changes and to coordinate with and scale Arizona Department of Economic Security (ADES) workforce development programs.
- To the extent possible and appropriate, align work requirements between AHCCCS, Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP).
- Ensure consistent definitions of "areas of high unemployment" across public programs.
- Create a system to track applicable criteria that apply toward the five-year limit.
- Determine additional staffing needs (at AHCCCS and/or ADES) necessary to ensure effective implementation of six-month eligibility redeterminations, member compliance with work requirements and five-year limits.
- Develop a process to ensure compliance with federal disability laws.
- Determine staffing changes needed to address potential increases in disability applications and eligibility appeals.
- Secure state and, if possible, federal funding to implement changes.
- Estimate the number of individuals who will be subject to the work requirement, and how many are currently likely to be compliant.
- Ensure the Waiver includes a process for future changes that may be required, and secure legislation if necessary.
- Develop member outreach and engagement strategies to ensure clear and consistent communications related to the new eligibility requirements.
- Engage the public and community stakeholders to ensure comprehensive and appropriate definitions for exemptions related to medical frailty, victims of catastrophic events, victims of domestic violence and individuals experiencing homelessness.
- Develop a strategy to receive timely community feedback regarding effectiveness, impacts and challenges of AHCCCS Works.
- Determine how to calculate and report the fiscal impact of AHCCCS Works.
- Determine how to evaluate outcomes related to trends in employment, exemptions, member compliance and transitions to other coverage, disaggregated by sociodemographic characteristics including age, sex, race, ethnicity and geography.
- Develop a methodology to evaluate AHCCCS Works' impact on health outcomes.

AHCCCS Works Waiver

Overview

Arizona Revised Statute (A.R.S.) § 36-2903.09 requires AHCCCS to submit annually a waiver to CMS that: 1) implements a work requirement for “able-bodied” adults, with several specified exemptions; and 2) establishes a five-year lifetime limit on benefits for able-bodied adults who are not employed full time or meeting other specified exemptions.²

AHCCCS published a draft waiver and conducted public forums in early 2017. Incorporating public feedback, AHCCCS established a revised list of requirements and exemptions and formally submitted the Waiver to CMS on December 19, 2017.³

The Waiver submittal requests to establish, for certain adults, additional requirements for Medicaid eligibility. As outlined below, these requirements include participation in employment, job searching, job training, work support activities and/or school attendance. Participants will be given an initial six-month grace period, after which compliance with these requirements will be a condition of continued Medicaid eligibility. In addition, the Waiver submittal allows three months continued eligibility after a change in circumstance that affects a member’s compliance with the requirements, as long as the member reports the change or it occurs within three months of an eligibility redetermination. Members who are disenrolled for non-compliance must demonstrate compliance for 30 days in order to re-enroll.

The above grace periods and periods of enrollment during which the member is not complying with AHCCCS Works will also count toward a lifetime five-year limit on Medicaid coverage for adults subject to AHCCCS Works who do not fall into one of the exemption categories. Enrollment in other Medicaid categories (such as when a person is a child, parent, pregnant woman or has a disability) or time exempt from AHCCCS Works, would not be applied toward the five-year limit.

The Waiver submittal also shifts redeterminations for the Group VIII population (explained below) to every six months, rather than annually. This redetermination schedule will apply regardless of whether an individual is subject to the AHCCCS Works requirements.

To Whom Does the Work Requirement Apply?

The Waiver submittal limits the applicability of the AHCCCS Works requirements to the Group VIII population.⁴ In Arizona, this population includes adults with annual incomes from 0 to 100% of the Federal Poverty Level (FPL) and 100 to 133% of FPL (roughly \$12,000 to \$16,000 for individuals, or \$25,000 to \$34,000 for household of four) who do not qualify for Medicaid under any other category. These groups are often referred to as the Proposition 204 Restoration and Expansion populations, respectively – the Restoration population referring to voter-approved initiative in 2000 which restored coverage for childless adults earning up to 100% of FPL.

² U.S. Arizona State Legislature. *36-2903.09. Waivers; annual submittal; definitions*. n.d. Available at: <https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/36/02903-09.htm>

³ U.S. Arizona Health Care Cost Containment System. “AHCCCS Works” 1115 Waiver Amendment Request Submitted. Online. December 2017. Available at: <https://azahcccs.gov/shared/news/PressRelease/AHCCCSWorks1115WaiverAmendmentRequestSubmitted.html>

⁴ “Group VIII” refers to the section in federal law where the eligibility for this population is located: Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

AHCCCS established a list of exemptions to the requirements:⁵

- Individuals who are at least 55 years old
- Native Americans
- Post-partum women, up to 90 days
- Former Arizona Foster Youth up to age 26
- Individuals who are Seriously Mentally Ill (SMI)
- Individuals receiving long-term disability benefits
- Full-time high school, college or graduate students
- Individuals who are medically frail⁶
- Victims of domestic violence
- Individuals who are experiencing homelessness
- Individuals directly impacted by a catastrophic event
- Parents, caretaker relatives, and foster parents
- Caregivers of a family member who is enrolled in the Arizona Long Term Care System.

It is unclear from the submittal exactly how many individuals will be impacted by these new requirements. AHCCCS notes that while almost 400,000 individuals are enrolled in Group VIII, it does not have data on all the possible exemptions, and the Waiver submittal requests changes to collect additional data from members to determine the applicability of relevant exemptions.

AHCCCS estimates that at least 43,719 Native Americans, 12,912 individuals with SMI and 81,124 individuals over age 55 would be exempt, leaving 269,507 individuals who are not currently categorized as exempt.⁷ It is evident that there will be many more individuals who fall into exemption categories; but because certain data is not currently available, the exact number of people who will be subject to the new eligibility requirements is unknown.

It is also unclear how many of those individuals are currently meeting the work requirements. For example, of the almost 400,000 individuals in Group VIII, 81,999 are in households that fall under the Expansion category, with incomes between 100 and 133% of FPL.⁸ However, while this indicates that the household has income in that range, it is not clear whether all the individuals in the household are themselves working. Further, an individual in a household with income below 100% FPL could be working full-time but still fall into that income bracket if there is a large number of people in the household. Thus, it is difficult to use the existing AHCCCS eligibility categories to approximate how many individuals are currently working. A recent study by the Kaiser Family Foundation indicated six in ten non-disabled adults on Medicaid are working.⁹ According to the analysis, the major reasons cited for individuals not working included having a disability or illness, being a caregiver, being in school, looking for work or being retired.

⁵ AHCCCS notes that the requirements apply only to Group VIII and some of those “exemptions” listed are not in the Group VIII population and thus automatically excluded (e.g., Former foster youth, parents and caretaker relatives). However, it listed them as exempt for transparency purposes and, therefore, they are listed here for the same reason.

⁶ AHCCCS provides a limited list of conditions that categorize an individual as “medically frail”: cancer, HIV/AIDS, chronic substance abuse disorder, hemophilia, and end-stage renal disease. However, AHCCCS indicates it will work with CMS on a broader list.

⁷ Some individuals fall into more than one exemption category (AHCCCS gives the example of a Native American member over age 55 who is counted in both categories). Therefore, the total number of exempt members does not equal the sum of the listed exemptions.

⁸U.S. Arizona Health Care Cost Containment System. *AHCCCS Population By Category*. n.d. Available at: https://azahcccs.gov/Resources/Downloads/PopulationStatistics/2017/Dec/AHCCCS_Population_by_Category.pdf

⁹ Garfield, R., Rudowitz, R., & Damico, A. (2017). *Understanding the Intersection of Medicaid and Work*. Retrieved from The Henry J. Kaiser Family Foundation Website: <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>. Note, however, that this is data for the entire non-disabled adult population which is broader than the Group VIII population to which Arizona’s requirements would apply.

In many cases, those individuals would qualify for exemptions under Arizona’s proposal. Therefore, it is difficult to use this analysis to approximate how many individuals are currently meeting the proposed requirements.

What Counts as Work?

AHCCCS Works will require members to:

1. Participate in a combination of any of the below activities, for a total of at least 20 hours per week:
 - Employment
 - School Attendance
 - Participation in an Employment Support and Development (ESD) Program¹⁰
 - Community Service (only for individuals transitioning from the justice system, residing in an area of high unemployment, or who otherwise face a significant barrier to employment)

...Or...

2. Engage in job search activities like those required for unemployment benefits, which require activity at least four days a week.¹¹

How is the Five-Year Lifetime Limit Applied?

Due to legislative action, members subject to the AHCCCS Works requirements will also face a five-year lifetime limit on their Medicaid benefits. Time enrolled prior to the approval of the Waiver would not count towards the limit, nor would time enrolled in another eligibility category, the time an individual complied with the work requirements, or time an individual was exempt from the work requirements. Therefore, it appears that only the time an individual spends in a grace period (either the initial six-month grace period, or during a change in circumstance where the individual was working to come back into compliance) would count toward the lifetime limit. AHCCCS did not publish an estimated number of individuals who might reach the five-year limit, and such a figure would be almost impossible to estimate given that it is dependent upon member compliance with requirements that do not currently exist. However, given that it is well documented that low-income work can be unstable, changes in work status and, therefore, compliance could impact a large number of members.

How Will AHCCCS Works Be Implemented?

The Waiver submittal provides a clue regarding the complexity of implementing such major changes to the Medicaid program. AHCCCS notes that it will “begin” work on implementation within six months of CMS approval, but does not lay out a clear timeline for completion.

It does, however, articulate some of the changes it will need to make to its eligibility system to collect additional data from applicants, including data on compliance with the requirements, as well as exemptions. In addition, AHCCCS notes it will work with existing ADES workforce development programs,

¹⁰ Includes English as a Second Language, parenting, disease management education, health insurance competency and healthy living classes.

¹¹ For more information on Arizona unemployment benefits job search requirements, see here: <https://des.az.gov/services/employment/unemployment-individual/instructions-completing-weekly-claim-ui-benefits>

which will also require infrastructure investments. These system changes will need financial support through both state and federal funding. Furthermore, moving 400,000 individuals to six-month redeterminations from annual determinations will require additional staffing at ADES. While many determinations and redeterminations are conducted online, worker intervention is still required in many cases, and especially with the introduction of new required eligibility elements.

It will be critical for these efforts to be appropriately staffed and funded so implementation is successful and members can comply and retain their health coverage, which itself is often vital to supporting their ability to work.

Key Policy Questions

Below is a selection of key policy and operational questions to help inform policymakers as they engage on the implementation of the AHCCCS Works Waiver.

Implementation Timeline and Costs

1. When will AHCCCS have a more definitive timeline and plan for implementation?

The Waiver submittal notes AHCCCS will begin implementation within six months of approval. However, it will be important for policymakers, members and community stakeholders to have a better sense of the timeline for implementation to know when funding and other policy changes must be enacted, and when member communication activities should commence.

2. What information technology and infrastructure costs will be incurred to implement the Waiver, including both state and federal funds?

In the Waiver submittal, AHCCCS identifies a number of different infrastructure changes needed. First, there will be modifications to the Medicaid eligibility system to capture both data that confirms compliance with the work requirements, as well as the information needed to establish exempt status. In the submittal, AHCCCS notes it will need to have a front-end process for individuals to notify AHCCCS of a diagnosis that qualifies an individual as medically frail (and thus exempt), rather than relying on lagged claims and encounter data. In addition, CMS guidance notes that a similar process will need to be created to exempt individuals with acute medical conditions, pending validation by a medical professional.¹² AHCCCS also indicates it will work with ADES to scale existing workforce programs. Many of these programs have manual processes that will need to be automated to accommodate the number of members expected to participate. In addition to scaling these programs, they may need to interface in some way with the Medicaid systems to transfer data regarding compliance. Finally, AHCCCS will need to ensure its systems can track the applicable segments of enrollment that apply toward the five-year limit. Each of these systems changes will require both state and, if CMS approves AHCCCS's request to leverage Medicaid funding for them, federal funding. Understanding that there may be potential programmatic savings from individuals who do not comply with the requirements or reach the

¹² U.S. Center for Medicare & Medicaid Services. *SMID: 18-002, RE: Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries*. By B. Neale. January 2018. Available at: <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>

five-year limit, those savings will likely not immediately materialize. However, the initial implementation costs may be significant, and policymakers will have to determine how to fund them on the front end before the accrual of any programmatic savings.

- 3. In addition to systems costs, what new staffing is required to implement the Waiver? Will additional ADES staffing be required to conduct verifications of the new requirements, review of job search activities and as part of the move to six-month redeterminations for Group VIII? Does AHCCCS expect to add new staff for a potential increase in disability applications and eligibility appeals?**

While AHCCCS will utilize electronic systems to the greatest extent possible, the Waiver may require additional staffing. AHCCCS verifies eligibility criteria electronically when such electronic verification is available; however, some of the additional eligibility requirements may not have an electronic verification source, or such a source may take time to build. If members are required to file compliance with job search activities weekly and not all members have the ability to file electronically, additional staffing may be required to review or audit compliance with the filings. Under previous moves to six-month redeterminations, staff workload increased and backlogs resulted when no additional funds were provided for eligibility staffing.¹³ These additional requirements may also increase the number of eligibility appeals, as members experience the consequences of non-compliance or appeal the determination of exempt/non-exempt status. Finally, during the childless adult enrollment freeze from 2011 through 2013, AHCCCS experienced an increase in applications for the eligibility group for individuals with disabilities. It is possible that a similar increase will happen as a result of these new requirements, and it will be important that AHCCCS is appropriately staffed for any increase.

Member Impact and Data

- 4. How many individuals are actually subject to the work requirement, and how many are likely already compliant? Can AHCCCS provide additional data, such as the number of members with lower incomes or the number of members who may be medically frail?**

While AHCCCS may not be able to provide precise numbers, it does track data at a more granular level than is currently reported and should be able to provide additional information that could provide perspective on the scale of the impact. For example, AHCCCS tracks individuals with incomes under 40% of FPL and could use claims and encounters data to approximate the number of individuals with conditions that would qualify as medically frail under the proposed definition. Even without a precise count of individuals subject to the new requirements, if AHCCCS is able to provide these subsets of data, it could help provide a clearer picture on the potential impact.

¹³U.S. Arizona Health Care Cost Containment System. *AHCCCS Appropriation Status Report*. By J. Napolitano & A. D. Rodgers. February 2005. Available at: <https://archive.azahcccs.gov/archive/Resources/Reports/Appropriation%20Status%20Reports/FY%202005/ASR1204.pdf>

5. **What member communication strategies will AHCCCS employ to ensure members who are subject to the new requirements understand how to demonstrate compliance?**

AHCCCS notes that it will add information about the new requirements to its applications, renewal notices and member handbooks. Given that these requirements are new for the program and a consequence of not complying is disenrollment, a comprehensive communication plan that employs technology (e.g., text messaging, applications) and other strategies could help members understand what they need to do to demonstrate compliance. In addition, engaging with community stakeholders on member communication could ensure clear and consistent communication for members.

6. **To what extent will AHCCCS Works requirements align with the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) work requirements for Able-Bodied Adults without Dependents?**

There is considerable overlap between the Medicaid and SNAP populations, and SNAP and TANF currently include work requirements, including specific requirements for certain able-bodied adults.¹⁴ Understanding complete alignment may be impractical, it would be helpful for members to have as much alignment as possible given that some members will be subject to multiple programs' requirements.

7. **How will AHCCCS determine which populations can perform community service in lieu of working? Will AHCCCS use the same definition of areas of high unemployment as is employed under SNAP?**

AHCCCS notes that individuals residing in areas of high unemployment or who face significant barriers to employment will be able to substitute community service for work. The SNAP definition includes unemployment rates over 10 percent (12-month or 3-month averages), designation as a Labor Surplus Area, qualification for extended unemployment benefits, or 24-month average unemployment rates 20 percent above the national average.¹⁵ Accuracy and consistency in how areas of high unemployment are defined will be important.

8. **Will the job search requirements of the Waiver require weekly filings as required by unemployment benefits? Will members be required to submit weekly filings or simply document their compliance for a less frequent submission? If members must submit weekly, will compliance be assessed weekly or more comprehensively over a longer period of time?**

The Waiver indicates individuals participating in job search activities will follow a similar process to the one used for unemployment benefits, which requires weekly filings of compliance. Will AHCCCS require weekly filings, which may be challenging to both document and monitor, or will

¹⁴ U.S. Arizona Department of Economic Security. *Able-Bodies Adult Without Dependents (ABAWD)*. Available at: <https://des.az.gov/services/basic-needs/food/able-bodied-adult-without-dependents-overview>

¹⁵ "Certification of Eligible Households." Title 7 *Code of Federal Regulations*. Pt. 273.24. 2018 online ed. Available at: https://www.ecfr.gov/cgi-bin/textidx?SID=4454e45ea61b959d0f08cb0e7c323894&mc=true&node=pt7.4.273&rgn=div5#se7.4.273_124

it allow a less frequent filing/compliance review, with an opportunity for an audit if data indicates one may be warranted?

Future Program Modifications

9. What is the process for modifying the AHCCCS Works Waiver parameters, including exemptions and application of the five-year lifetime limit?

It is possible that, after AHCCCS Works is implemented, additional program changes may be identified that would improve the effectiveness of the program. For example, based on the data it is collecting and monitoring, AHCCCS may identify additional exemptions that are appropriate. Can AHCCCS work directly with CMS (through a Waiver amendment) or would legislative action be required to permit potential future changes? Depending on how the implementation of AHCCCS Works unfolds, it will be important that the state has the ability to be nimble and adapt the program.

10. Will the waiver include provisions that allow AHCCCS to modify program requirements under certain economic conditions?

Medicaid is a countercyclical program, and economic recessions often result in job losses that lead to increases in Medicaid enrollment. For example, during the Great Recession, Arizona lost over 300,000 jobs between October 2007 and September 2010.¹⁶ Future recessions that impact the availability of jobs may affect whether members are able to gain employment and comply with the waiver's requirements.

Community Relations

11. What type of stakeholder engagement process will AHCCCS use to define exemptions such as categorizing medical frailty, determining what is considered a catastrophic event, and identifying victims of domestic violence and individuals experiencing homelessness?

AHCCCS typically uses a 45-day public comment period for its major policy changes, and community engagement in defining each of these categories of exemption will be critical. Community stakeholder engagement beyond a standard, written 45-day public comment period could leverage community expertise to ensure the definitions of the various exemptions are well-defined, comprehensive, appropriate and implementable.

12. Will AHCCCS consider establishing a community stakeholder steering committee to review and report to AHCCCS community experience regarding the implementation?

Community stakeholders (e.g., providers, community assisters) are on the front line and often quickly see implementation challenges and barriers. Regular dialogue on these issues can help provide timely data to AHCCCS to help mitigate them and ensure the program is working as

¹⁶ U.S. Arizona Department of Administration, Office of Employment and Population Statistics. *Labor Market Information Overview*. August 2013. Available at: <https://laborstats.az.gov/sites/default/files/documents/files/wia-aug13-presentation.pdf>

intended. For example, data from the enrollment freeze on childless adults demonstrated a clear inverse relationship between Medicaid enrollment and uncompensated care.¹⁷ Hospitals will notice trends in increased uncompensated care earlier than AHCCCS will see similar trends in its claims and encounters. Similarly, community assisters will see members face to face and understand any potential challenges they are having in moving toward compliance. They can also provide members with direct information on how to comply. A regular dialogue with a select group of community stakeholders may help support successful implementation.

Evaluation Methods

13. How will AHCCCS define and evaluate success? *How will AHCCCS evaluate program impact on health outcomes? How will AHCCCS track and report on the number of individuals whose eligibility is discontinued due to failure to demonstrate compliance with the Waiver's work/job training requirements, as well as the number discontinued because they earned too much income to continue to qualify? Will AHCCCS also track and report on the number of individuals who seek and obtain exemptions from the work requirement? How will population impacts be disaggregated by sociodemographic characteristics including age, sex, race, ethnicity and geography? Will AHCCCS use external metrics such as hospital uncompensated care reports to provide early indicators of any potential provider impacts on changes in coverage that may result from the waiver?*

In the Waiver submittal, AHCCCS defines proposed evaluation methods, which include the rate of employment, job seeking, education and employment support and development activities for able-bodied adults. AHCCCS will also track and report on the average household income. These metrics regarding how the Waiver supported employment for members are absolutely important in evaluating the success of the Waiver. However, determining how many members did not obtain gainful employment or complete other required activities, and lost coverage as a result, is also a meaningful measure. This data could inform policymakers about potential barriers to employment for members, as well as identify if there are programmatic modifications that would improve opportunities for members to comply. In addition, identifying individuals who transition out of Medicaid coverage as a result of being over income due to employment gained and, if possible, using surveys or other tools to identify whether these individuals gain other sources of coverage would provide information about the Waiver's success. CMS guidance indicates that such evaluation metrics will need to be included in an evaluation design which is to be submitted by AHCCCS to CMS within 180 days following Waiver approval. Early indicators of loss of coverage (without corresponding gain in employer-sponsored or other coverage) could be hospital uncompensated care reports, as discussed above. Monitoring trends of individuals seeking exemptions and qualifying for other categories of coverages (e.g., individuals who seek disability determinations) could also be helpful in evaluating the impact of the Waiver. Finally, CMS guidance states that evaluations must assess program impact on health outcomes – a topic which is not addressed in the AHCCCS Waiver submittal.

¹⁷ Haynes, J. (2017). *October 2017 Hospital Financial Reports*. Retrieved from Arizona Hospital and Healthcare Association Website: https://drive.google.com/file/d/198VbUDsQpak_7vm0Z6QTfbFXoEPg5PDa/view

Conclusion

Effective implementation of the AHCCCS Works 1115 Demonstration Waiver will be critical both to ensuring individuals subject to the new requirements have a reasonable path to compliance and allowing AHCCCS to administer the program in a cost-effective manner. Because no state has yet implemented similar requirements, it is even more important for policymakers to engage in thoughtful discussions about how to design and implement an effective program. This paper provides a selection of key policy and operational questions to inform these discussions, highlighting areas of focus such as funding, infrastructure, program design, planning for the future, community relations and monitoring. The Policymaker Checklist provides a useful reference that policymakers can use as they engage in the implementation of AHCCCS Works. Consideration of each of these policy and operational areas will help ensure effective implementation and monitoring the provisions of the AHCCCS Works Waiver.