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# Arizona Medicaid Moving Forward

September 2013

Office of Intergovernmental Relations

Arizona Health Care Cost Containment System (AHCCCS)



**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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# History of Arizona Medicaid

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- Arizona last state to participate in Medicaid – Arizona Health Care Cost Containment System (AHCCCS).
- Joined in 1982 as the only mandatory managed care program in the country.
- Added Arizona Long Term Care System (ALTCS) in 1989.



# “Gold Standard” of Medicaid Managed Care

- ❑ One of the highest rates of community placement nationally for those at risk of institutionalization (84% living at home or in community)
- ❑ #1 ranking nationally for program serving members with Developmental Disabilities by United Cerebral Palsy 2012 and 2013 Report
- ❑ National leader in Integrated system for dual eligibles: all AHCCCS health plans are also Medicare plans; 1/3 of Arizona’s dual eligible population is served by *one* health plan for both Medicaid and Medicare
- ❑ Very strong provider participation rates – no “Medicaid mills”
- ❑ High member satisfaction – less than 3% switch plans each year
- ❑ Error rates well below national average
- ❑ Quality performance measures above national averages
- ❑ Strong competition to participate in the program



# AHCCCS Coverage History

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- ❑ Mid 1990s – Governor Symington proposed adult eligibility increase to 100% FPL to leverage state only spending
- ❑ 1996 – voters pass initiative after lack of legislative support
- ❑ 2000 – voters pass initiative (Prop. 204) after State unable to implement 1996 initiative
- ❑ 2001 – coverage up to 100% FPL implemented for parents and childless adults
- ❑ 2010 – ACA passes; Medicaid coverage up to 133% FPL
- ❑ 2011 – State imposes childless adult enrollment freeze
- ❑ 2012 – US Supreme Court ruling on ACA



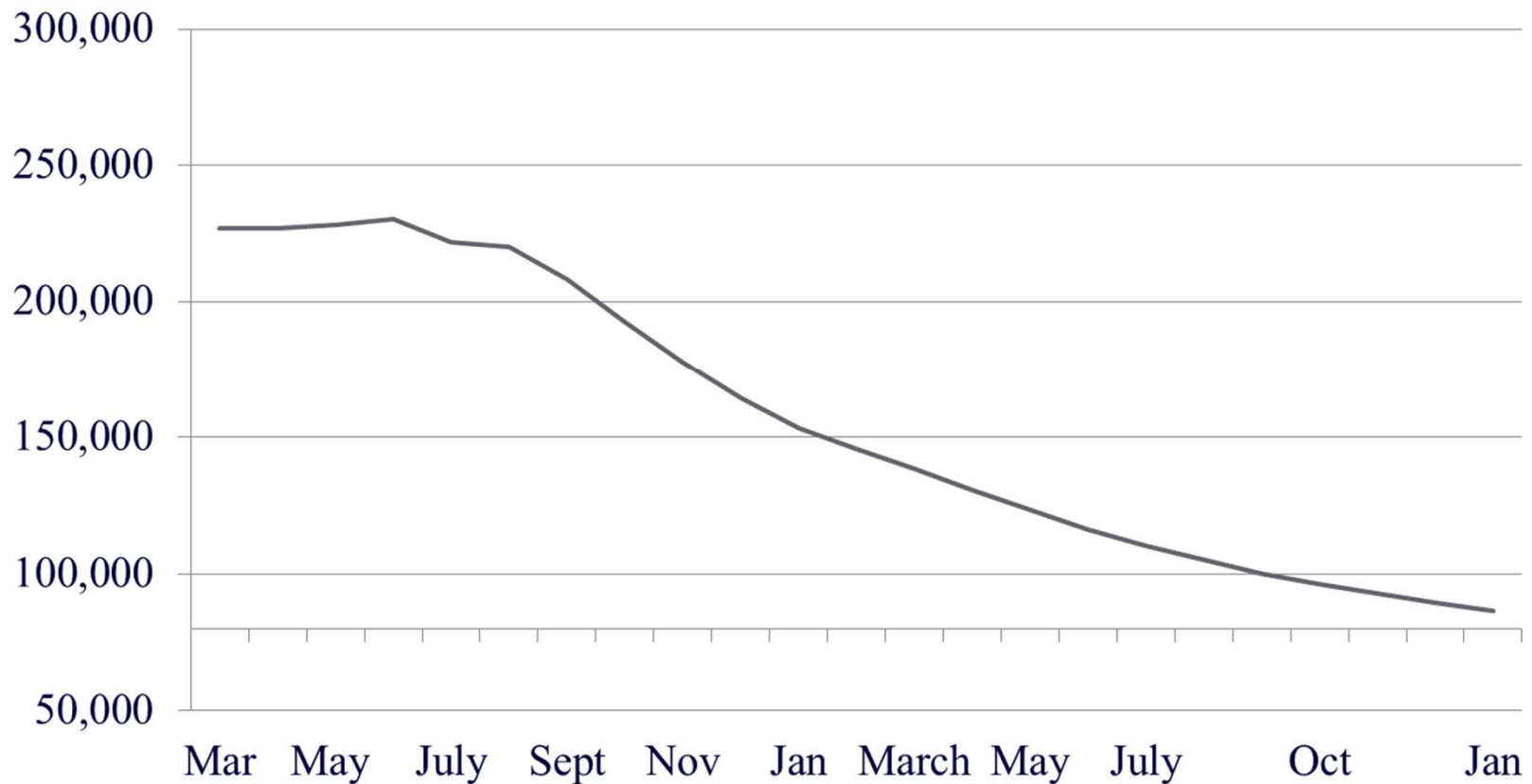
# Impact of Great Recession

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- Recession had devastating impact on Arizona
  - Unemployment went from 3.5% to over 10%
  - GF revenues dropped 30%
  - AHCCCS enrollment increased 30%
- \$2.5 Billion in annual reductions were made to AHCCCS program.
  - Provider Reimbursement – up to 15%
  - Benefits – eliminate/limit nearly all optional benefits
  - Eligibility – froze enrollment for Prop. 204 childless adults and KidsCare; phased out spend down program
  - Administrative reductions – 30% decrease in staffing
  - Cost Sharing – maximized at/above federal requirements



# Prop. 204 Childless Adult Population



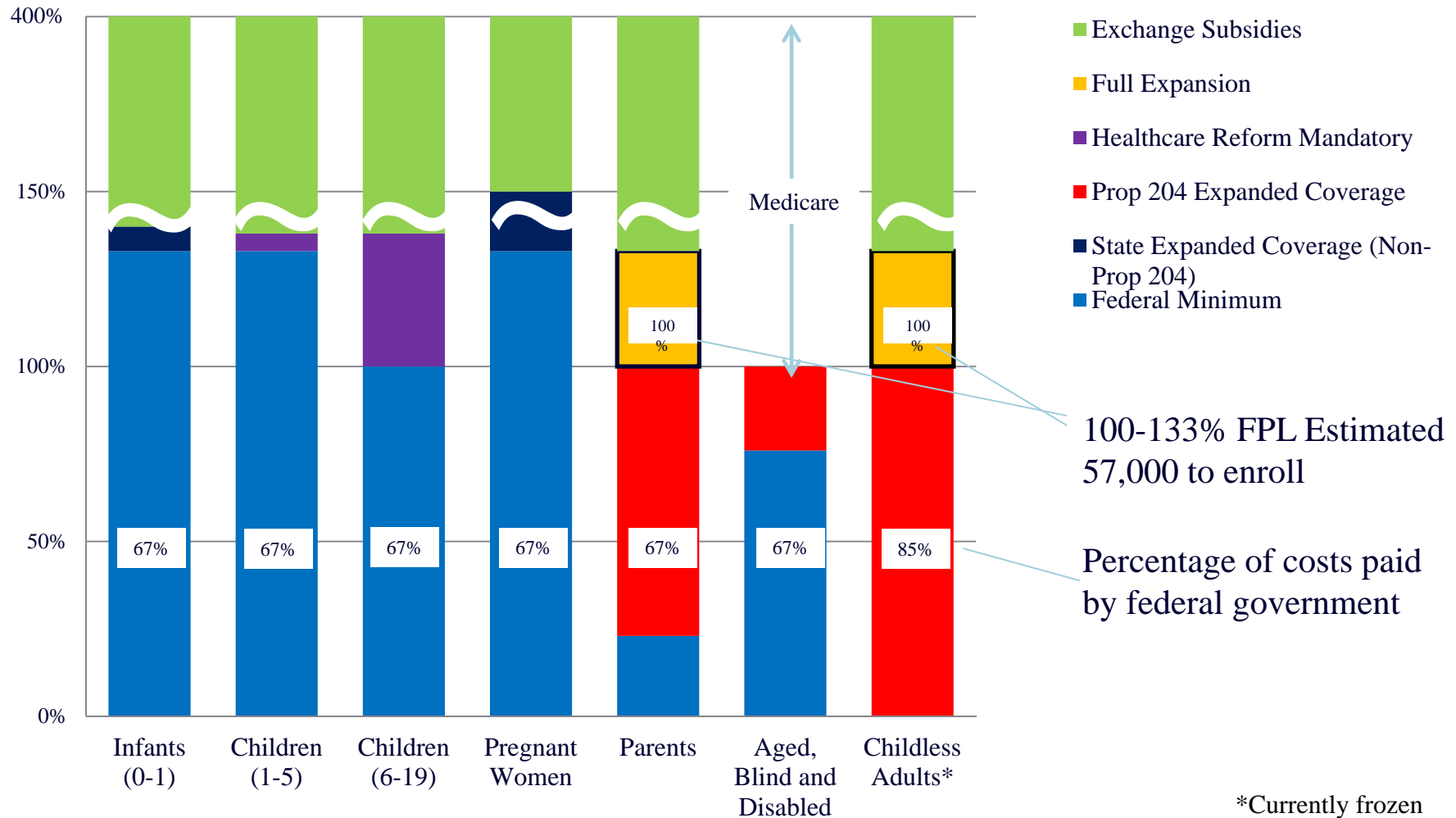
# Profile of Childless Adults

Diagnosis	Members	Cost
Injuries/Trauma	65,095	\$163 m
Heart - circulatory	53,087	\$147 m
Digestive system disease	52,921	\$112 m
Cancer	18,766	\$76 m
Diabetes and kidney disease	28,981	\$49 m
Respiratory Disease	73,047	\$85 m





# Medicaid and ACA Populations



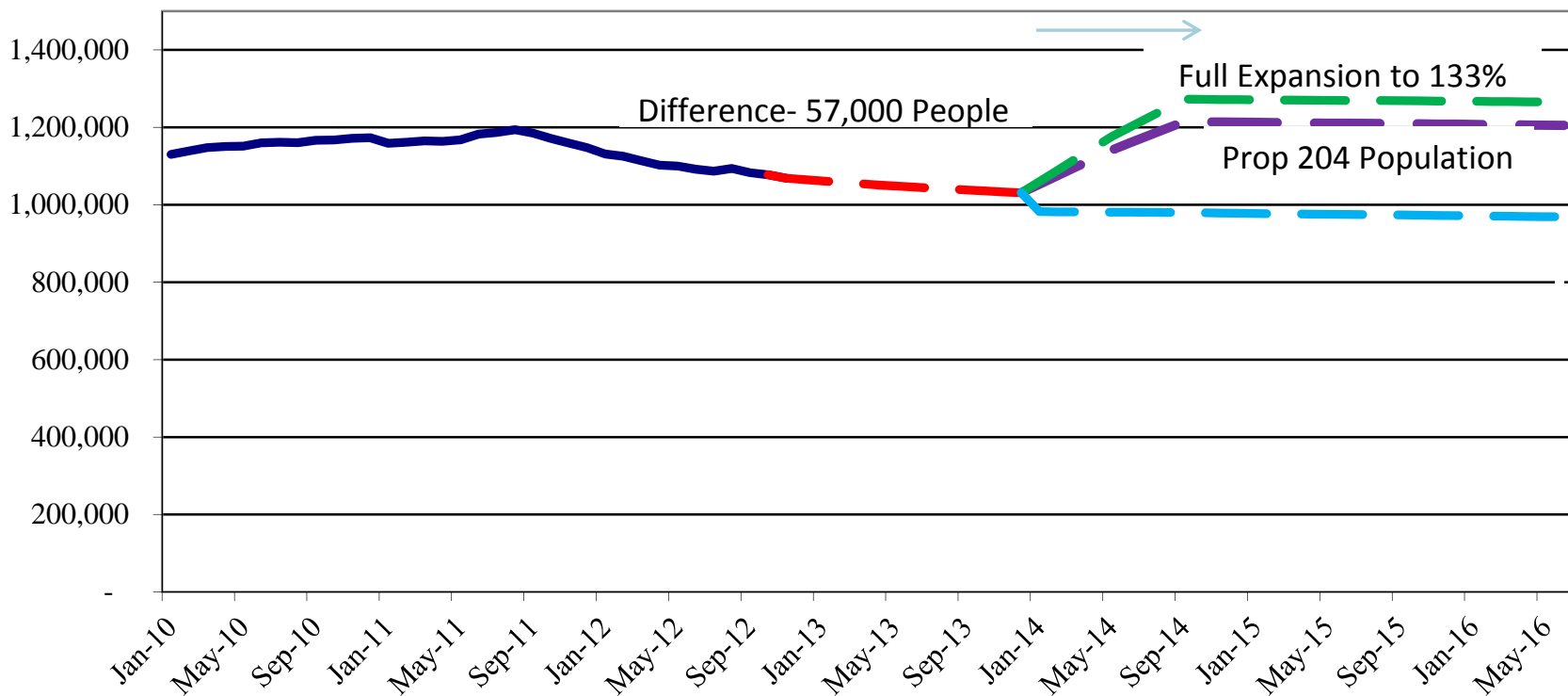
# Governor Brewer and the Journey to Restoration

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- In State of the State, Gov. Brewer called for restoration of Prop. 204 childless adult coverage (240,000 Arizonans 0-100% FPL) and new adult coverage (57,000 Arizonans between 100-133% FPL).
- Because Arizona expanded early, the State was not eligible for 100% federal funding for childless adults.
- ACA included transitional enhanced FMAP for expansion states, but Arizona could *only* access that higher match *if* it “expanded” to include adults from 100-133% FPL.
- The State could not afford restoration without expansion.
- Arizona’s “expansion” debate was over the 57,000.



# Relatively Minor Tweak to Populations Already Covered by Arizona Voters



# Governor's Medicaid Plan

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- ❑ ***Circuit Breaker*** – includes requirement that if federal funding decreases below 80%, coverage for new adults terminates.
- ❑ ***Funding Source*** – hospital assessment to cover state costs associated with Prop 204; frees up State monies to fund other needs.
- ❑ ***Pursue payment modernization opportunities*** – updates 22 year old inpatient payment system; includes price transparency requirements; acknowledges cannot increase enrollment without addressing payment reform.



# Wide Support for Governor's Plan

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- Governor reviewed every alternative to address rising uncompensated care burden associated with the Childless Adult freeze and sought broad stakeholder input
- Supporters included over 400 organizations:
  - State and Local Chambers of Commerce, business leaders
  - Economists
  - Faith-based leaders and organizations
  - Hospital industry
  - Physicians, nurses, behavioral health and other providers
  - Community organizations, families and individuals



# Journey to Restoration: Phase II

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## □ Challenges

- ***Petition to Refer Governor's Plan to ballot fails.*** Opponents unable to gather enough signatures by deadline (9-11-13).
- ***Prop. 108 requiring 2/3 legislative supermajority.*** Goldwater Institute files lawsuit representing 36 legislators claiming their votes were nullified because hospital assessment required supermajority. Supermajority 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.” Agencies have routinely been given fee authority, over 80 times in the past five years. Hospital assessment is ***not*** subject to Prop. 108.





# Moving Forward

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## The Transition Plan



**30 Years of Medicaid Innovation**  
Our first care is your health care  
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# Mapping Who Is Impacted

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- The AHCCCS program operates under an agreement with the federal government known as a Section 1115 Waiver.
- All states with 1115 waivers are required to submit a “Transition Plan” to map the transition of impacted populations in preparation for 2014.





# Arizona's Transition Plan

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- Most AHCCCS coverage groups will experience no change at all. Among the groups that will experience *no* change are:
  - Pregnant woman (150% FPL)
  - Infants 0-1 (140% FPL)
  - Children 1-5 (133% FPL)
  - Parents (0-100% FPL)
  - Aged, Blind, Disabled (100% FPL)
  - Adoption Assistance/Foster Care
  - Breast and Cervical Cancer Treatment Program
  - Freedom to Work (250% FPL)
  - ALTCS (300% FBR)



# Arizona's Transition Plan

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- The coverage groups that follow are identified as “transitioning” either because they are a new group or will experience some change:
  - ***Prop. 204 eligible Childless Adults between 0-100% FPL.***
    - Enrollment for this group is currently frozen.
    - Through the Governor's Medicaid Restoration Plan, the enrollment freeze will be lifted and coverage restored effective January 1, 2014.
    - Childless adults can begin applying anytime between October 1 through December.
    - No need to rush onto the system all at once on October 1. (It's a new system; give it some time to get up and running!)
    - The key is coverage is effective January 1.
    - Estimated to impact 240,000 Arizonans.



# Arizona's Transition Plan

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- ***New Adults between 100-133% FPL.***
  - This is a new eligibility category.
  - Coverage is effective January 1, 2014.
  - Adults can begin applying anytime between October 1 through December.
  - No need to rush onto the system all at once on October 1. (It's a new system; give it some time to get up and running!)
  - The key is coverage is effective January 1.
  - Estimated to impact 57,000 Arizonans



# Arizona's Transition Plan

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- ***Children ages 6-18 between 100-133% FPL.***
  - This is a new eligibility category.
  - Coverage is effective January 1, 2014.
  - Families can begin applying anytime between October 1 through December.
  - No need to rush! The key is coverage is effective January 1.
  - Estimated to impact nearly 50,000 children
- ***Young Adult Transitional Insurance (YATI).***
  - Covers former foster care children into young adulthood until age 21.
  - Beginning January 1, age limit changes to 26.
  - Youth do not need to take any action to maintain their eligibility in this group.



# Arizona's Transition Plan

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- ***Original KidsCare.*** This is Arizona's regular KidsCare program. Enrollment is currently frozen and will remain frozen in 2014 and beyond. This program does NOT go away.
- ***Children between 100-133% FPL go to Medicaid.***
  - Families do not need to take any action to do this. This is a simple administrative action.
  - Families will get a notice letting them know they are now in regular AHCCCS and no longer have a premium requirement.
  - This change is effective January 1, 2014.
- ***Children over 133% FPL stay in KidsCare.***
  - Everything stays the same!
  - Families do not need to take any action to stay in KidsCare.



# Arizona's Transition Plan

- ***KidsCare II.*** This is a temporary KidsCare program that is being funded through the Safety Net Care Pool and ends December 31, 2014.
- ***Children between 100-133% FPL go to Medicaid.***
  - Families do not need to take any action to do this. This is a simple administrative action.
  - Families will get a notice letting them know they are now in regular AHCCCS and no longer have a premium requirement.
  - This change is effective January 1, 2014.
- ***Children over 133% FPL go to Federally Facilitated Marketplace (FFM).***
  - Families will need to complete their application with the FFM where they will likely be eligible for premium tax credits and cost sharing reduction. This is not AHCCCS!
  - If AHCCCS can transfer their account electronically, we will!
  - This change is effective January 1, 2014.





# Moving Forward

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## Health-e-Arizona Plus:

- Streamlining Eligibility
- Improving Program Integrity
- Extending the Public/Private Partnership to Eligibility



# Streamlining Eligibility

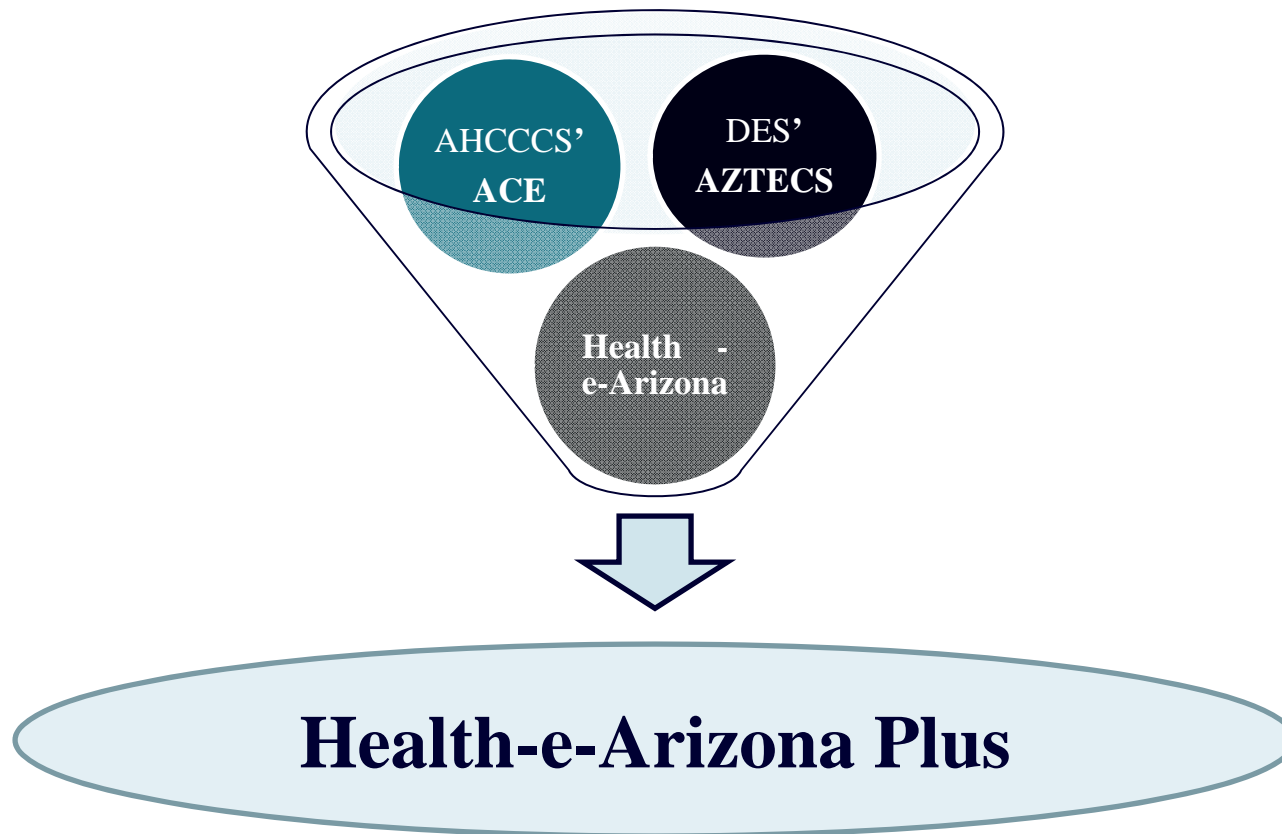
- ❑ AHCCCS Eligibility is determined by DES and AHCCCS.
- ❑ ACA requires states to change how income is calculated.
- ❑ Today, eligibility is determined using old legacy systems (AZTECS at DES – green screens!) and (ACE for AHCCCS).
- ❑ We also have Health-e-Arizona (HEA).
- ❑ Legacy systems could not accommodate the needed changes.
- ❑ HEA could be enhanced to meet the new needs.
- ❑ HEAplus is a modest change to an existing system that will look and feel familiar to the public.
- ❑ New focus on automation allows eligibility workers to manage special cases where hands-on assistance is necessary.





# New Application and Eligibility System

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# Streamlining Eligibility and Improving Program Integrity

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- ❑ Allows applicants to access Medicaid, SNAP and TANF.
- ❑ Accesses state and federal data hubs to increase “real-time” eligibility determinations.
- ❑ If the applicant’s information can be found through these data hubs, an eligibility determination can be made in real time!
- ❑ No more paper unless the applicant’s information cannot be found on these data hubs.
- ❑ HEAplus will tell you if we need more information, so **DON’T SCAN** anything unless HEAplus tell you to!



# Health-e-Arizona Plus (HEAplus): What changes can I expect?

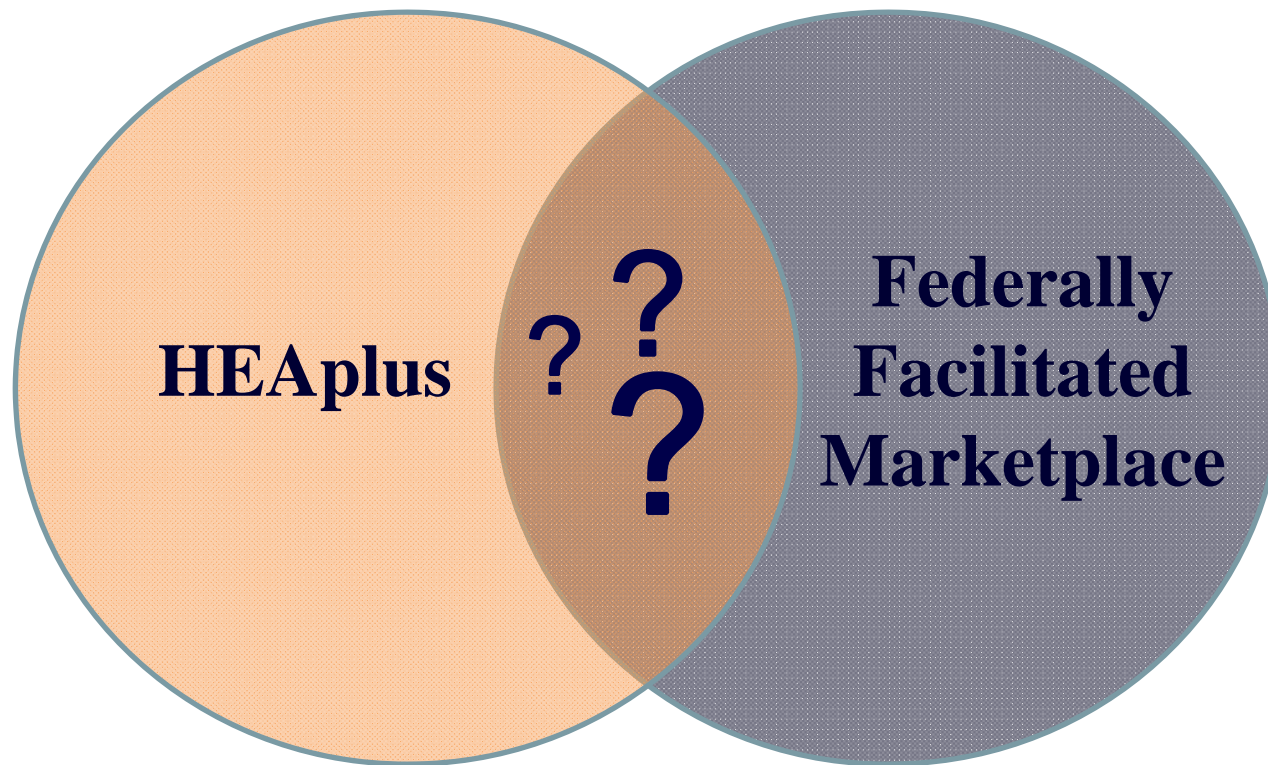
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- You'll need to answer some questions to verify you are who you say you are. This is called "ID proofing" and insures that your personal information is kept safe and secure.
- You won't need to bring paper! The system will check electronic sources for you, including citizenship and income. If the system brings back any information that isn't up to date or accurate, you'll have a chance to fix it.
- You can decide to receive your notices electronically if you like. The system can send you an email that you have a notice, then all you have to do is sign into HEAplus to view it.
- HEAplus replaces myfamilybenefits.gov, myahcccs.com, and the current HEA. You'll be able to do more in it than just apply for benefits and do your renewal, you can also:
  - Report Changes
  - Check your eligibility status, AHCCCS enrollment, and benefit amounts
  - Request a fair hearing



# Arizona Wants to Avoid Consumer Confusion

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# Arizona's Plan to Avoid Consumer Confusion

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**The following features and capabilities will be offered in association with Health-e-Arizona Plus**

- Community-Based Assistor Training and Support
- Consumer Supports such as:
  - Interactive Voice Response (IVR)
  - Call Center
  - Frequently Asked Questions
  - Help Text
  - Learn More information links
- A system that generally will feel familiar to applicants and those who assist them as it is based on Health-e-Arizona



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# Expanding the Public/Private Partnership

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- ❑ Today, HEA has 75 subscribers, representing over 300 different sites with over 1,000 employees known as “community assistors” trained by AHCCCS to assist applicants.
- ❑ Over 50 new organizations are signed up to become subscribers to HEAplus.
- ❑ Who can be a HEAplus subscriber? Anyone! Hospitals. Clinics. Faith-based groups. Community organizations. Counties.
- ❑ No more waiting in DES lobbies or using paper applications.
- ❑ Why be a subscriber? Be part of the process. Get ongoing training. Eligibility at your fingertips.





# Moving Forward

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# Medicaid vs. Marketplace



**30 Years of Medicaid Innovation**  
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## Federal Marketplace

Premium Tax Credits

Cost Sharing  
Reductions

Qualified Health Plan  
enrollment

Navigators/Certified  
Application Counselors



## Arizona

AHCCCS  
(Medicaid)

KidsCare  
(CHIP)

Health-e-Arizona Plus



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# Many Programs are Accessed Through Health-e-Arizona Plus

Start Here

## Health-e-Arizona Plus

FFM

SNAP

TANF

Clinic SFS

County CAP

AHCCCS & KidsCare

PTC

CSR

Private Insurance (No Subsidy)

SHOP

Apply for

Referral to FFM

Link to FFM

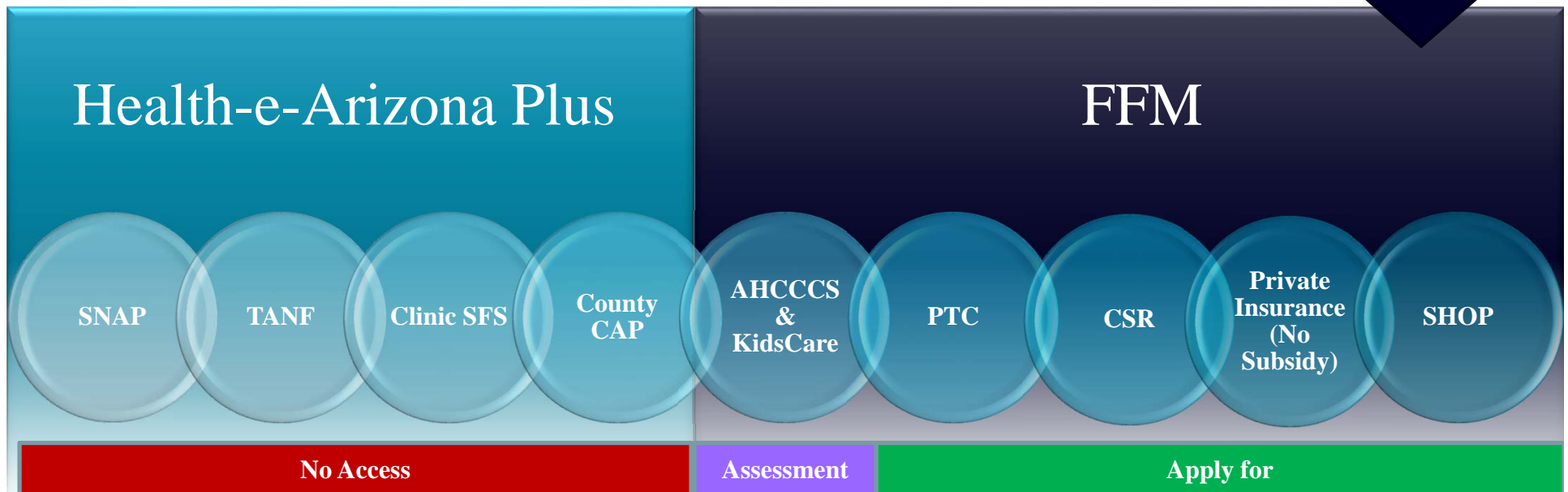
SNAP = Supplemental Nutrition Assistance Program (Nutrition Assistance)  
TANF = Temporary Assistance for Needy Families (Cash Assistance)  
Clinic SFS = Clinic-based Sliding Fee Scale programs  
County CAP = County-based Community Assistance Programs (CAP)(Pima and Santa Cruz Counties)  
PTC = Premium Tax Credit Program  
CSR= Cost Sharing Reduction Program  
SHOP = Small Business Health Opportunities Program



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# Applications Started at the FFM

Start Here



SNAP = Supplemental Nutrition Assistance Program (Nutrition Assistance)  
 TANF = Temporary Assistance for Needy Families (Cash Assistance)  
 Clinic SFS = Clinic-based Sliding Fee Scale programs  
 County CAP = County-based Community Assistance Programs (CAP)(Pima and Santa Cruz Counties)  
 PTC = Premium Tax Credit Program  
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 SHOP = Small Business Health Opportunities Program



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# Medicaid vs. Marketplace

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- What if an applicant is determined not eligible for AHCCCS? Will the application automatically be sent to the Marketplace for review, or does the applicant have to do something more?
  - AHCCCS will automatically transfer applications for people *not* AHCCCS eligible to the Federally-facilitated Marketplace for review.
  - Right now, AHCCCS expects to be able to transfer this information to the Marketplace starting October 1<sup>st</sup>.
  - Early in the open enrollment period, there may be some delay in the transmission of these accounts.
  - This should give the Marketplace time to finish processing the application in time for the individual to get coverage starting on January 1, 2014 (the first date coverage is available in Marketplace).



# Medicaid vs. Marketplace

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- If the applicant is not eligible for AHCCCS and AHCCCS transfers the application to the Marketplace for review, what does the applicant have to do?
  - Applicants will need to go to [www.healthcare.gov](http://www.healthcare.gov) to open an account in the Marketplace.
  - You can do this as soon as you find out your application will be transferred. This will help get the processing going at the Marketplace.
  - Remember, Marketplace coverage is not effective until January 1, 2014.



# Medicaid vs. Marketplace

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- What happens if an applicant applies for coverage through the Marketplace website but the Marketplace screens the applicant as AHCCCS eligible?
  - The Marketplace will *not* make AHCCCS eligibility determinations.
  - If applicant screens AHCCCS eligible, the Marketplace will send the application to AHCCCS without the person having to do anything.
  - Early in the open enrollment period, there may be some delay in the transmission of this information from the Marketplace to the State.
  - AHCCCS is awaiting a date by which the federal government expects that AHCCCS will start receiving those applications from the Marketplace. Applicants should hear from AHCCCS shortly after that.



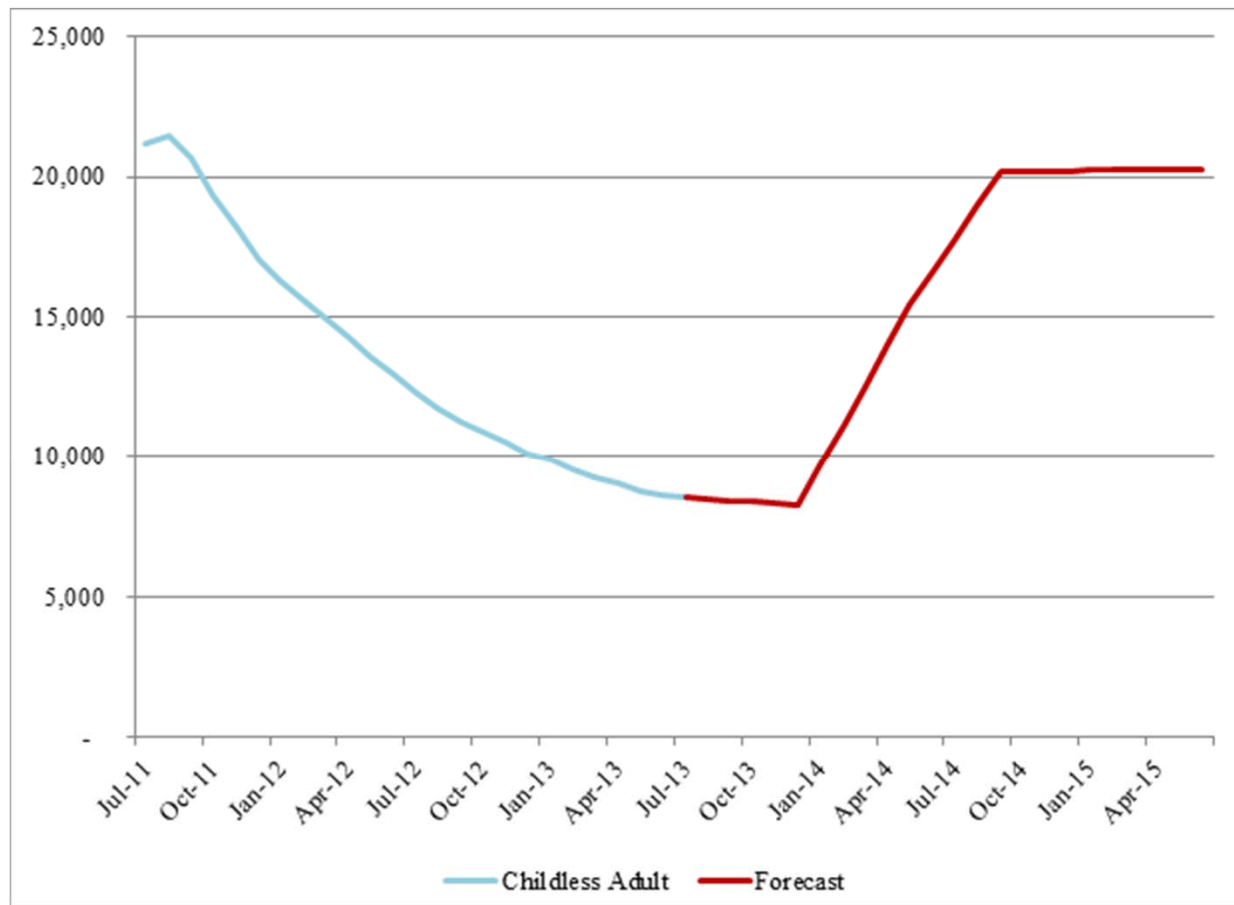
# Medicaid vs. Marketplace

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- Can “Navigators” help me apply for AHCCCS?
  - No. Navigators are there to help people apply for Marketplace coverage. Navigators are not part of the AHCCCS program.
  - However, some navigators may also be trained as community assistors for HEAplus and can help with AHCCCS coverage.
- Should I use HEAplus or the FFM to apply for coverage?
  - Once all systems are up and running, this will not be an issue. There will be no wrong door. Applicants will end up in the right place.
  - As these new systems are launching, however, it is best to apply using HEAplus if you or the person you are assisting is likely to meet the AHCCCS income requirements. This also allows that applicant to apply for SNAP and TANF. You cannot apply for SNAP and TANF through the Marketplace.



# Unique Issues Facing American Indians



# Unique Issues Facing American Indians

- AHCCCS:
  - Childless adult restoration impact: approx. 12,000.
  - New adults impact: approx. 10,000.
- Marketplace coverage is available for American Indians:
  - Although American Indians are exempt from the individual mandate requiring people to purchase insurance, having coverage provides a new funding stream and strengthens systems like I.H.S. and 638 facilities; this is important because of traditional under-funding and sequester cuts.
  - American Indians below 300% FPL enrolled in Qualified Health Plans on the Marketplace will not have any cost sharing (e.g., copays, deductibles). There is no cost sharing for services received from I.H.S. and 638 facilities
  - AI/AN will have to pay premiums for Marketplace coverage, but tax credits are available for people between 100-400% FPL and premiums are capped for American Indians with income below 400% FPL.
  - The Marketplace allows open enrollment on a monthly basis for AI/ANs.





# What to Remember

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- ❑ **The key date to remember is JANUARY 1, 2014.**
- ❑ Although you keep hearing news about October 1, remember, coverage for Childless adults and new adults is effective January 1, 2014.
- ❑ So take a deep breath!
- ❑ You don't have to sign everyone up all at once on October 1.
- ❑ These are new systems, so it is best if you give it some time and let the system get up and running.
- ❑ Whether you enroll on October 1 or December 1, new coverage for Childless adults and new adults doesn't take effect until January 1, 2014.
- ❑ And with HEAplus offering real-time eligibility determinations in many cases, you will hear right away if you are eligible.
- ❑ So let the system get up and running.



# More Information

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- AHCCCS has a website with additional details:  
<http://www.azahcccs.gov/publicnotices/MovingForward.aspx>
- For more information on becoming a HEAplus subscriber:  
<http://www.azahcccs.gov/community/Health-e-Arizona/contracted.aspx>
- CMS has a website with information about the Federally Facilitated Marketplace (FFM): [www.healthcare.gov](http://www.healthcare.gov). To find local help, the FFM provides this site:  
<https://localhelp.healthcare.gov/>
- Cover Arizona has a website with information about the FFM specific to AZ: <http://coveraz.org/>

