

December 27, 2018

The Honorable Steve Yarbrough, President  
Arizona State Senate  
1700 W. Washington  
Phoenix, AZ 85007

The Honorable Javan D. Mesnard, Speaker of the House  
Arizona House of Representatives  
1700 W. Washington  
Phoenix, AZ 85007

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

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

Dear President Yarbrough, Speaker Mesnard, and Chairmen Livingston and Kavanagh:

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 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) 2018.

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 HPMMIS system. 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. Analysis continues for the Health Insurance Portability and Accountability Act (HIPAA) transaction standards changes in the latest version 7030.
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. The 1095-B process for reporting insurance coverage to the IRS. This is a federal mandate that requires annual changes. The current tax year is in development for Arizona and Hawaii.
6. Provider Registration Module Replacement. This project will modernize the system and process AHCCCS and Hawaii uses to register providers. The goal of this project is transform the process from a paper based approach to a self-service electronic process. The aim is to decrease the work load on both the provider community and the State while decreasing the registration time. A vendor has been chosen for this project and is in the beginning development stages.
7. Social Security Number Replacement Initiative (SSNRI). This is a federal mandate to implement a new identification number in replacement of SSN for Medicare members who are dually eligible for Medicare and Medicaid. The new number will be used for data exchanges with members, providers, and health plans.

### **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 which is attached. For Fiscal Year 2018 we were able to add over \$939,000 to the fund as a result of shared costs and work performed for Hawaii.

### **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 successes.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'DL', with a long horizontal flourish extending to the right.

Dan Lippert  
AHCCCS, Assistant Director/Chief Information Officer

Enclosure

Cc: Matt Gress, Director, Governor's Office of Strategic Planning and Budgeting  
Bret Cloninger, Assistant Director, Governor's Office of Strategic Planning and Budgeting  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Christina Corieri, Senior Policy Advisor, Office of the Governor

**AHCCCS Hawaii Intergovernmental Service Funds**  
**Revenues/Expenditures and Fund Balance**  
**Fiscal Year 2018**  
**Chart 1**

**Chart 1A**

**Fund 2439-HAPA Savings**

<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
<b>Revenues</b>			
Indirect Transfers In*	\$ 294,500	Beginning Fund Balance FY 2018	\$ 1,659,793
Personal Services & ERE**	644,910		
	<u>939,410</u>	Expenditures in Excess of Revenues	<u>1,005,492</u>
<b>Expenditures</b>			
Salary & ERE	(87,158)	Ending Fund Balance FY 2018	\$ <u>2,665,285</u>
Other Professional & Outside Services	-		
Travel - In-State	-		
External Programming - Mainframe	-		
Repair & Maintenance	-		
Software Support & Maintenance	-		
Capital Equipment	-		
Non Capital Equipment	-		
Other	21,075		
Operating Transfers	-		
	<u>(66,083)</u>		
<b>Revenues in Excess of Expenditures</b>	<b>\$ <u>1,005,492</u></b>		

\* 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, Data Warehouse/Decision Support System, ICD-10,  
Transformed Medical Statistical Information System, Program Integrity, Security Enhancement )**

<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
<b>Revenues</b>			
Advanced from HI for expenditures	\$ 7,524,041	Beginning Fund Balance FY 2018	\$ 796,248
Interest earned on HI fund balance	16,776		
	<u>7,540,817</u>	Expenditures in Excess of Revenues	<u>287,912</u>
<b>Expenditures</b>			
Personal Services & ERE	2,981,338	Ending Fund Balance FY 2018	\$ <u>1,084,161</u>
Professional & Outside Services	12,107		
External Programming-Mainframe	625,414		
Travel	947		
Internal Service-Data Processing	2,058,257		
Software Support & Maintenance	651,641		
Capital & Non Capital Equipment	-		
Indirect Cost Transfers Out	923,200		
Other	-		
	<u>7,252,904</u>		
<b>Revenues in Excess of Expenditures</b>	<b>\$ <u>287,912</u></b>		

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.