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# AHCCCS Update



**30 Years of Medicaid Innovation**

*Our first care is your health care*

*Arizona Health Care Cost Containment System*

“Reaching across Arizona to provide comprehensive quality health care for those in need”



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# Policy Options

Options	Lives covered	GF Impact (FY 14-16)	Federal \$ available	Prop 204 Vote Honored
Governor's Proposal	300,000	\$(100) m savings	\$4.1 billion	Yes
Continued Freeze (assume state only)	63,000 and shrinking	\$850 m plus cost	\$0	No
Terminate Coverage 1-1-14	0 (63,000 lose coverage)	\$0	\$0	No



# Final Legislation

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- ❑ Authorizes Prop 204 Restoration and Expansion
- ❑ Provides AHCCCS Director with ability to levy an assessment against hospitals – includes ability to exempt
- ❑ Includes circuit breakers Governor had requested in case federal funding is reduced
- ❑ Restores Well-exams



# Budget and Legislation

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- ❑ Assumes 3% capitation rate for AHCCCS
- ❑ Assumes 3% provider rate increase for BH (10-1) and DD providers 7-1-13
- ❑ Increases ambulance rates beginning 10-1-14
- ❑ Repeals HCG 1-1-14 – stops enrollment 8-1-13
- ❑ Increases cost sharing above federal limits
- ❑ Did not provide for general rate increases
- ❑ AHCCCS continued for 10 years
- ❑ Legislature authorized APR-DRG 10-1-14



# AHCCCS Reports

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- 12/1/13 - Non-emergency use of the ED
- 12/31/13 – Air Ambulance – 5 year history and consistency with rules
- 1/1/14 – Hospital Transparency – Charge-master Report – recommendations
- 10/1/13 - Hospital Uncompensated Costs – change in uncomp costs and profitability
- 8/1/14 – Hospital Assessment paid – coverage
- 10/1/14 – Legislative circuit breaker and outcomes study committee – impact of decreased federal funds



# Hospital Assessment Workgroup

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- AHCCCS working with Navigant
- Projected need of \$75 m in FY 2014 - \$255 m FY 15
- Established hospital workgroup
- Major decisions include –
  - Rate basis – Time period for rates – payment timing – transparency reporting - exemptions
- Working to establish model that minimizes systems negatively impacted
- Proposed Model can be found on AHCCCS website
- Taking comments until September 4 – To CMS mid-Sept.
- Final Rule out in November with 30 day comment



# Phase II

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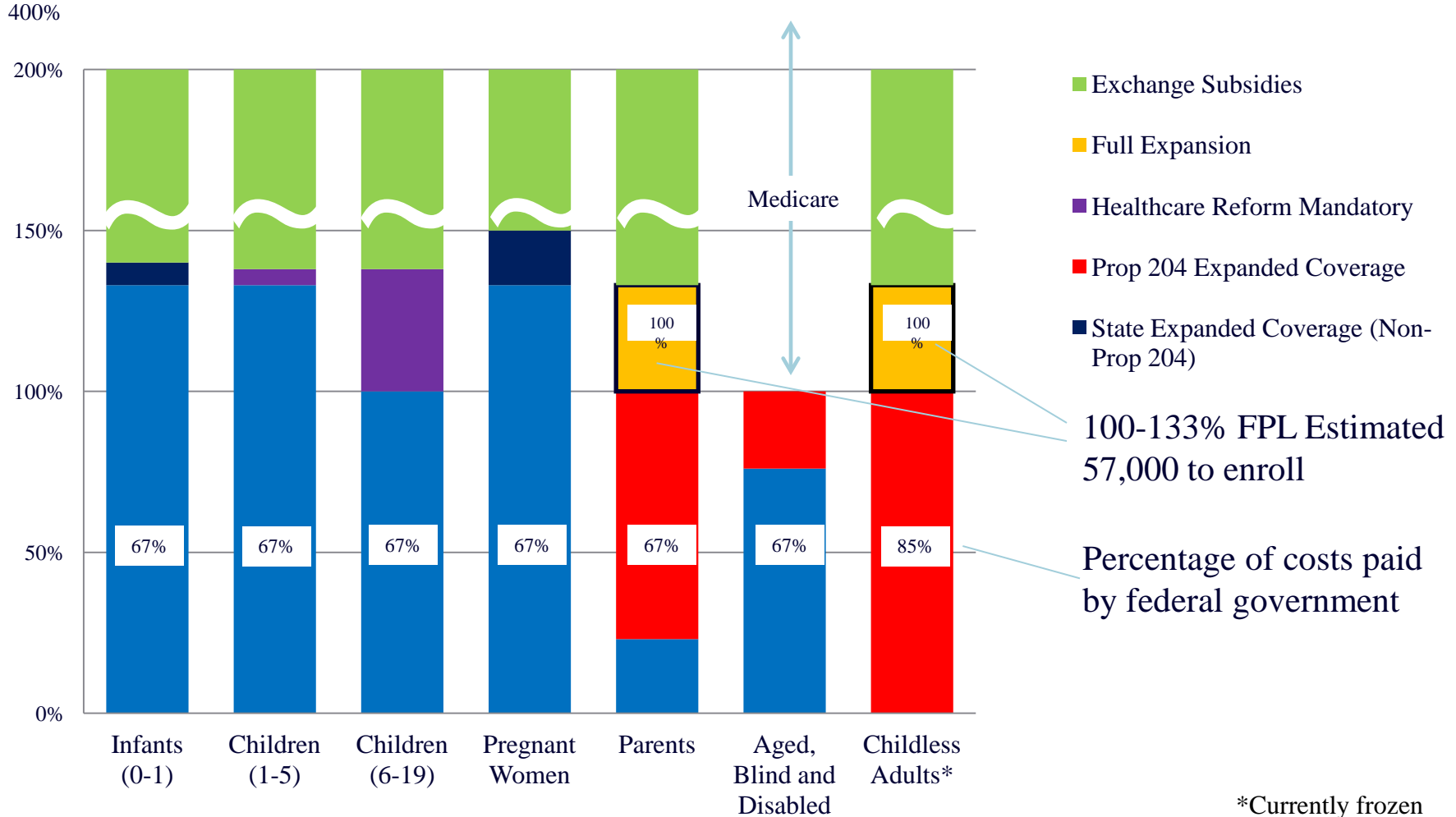
## □ Lawsuits

- Referral – Constitution exempts laws necessary for the support and maintenance of the departments of the state government”
- Prop 108 – does not apply to “fees and assessments that are authorized by statute, but are not prescribed by formula, amount or limit, and are set by a state officer or agency.”

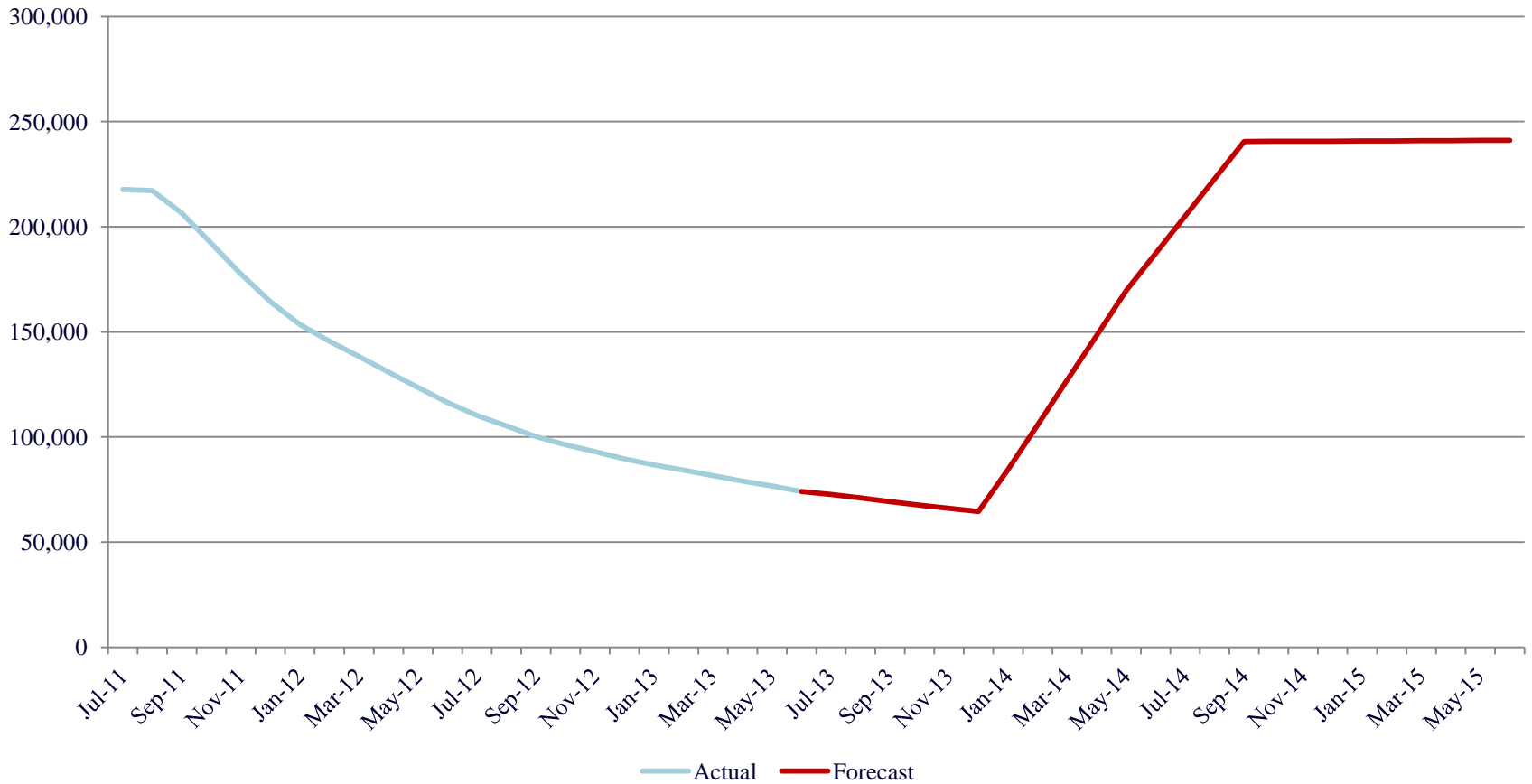




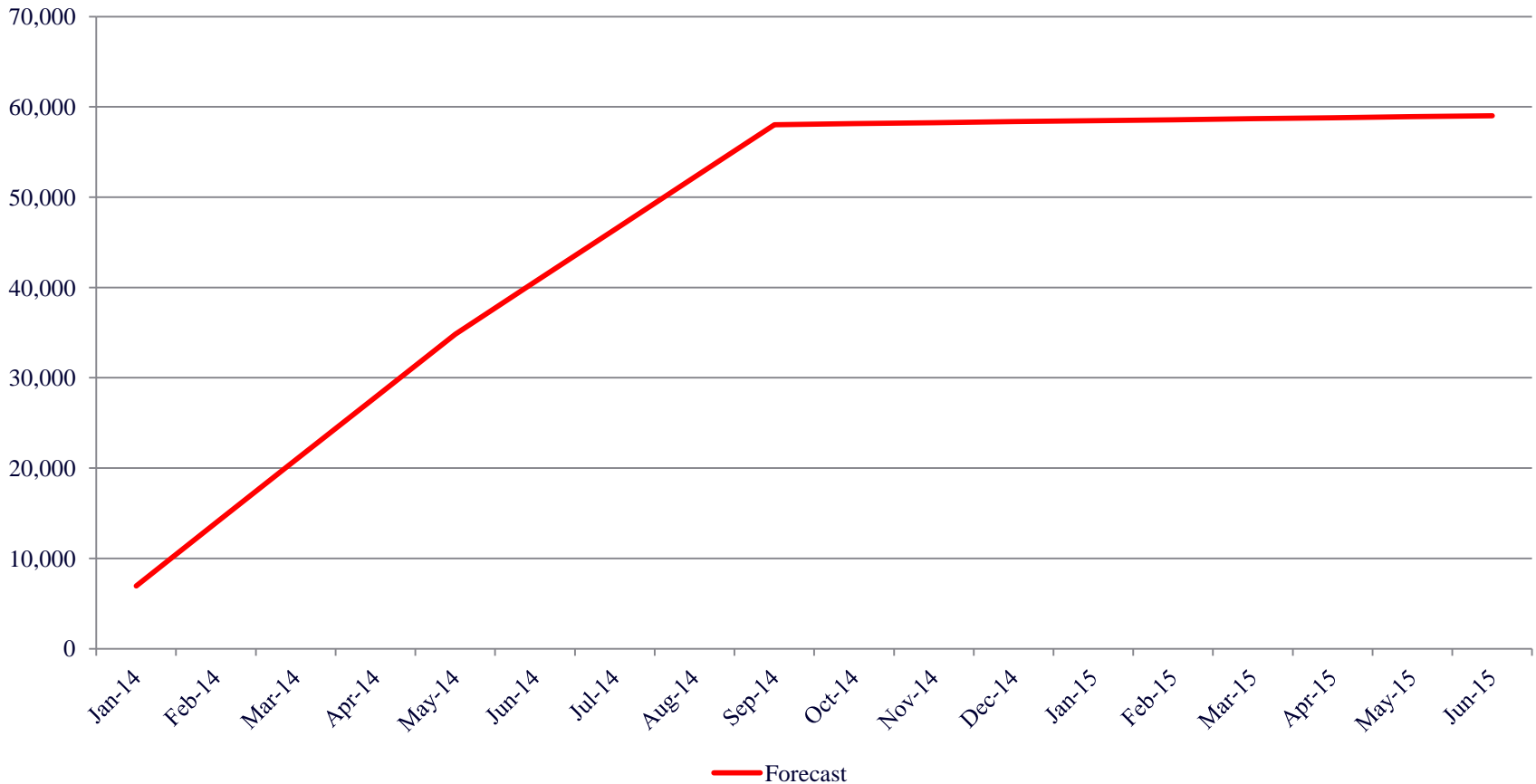
# Medicaid and ACA Populations



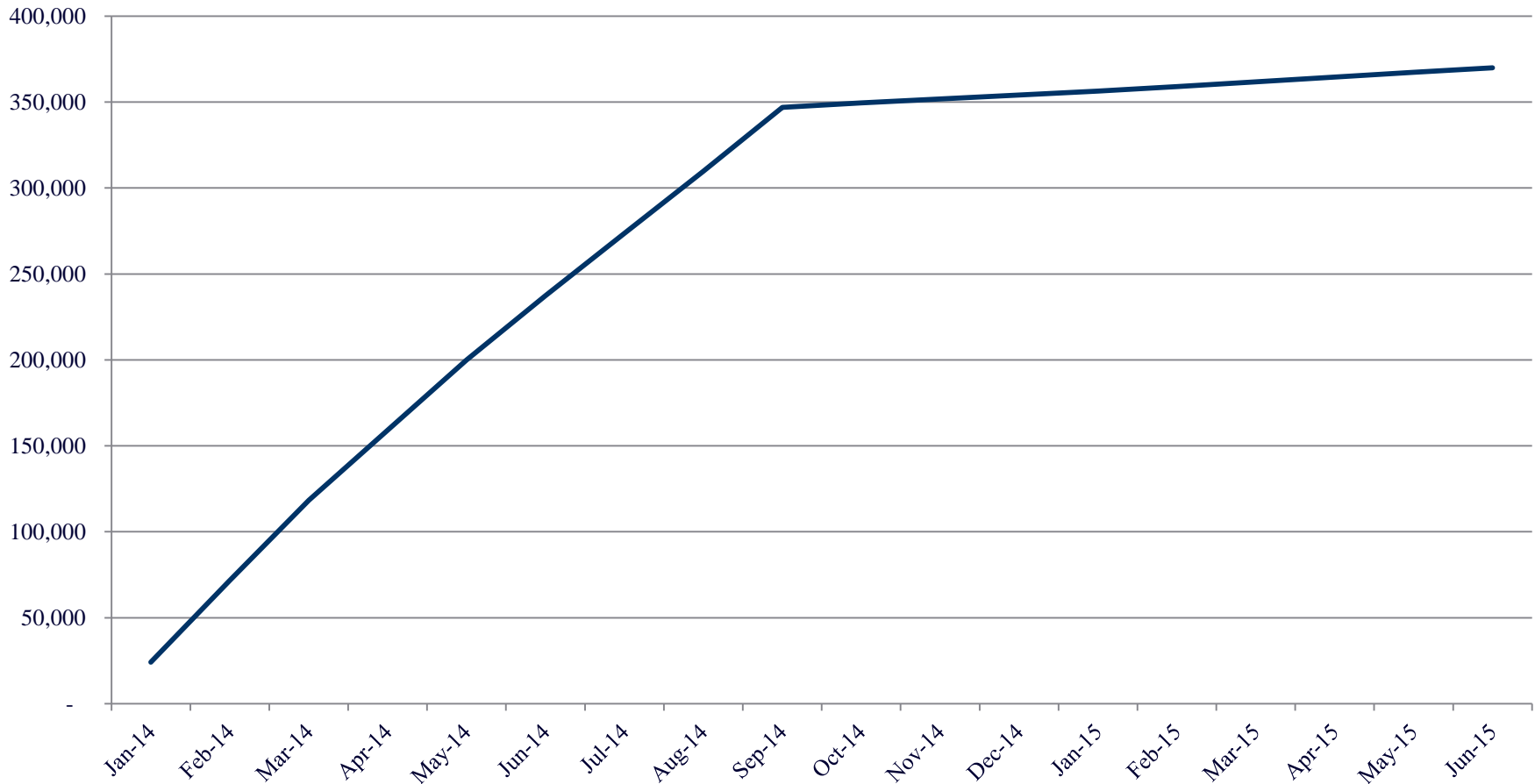
# AHCCCS Childless Adult Population



# AHCCCS Adult Expansion



# AHCCCS projected cumulative growth



# Health E Arizona Plus

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- On schedule to bring up on 10-1-13
- Considerable challenges remain
  - Lack of live testing to federal marketplace
  - CMS just finalized regulations
  - Efforts to consolidate Medicaid call center support
  - Training materials for staff and public
  - Size – Scope – Timeframe – issues unknown



# Regardless of ACA Decisions- Unsustainable System

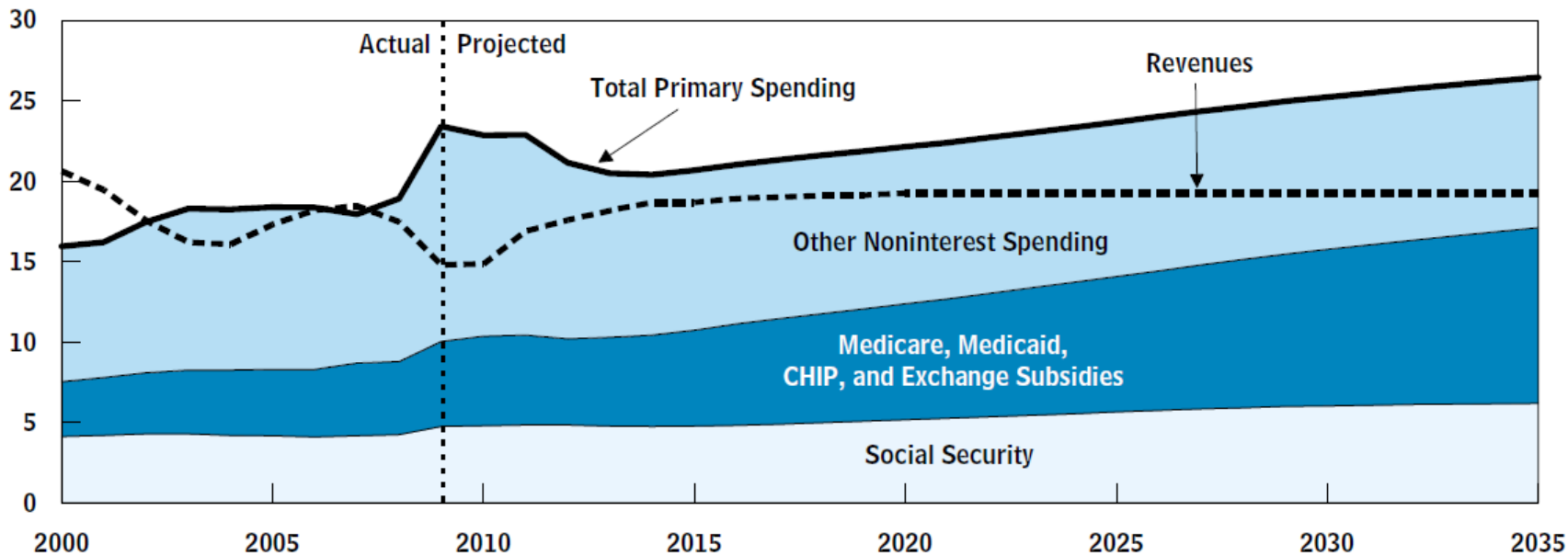
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- Institute of Medicine - \$750 Billion in “Waste”
  - \$210 B Unnecessary Procedures
  - \$130 B Inefficient Care
  - \$190 B Excess Admin
  - \$105 B Inflated Prices
  - \$55 B Prevention Failures
  - \$75 B Fraud
- IOM Solutions – Science and Informatics – Engage and Empower Patients – Align Incentives – Transparency – Culture of Leadership and Learning

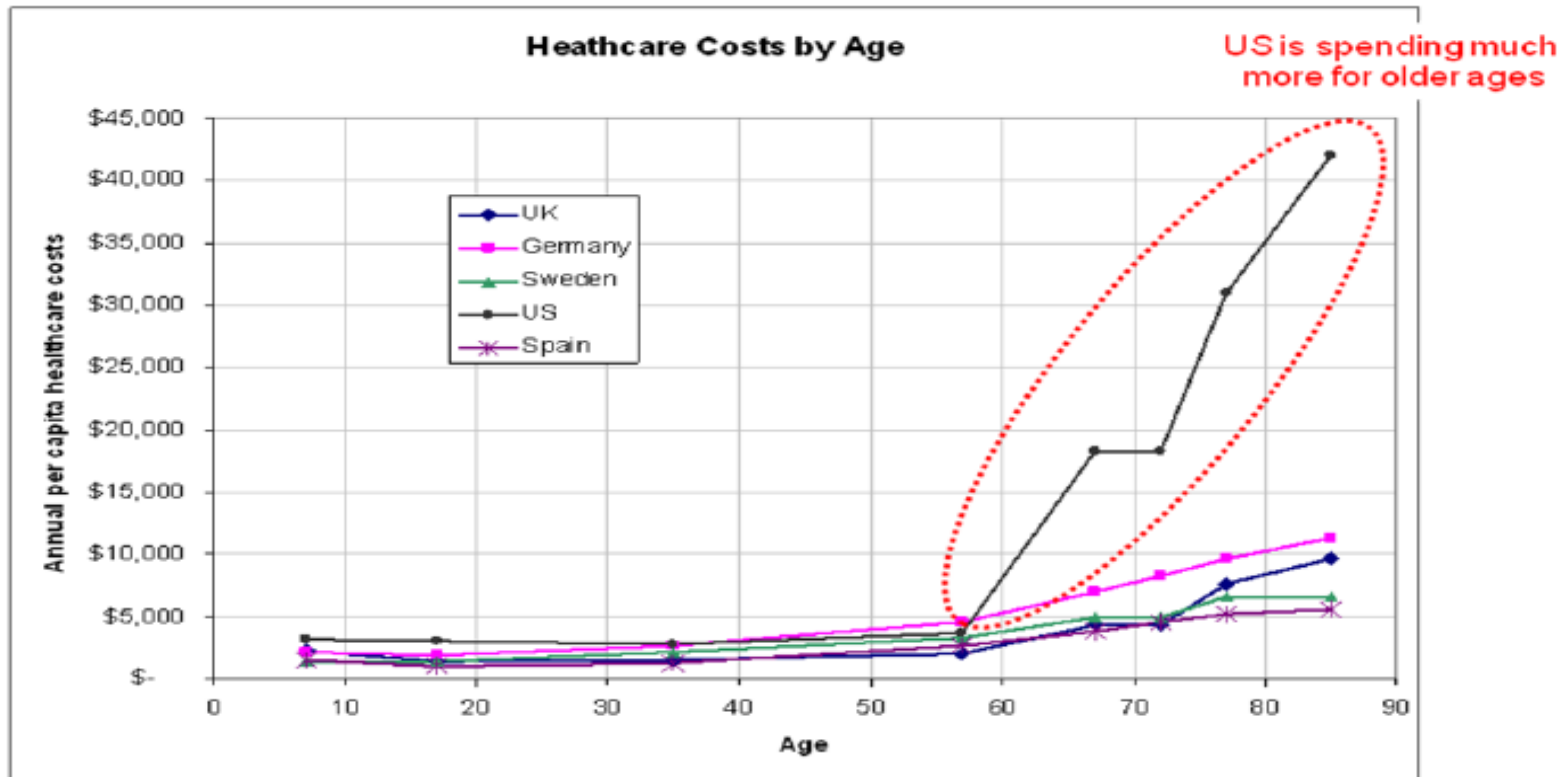


# Percent of Gross Domestic Product

Source: Congressional Budget Office, The Long-Term Budget Outlook, June 2010, revised August 2010



# What's Wrong With This Picture?



Source: Fischbeck, Paul. "US-Europe Comparisons of Health Risk for Specific Gender-Age Groups."

Carnegie Mellon University; September, 2009.





# U.S. Healthcare System

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*System – an assemblage or combination of things or parts forming a complex or unitary whole*

- Care delivery has become increasingly fragmented, leading to coordination and communication challenges for patients and clinicians.
- Improved patient engagement is associated with better patient experience, health, and quality of life and better economic outcomes, yet patient and family participation in care remains limited.
- The prevailing approach to paying for health care, based predominantly on individual services and products, encourages wasteful and ineffective care.



Reaching Across Arizona to  
Provide Comprehensive, Quality  
Health Care for Those in Need

Bend the cost curve while improving the member's health outcomes

Pursue continuous quality improvement

Reduce fragmentation in healthcare delivery to develop an integrated system of healthcare

Maintain core organizational capacity, infrastructure and workforce

Commit Executive level resources to substantive payment modernization

Promote and evaluate access to care

Align and integrate model for SMI, CRS and dual-eligible members

Deploy electronic solutions to reduce healthcare admin burden

Implement shared savings requirements for ALTCS and Acute Care Contractors

Improve health outcomes for integrated populations

Build care coordination opportunities in the system

Strengthen information system security and compliance

Modernize hospital payments to better align incentives, increase efficiency and improve quality of care

Achieve statistically significant improvements on Contractor PIPs

Leverage HIT investments to create more data flow in healthcare delivery system

Ensure talent infrastructure remains in place

Establish Payment Modernization stakeholder input opportunities

Achieve statistically significant improvements on performance measures

Build analytics into actionable solutions

Maintain IT network infrastructure

Achieve Program Integrity Plan goals

Leverage American Indian care management program to improve health outcomes

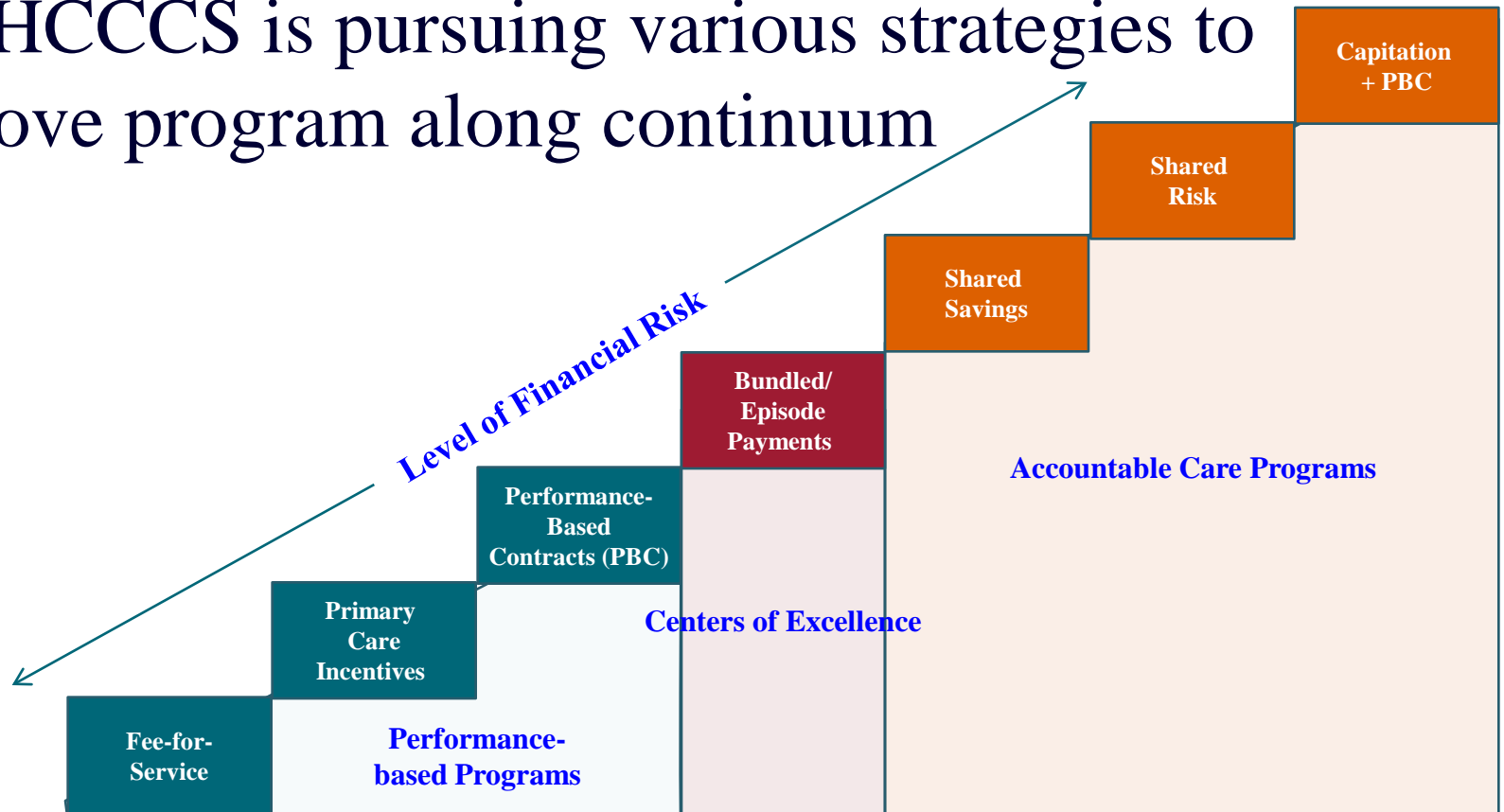
Improve accuracy and efficiency of eligibility determination process for Medicaid and CHIP

Reaching across Arizona to provide comprehensive quality health care for those in need"



# Payment Modernization Progression

- AHCCCS is pursuing various strategies to move program along continuum



# Payment Modernization

Transparency

Align  
Incentives/  
Value Based  
Purchasing

Learning  
Culture



# AHCCCS 10-1-13 Transitions

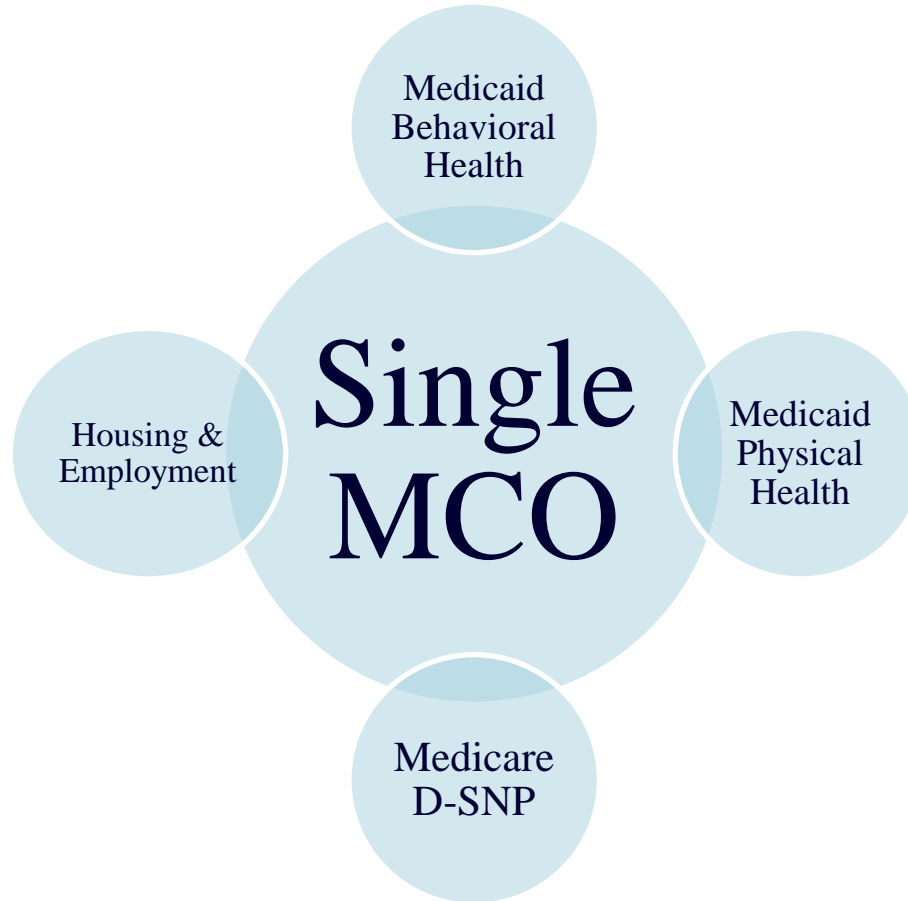
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- ❑ Roughly 165,000 members switching plans
- ❑ Every county impacted except Maricopa
- ❑ Letters start going out to members in July
- ❑ Plans will be transitioning relevant data to receiving plans for care management
- ❑ AHCCCS currently conducting readiness reviews on HealthNet and MCOs in new GSAs
- ❑ CRS - AHCCCS working closely with United on new integrated plan – public forums – readiness etc.



# Maricopa Integration for Members with Serious Mental Illness

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# Maricopa RBHA Transition

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- March – Mercy Maricopa Integrated Care awarded Maricopa RBHA contract
- Magellan continues to protest award to MMIC
- 5-21 Stay issued by ADOA on transition related activity
- September hearing date set for OAH
- DHS has stated that given the stay and this timeframe October 1<sup>st</sup> is not achievable
- AHCCCS working with DHS on Plan B – current structure – updating contracts/cap rates
- Stay Tuned – Starting conversation for Greater AZ 10-1-15



# AHCCCS Staffing Levels

