

December 23, 2022

The Honorable Karen Fann
President of the Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable Russell Bowers
Speaker of the Arizona State House of Representatives
1700 W. Washington
Phoenix, AZ 85007

The Honorable David Gowan
Chairman of the Senate Appropriations Committee
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable Regina Cobb
Chairman of the House Appropriations Committee
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

Dear President Fann, Speaker Bowers, and Chairmen Gowan and Cobb:

Pursuant to A.R.S. § 36-2925, subsection H, AHCCCS is submitting this status report on the agreement between AHCCCS and the State of Hawaii for data processing activities using the AHCCCS Prepaid Medicaid Management Information System (PMMIS). This report summarizes the financial and operational activities for the Interstate Agreement between AHCCCS and the Med-QUEST Division/Department of Human Services for Hawaii.

In accordance with A.R.S. § 36-2927, Intergovernmental Services Funds have been set up to deposit the monies received from Hawaii and to account for the expenditures that are incurred on its behalf. Chart 1 (attached) summarizes the revenues and expenditures of monies from these funds for State Fiscal Year (SFY) 2022.

We currently work with Hawaii on the following:

1. On-going Hawaii Operations and Maintenance Support. Arizona continues to provide support for ongoing operations and maintenance for the Hawaii PMMIS (HPMMIS). Hawaii is charged for work done by the AHCCCS Information Technology (IT) staff and independent contractors, a designated percentage of other specified AHCCCS personnel in IT, direct Hawaii costs, and a portion of AHCCCS indirect operating costs which benefit the project.

2. Medicaid and Children's Health Insurance Program Business Information Solutions (MACBIS). This project better enables the states to collect data in a more timely and synchronized manner to create an integrated view of the programs for better decision-making. This project has been implemented for both States. There are ongoing data needs and data improvements as requested by CMS that are currently in process.

3. Electronic Validation and Verification. The EVV project is a CMS mandated project to help eliminate fraud and abuse of services rendered in a home setting. Section 12006(a) of the 21st Century Cures Act mandates that states implement EVV for all Medicaid personal care services (PCS) and home health services that require an in-home visit by a provider. This project has been implemented and is currently in a maintenance and operations phase.

4. On-going Hawaii Operations and Maintenance Support for the Data Warehouse Systems. Arizona continues to provide support for the Hawaii Decision Support System.

5. Provider Registration Module Replacement. This project modernizes the systems and processes which AHCCCS and Hawaii use to register providers. The goal of this project is to transform the process from a paper-based registration process to a self-service electronic process. The aim is to decrease the work load on both the provider community and the states while decreasing registration time. This system was rolled out in August of 2020 and is in full use by both states. The system received CMS certification and approval for enhanced funding on September 14, 2021.

6. Medicaid Enterprise System Roadmap. The PMMIS and HPMMIS are run on technology that is in excess of 30 years old. The continued support of this technology is at risk due to the lack of trained personnel entering the workforce. As a result, both states have entered into an agreement to research how to further our partnership and modernize the technology that supports both states.

HAPA Savings

Financial activities for the HAPA Savings fund, which was set up to track the dollars related to the savings achieved due to the HAPA Project, are illustrated in Chart 1A (attached).

Project Summary

As a result of this joint venture, both states have been able to share costs, knowledge and strategies for more efficient day to day operations as well as for special projects. We continue to serve as a model for other state joint ventures and look forward to many more years working together with continued success.

If you have any questions regarding this report or the project itself, please feel free to contact me at (602) 417-4277.

Sincerely,



Dan Lippert
AHCCCS, Assistant Director/Chief Information Officer

Cc: Matt Gress, Director, Governor's Office of Strategic Planning and Budgeting
Cameron Dodd, Budget Analyst, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Art Harding, Director of Legislative Affairs, Office of the Governor

AHCCCS Hawaii Intergovernmental Service Funds
Revenues/Expenditures and Fund Balance
State Fiscal Year 2022
Chart 1

Chart 1A

Fund 2439-HAPA Savings			
Revenues/Expenditures		Fund Balance	
Revenues			
Indirect Transfers In*	\$ 294,480	Beginning Fund Balance FY 2022	\$ 1,450,383
Personal Services & ERE**	534,740		
	<u>829,220</u>	Expenditures in Excess of Revenues	<u>(529,780)</u>
Expenditures			
Salary & ERE	1,359,000	Ending Fund Balance FY 2022	\$ <u>920,603</u>
Other Professional & Outside Services	-		
Travel - In-State	-		
External Programming - Mainframe	-		
Repair & Maintenance	-		
Software Support & Maintenance	-		
Capital Equipment	-		
Non Capital Equipment	-		
Other	-		
Operating Transfers	-		
	<u>1,359,000</u>		
Expenditures in Excess of Revenue	\$ <u>(529,780)</u>		

* State Match portion of designated AHCCCS Operating Costs which are allocated and charged to Hawaii
** State Match portion of employees' salaries representing work done on the HAPA project charged back to Hawaii

Chart 1B

Fund 2442-ISA #3 (Ongoing Operations, Data Warehouse, Electronic Visit Verification, Interoperability, Provider Management, MES Modernization, Data Analytics Program Integrity, Security Implementation)			
Revenues/Expenditures		Fund Balance	
Revenues			
Advanced from HI for expenditures	\$ 9,813,557	Beginning Fund Balance FY 2022	\$ 2,703,705
Interest earned on HI fund balance	11,654		
	<u>9,825,211</u>	Expenditures in Excess of Revenues	<u>(759,109)</u>
		Ending Fund Balance FY 2022	\$ <u>1,944,596</u>
Expenditures			
Personal Services & ERE	2,537,791		
Professional & Outside Services	1,071,456		
External Programming-Mainframe	723,666		
Travel	1,546		
Internal Service-Data Processing	2,395,535		
Software Support & Maintenance	2,378,746		
Capital & Non Capital Equipment	-		
Indirect Cost Transfers Out	1,475,580		
Other	-		
	<u>10,584,320</u>		
Expenditures in Excess of Revenue	\$ <u>(759,109)</u>		

Note: This fund is comprised of deposits from Hawaii that are contractually restricted for Hawaii's use to pay its share of PMMIS and other expenditures.

12/23/2022 10:29 AM

FY22 RevExp Chart for Annual Report (2) Annual Activity