



Background

According to the Arkansas Center for Health Improvement's *2005 Arkansas Fact Book: A Profile of the Uninsured*, over 70 percent of Arkansas' small businesses (50 or less employees) do not offer health insurance. Over 378,000 Arkansans between the ages of 19 and 64 do not have health insurance – primarily because of high premium costs.

History

In 2000, recognizing the detrimental effects of uninsurance on Arkansas families in every community across the state, the Arkansas Center for Health Improvement (ACHI) took on the challenge of assessing the state's health insurance status. To develop informed policy recommendations for expanding health care coverage and innovative health care financing strategies, ACHI formed the Arkansas Health Insurance Expansion Initiative Roundtable.

The Roundtable consists of a diverse group of 21 private citizens representing employers, consumers and health insurers/providers. Goals of the Roundtable are to understand issues facing households and employers, and to develop a five-year to ten-year strategic plan for stabilizing and expanding health insurance coverage in Arkansas.

One of the Roundtable's recommendations, endorsed by the governor, legislature and Arkansas Department of Health and Human Services (ADHHS), is a safety net program that will provide small businesses the opportunity to offer an affordable, limited benefit health package for all their employees, regardless of income.

The innovative program, called ARHealthNet, represents one of the first true partnerships between state and federal government, private businesses and families to make affordable health care coverage available to uninsured workers.

State, Federal Partnership

ARHealthNet's premium subsidies will come from existing state and federal funds. Arkansas' share will come from the tobacco settlement funds. The federal matching funds will utilize dollars allocated to Arkansas through Title XXI (SCHIP [State Children's Health Insurance Plan] - for adults with children) and Title XIX (Medicaid – for adults without children). Authority to use federal matching funds for ARHealthNet is the result of a section 1115 demonstration waiver through the Health Insurance Flexibility and Accountability (HIFA) office of the U.S. Secretary of the Department of Health and Human Services.

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1401 West Capitol Avenue
Suite 300, Victory Building
Little Rock, Arkansas 72201
www.achi.net

In exchange for flexibility achieved through the HIFA waiver, the Arkansas Medicaid program has committed to working to reduce tobacco use and obesity levels among the state's Medicaid population. As a first step, Medicaid recipients will be asked to complete a health risk assessment, similar to the one in place for state government and public school employees. Like state employees, Medicaid beneficiaries will be provided with information regarding health risk behavior and resources for tobacco cessation and weight management. The Arkansas program is also innovative in its recognition of public health impact through its support of both the public health and employer contributions to healthcare finance reform.

Basic ARHealthNet Program Features

ARHealthNet is available only through businesses with between 2 and 500 full-time employees, which have not offered health care coverage as a group benefit in the past 12 or more months.

Enrollment will be provided on a first-come-first-serve basis to employers, with a maximum of 15,000 individual enrollees during the first 18 months. Based on available funding, this limit will likely be increased.

Participation by eligible employers is voluntary. If an eligible employer decides to participate, all employees are eligible for the coverage and must participate unless they provide evidence of other group health insurance coverage. Spouses of participating employees may also be eligible.

The benefit package differs from a traditional comprehensive health insurance plan by providing only the following benefits:

- Six physician visits per year
- Seven inpatient hospital days per year (acute care hospital days)
- Two outpatient hospital services per year
- Two prescription drugs per month (using a tiered formulary)

Cost

The cost to participating employers for ARHealthNet coverage will vary from approximately \$30 to \$300 per month for each employee, based on employee income and number of dependents. Federal and state subsidies will result in the lowest cost made available for those workers with an income of less than 200 percent of the federal poverty level (FPL), e.g. a family of four with an annual income of less than \$40,000. It is anticipated that employees will share the cost by paying deductibles, co-payments and possibly some premiums.

Administration

ADHHS has contracted with NovaSys Health to administer the ARHealthNet program. Enrollment will begin by the end of December 2006 with coverage beginning January 2007. Interested employers should contact NovaSys at (800) 540-7566 or visit their website at www.ARHealthNet.com.

About ACHI

The Arkansas Center for Health Improvement (ACHI) is a nonpartisan, independent health policy center dedicated to improving the health of Arkansans. It is jointly supported by the University of Arkansas for Medical Sciences, the Arkansas Department of Health and Human Services and Arkansas BlueCross BlueShield.

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