



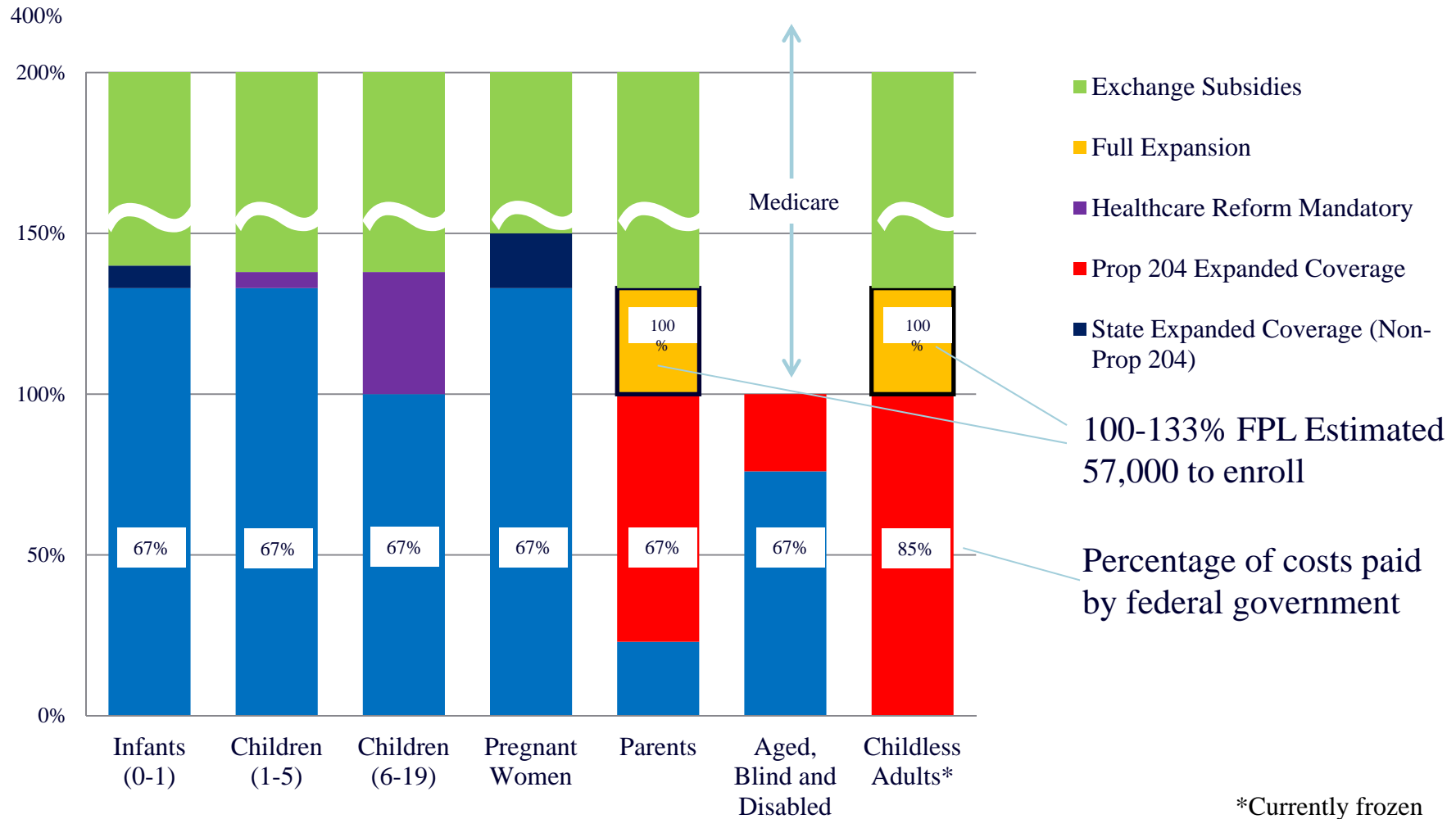
AHCCCS Update



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Arizona Health Care Cost Containment System

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

Medicaid and ACA Populations

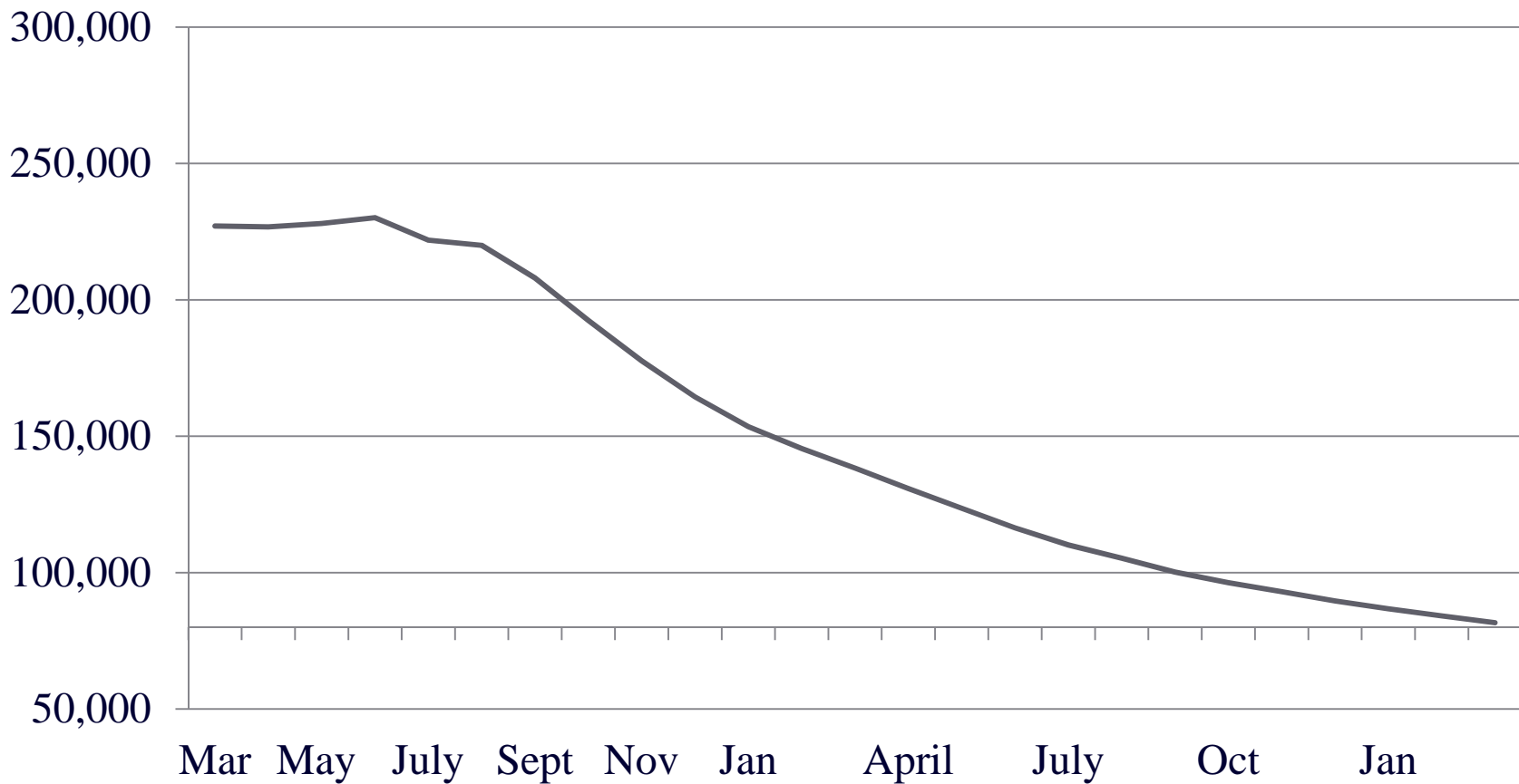


AHCCCS Coverage History

- Mid 1990s – Governor Symington proposed eligibility increase to 100% - leverage state only spending
- 1996 Initiative approved by voters after lack of support by legislature
- 2000 Initiative passed by voters after state unable to implement 1996 initiative
- 2001 – coverage up to 100% implemented
- 2010 – ACA passes with coverage up to 133%
- 2011 – State imposes freeze – insufficient resources
- 2012 – US Supreme Court ruling on ACA



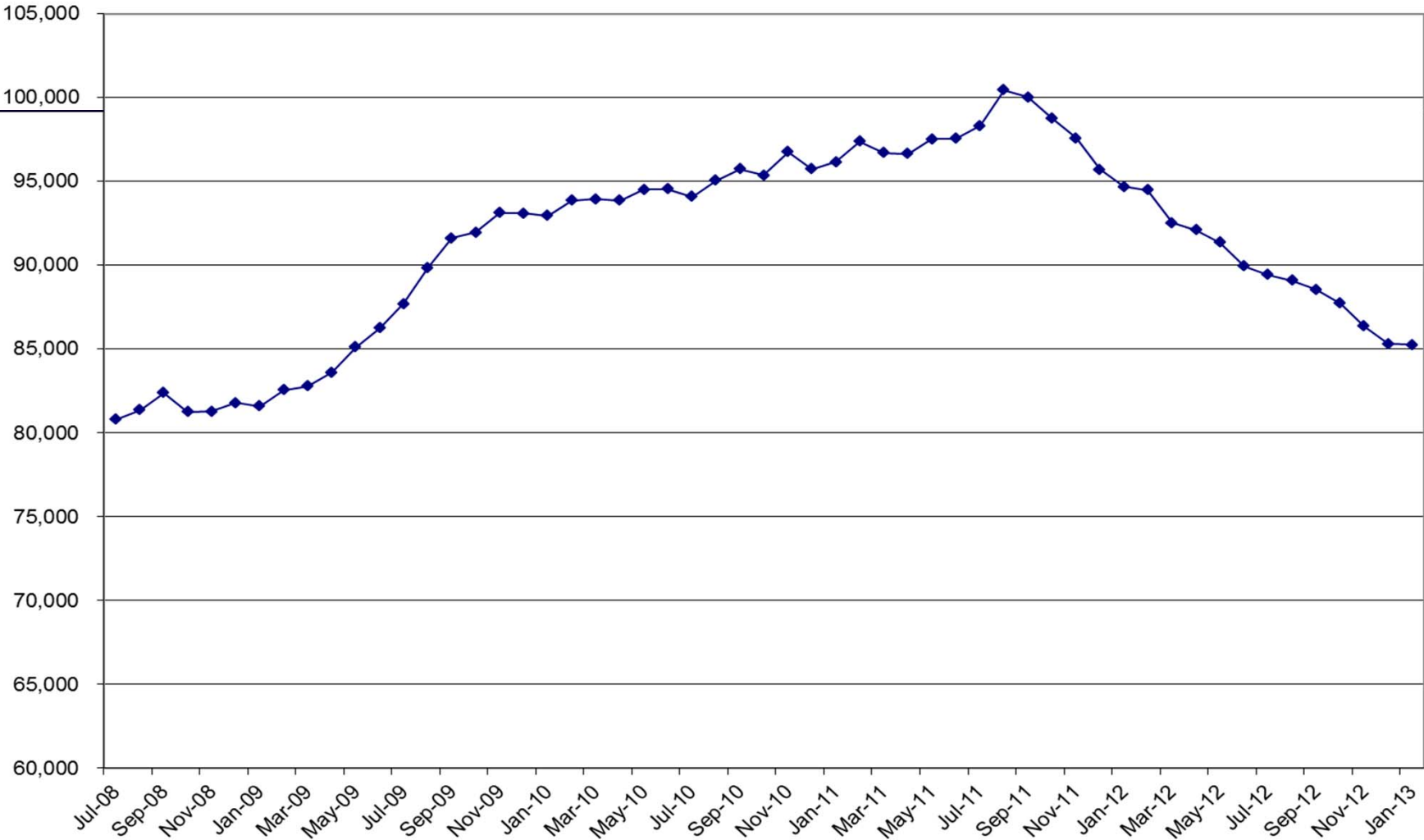
Childless Adult Population



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AHCCCS AIHP Enrollment



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AHCCCS Coverage

- In her State of the State Governor Brewer called for the legislature to restore Proposition 204 coverage and provide coverage up to 133%
- This would provide coverage for about 300,000 statewide
- Proposal would provide about \$1.7 billion in federal funds to support healthcare in AZ
- Circuit Breaker – proposal includes requirement that if federal funding decrease below 80% for childless adults coverage terminates
- Funding Source – Executive proposal includes hospital assessment to cover state costs associated with Prop 204 – Replace City of Phoenix assessment



Childless Adult Expenditure Data

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



Impact of Prop 204 Coverage Elimination

Based on FFY 2011 Spend (3 months of freeze) - \$1.7 B

- ❑ Hospitals \$720 million – 38 Non Maricopa/Pima Hospitals - \$160 m (See handout for details) – I.H.S – 638 > \$70 m
- ❑ Physicians/Clinicians - \$283 million - \$50 m greater AZ
- ❑ Behavioral Health - \$125 million - \$27 m greater AZ
- ❑ Emergency and Non-Emergency Transportation - \$80 m
- ❑ Radiology and Lab - \$72 m

Waiver Authority Expiring 1-1-14

- ❑ Hospital Uncompensated Care Funding – I.H.S Funding
- ❑ Authority to cover Childless Adults





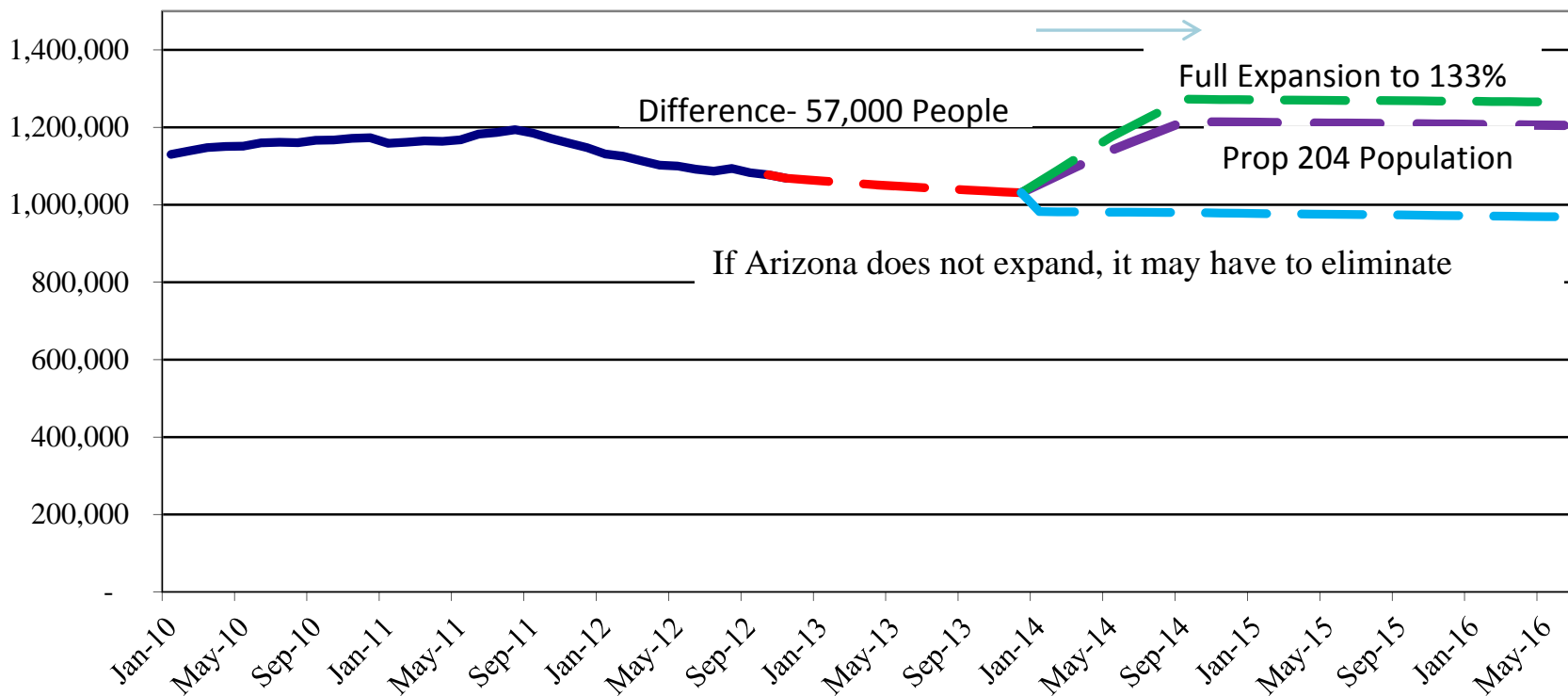
See Hospital Handout



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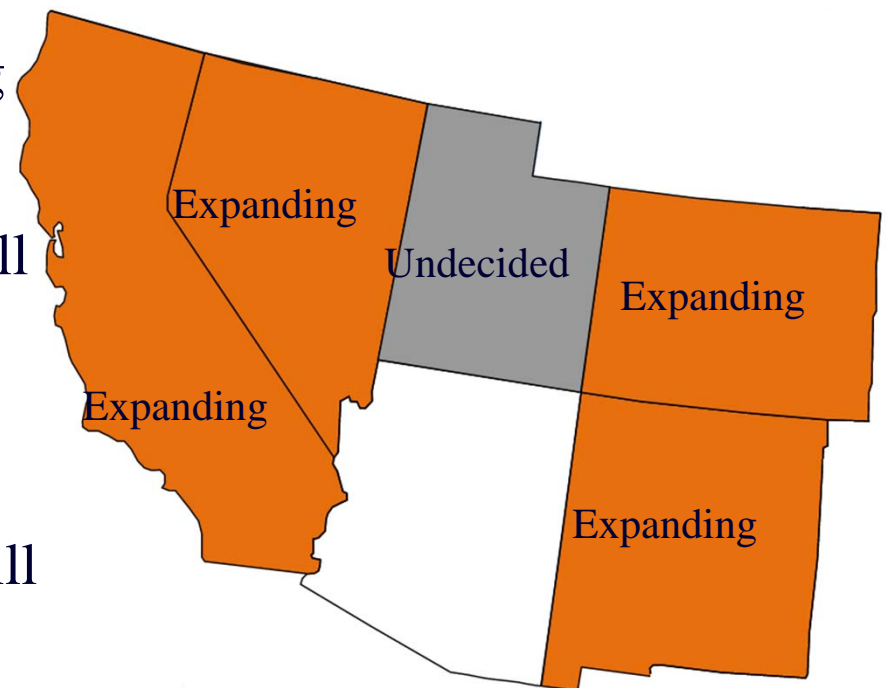
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Relatively Minor Tweak to Populations Already Covered by Arizona Voters



Expanding will Maintain Arizona's Economic Competitiveness

- Almost all of Arizona's neighboring states are expanding
- Not expanding will expose Arizona to uncompensated care costs that will impact the cost and quality of care
- This cost will hurt Arizona in economic competition with other states
- Taxes from non-expanding states will fund Medicaid growth in expanding states creating a wealth shift



Medicaid Expansion Funding Impacts

	FY 2014	FY 2015	FY 2016
State Match Increase	\$27 million	\$154 million	\$105 million
Provider Assessment	(\$82 million)	(\$256 million)	(\$224 million)
Increase in Existing Premium Tax	<u>(\$7 million)</u>	<u>(\$34 million)</u>	<u>(\$36 million)</u>
Net Impact on GF	(\$62 million)	(\$136 million)	(\$155 million)
Federal Match	\$337 million	\$1.556 billion	\$1.712 billion



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Impact to Arizonans

- Working Childless Adult age 55 – “I was born and raised in Arizona, lived here all my 55 years. I have worked and raised a family. I have come down with Hep C and if I don’t get treatment I will die. I can’t work full time any longer because of my illness. I can’t afford treatment. I guess I don’t have a choice but to die thanks to this state I have called home all my life. Still working part time paying into the system, just waiting to die.”
- 14 County Sheriffs sent a letter on Feb 11th – “Deputies in the field are also seeing the impacts of the untreated mental health conditions among those who no longer qualify for AHCCCS/Medicaid. Formerly stable people with mild to moderate mental health disorders are taxing the resources of deputies, often unnecessarily...“Making AHCCCS/Medicaid services more accessible to more Arizonans who are struggling economically will benefit the communities as a whole, as well as public safety in general. Thus we support your proposal...”



AHCCCS Prop 204 Restoration and Medicaid Coverage

- ***Honor the will of the Voters*** – twice have approved coverage for low income Arizonans – up to 100%
- ***Keeps Arizona Economically competitive*** – Arizona families and businesses have to support uncompensated care – states that expand Medicaid have competitive advantage
- ***Protect rural, safety net and healthcare infrastructure*** - AHCCCS is an integrated system and the impact of a continued freeze will be dramatic on the delivery system all Arizonans enjoy
- ***AHCCCS part of sustainability solution*** – Healthcare financing is a national policy dilemma that requires a federal solution – AHCCCS is nationally recognized system and similar efficiency levels should be achieved elsewhere
- ***Achieve healthier Arizona*** – New England Journal of Medicine found AHCCCS expansion saved lives and coverage also supports lower costs of care for patients



AHCCCS is part of the Solution

- ❑ Conservative managed care principles based on competition and choice
- ❑ “Gold Standard” for managed care
- ❑ Error rates well below national average
- ❑ Quality performance measures above national averages
- ❑ #1 ranking nationally for Medicaid Developmentally Disabled program – United Cerebral Palsy 2012 Report
- ❑ High member satisfaction – less than 3% switch plans
- ❑ Strong Competition to participate in the program
- ❑ One of the highest rates of community placement nationally for those at risk of institutionalization
- ❑ National leader in Integrated delivery system for Dual eligible
- ❑ Very strong provider participation rates

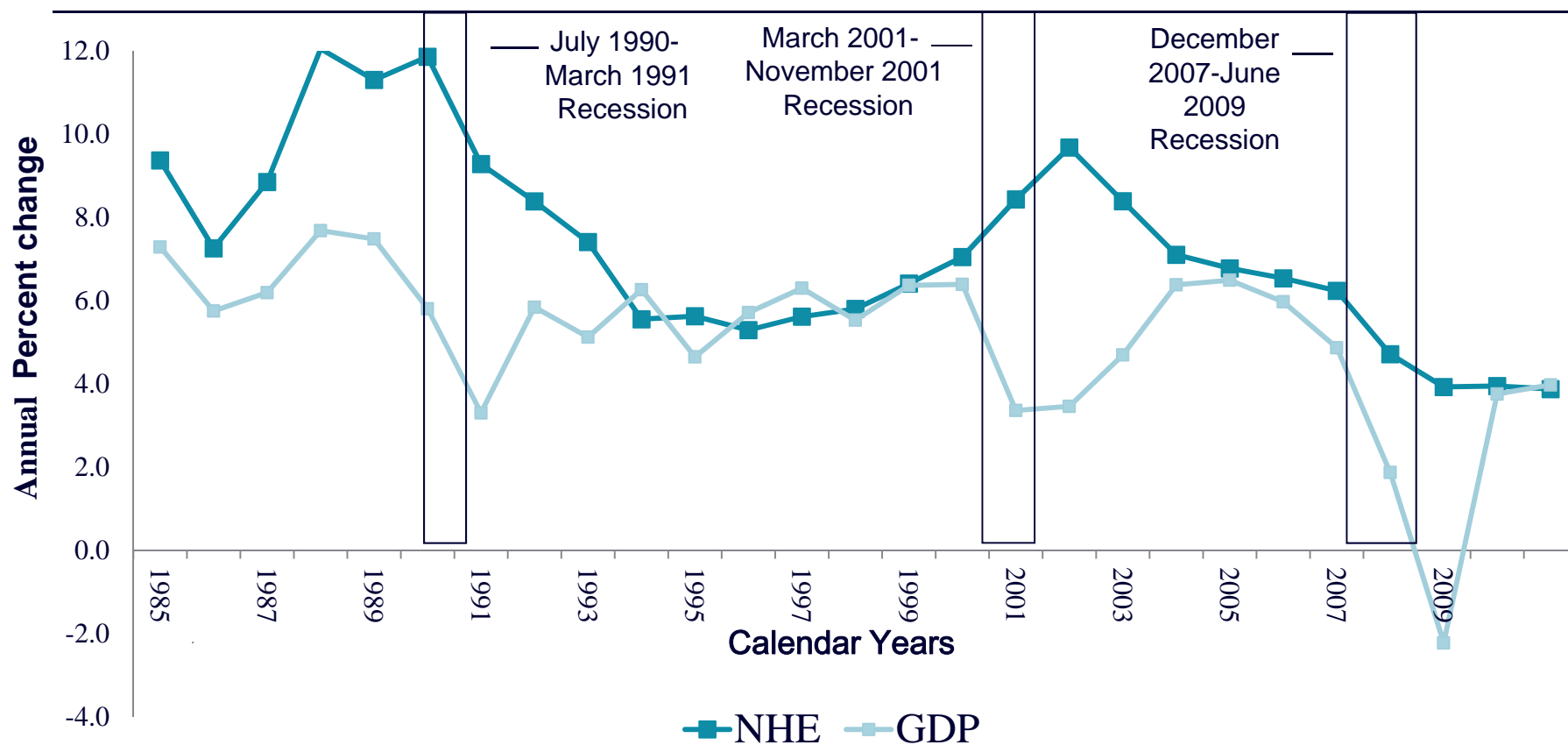


Waiver Update

- ❑ Projected to provides roughly (\$100 m) over 21 month period for uncompensated care
- ❑ 23,000 American Indian Childless Adults – now less than 7,000
- ❑ Provided I.H.S and 638 facilities with 2 options to receive funding
- ❑ Paid out \$50 million to date statewide
- ❑ Some Option 1 Facilities need to be more timely
- ❑ Waiver is set to expire on 1-1-14



Growth in National Health Expenditures and Gross Domestic Product (GDP), 1985-2011



SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group, U.S Department of Commerce, Bureau of Economic Analysis and National Bureau of Economic Research, Inc.



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Other ACA Updates

- Proposed Eligibility Rule released
 - Concerns about timing – dates slipping
 - Concerns about benefit packages
- Work on Physician payment for 1-1-13 continues
- Working with DES on staff and consumer training for post 1-1-14 world



Care Management Update

- ❑ Starting to review utilization data with specific facilities
- ❑ Want to start evaluating getting more data on AIR claims from facilities – NDC data
- ❑ Developing care management strategic plan





Triple Crown Procurements

October 1, 2013 start date for potentially 5 years

- ❑ Maricopa RBHA – \$5 billion plus
- ❑ Statewide Acute Care – roughly \$33 billion (with expansion)
- ❑ CRS Program - \$1.0 billion



Triple Crown

- Maricopa RBHA (DHS)
 - All traditional BH services –
 - Children’s and General Mental Health/Substance Abuse
 - Members with Serious Mental Illness
 - All traditional behavioral health services
 - All Medicaid Physical Health Services
 - Must be a Medicare Advantage Special Needs Plan or be willing to participate in Duals Demonstration
 - 5 Responders to RFP – Magellan – United – Cenpatico – Mercy Maricopa Integrated – Partners in Integrated Health



Duals Demonstration Update

- AHCCCS submitted Demonstration Proposal to CMS for:
 - ALTCS EPD –1-1-14 – Existing Contractors – Statewide
 - Maricopa Members with SMI – 1-1-14
 - Acute Care Members – 1-1-14 – Statewide
 - American Indians in FFS exempt
- GOAL: 1-1-14 - 100,000 dual eligible individuals will be in an integrated plan
- AHCCCS on Dual Track for Duals – If no Demo plans must be SNPs
- Recent Letter on web to CMS stating concerns – decision by April
 - January 1, 2014 cannot slip
 - What happens in 3 years – path forward
 - Capitation Rates





See Handout on Bid Submissions



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RFP Milestone Dates

Activity	Date
RFP Issued	November 1, 2012
Prospective Offerors' Conference and Technical Interface Meeting	November 9, 2012
First Set of Technical Assistance and RFP Questions Due	November 14, 2012
RFP Amendment Including Responses to RFP Questions Issued On or Before	November 27, 2012
Second Set of Technical Assistance and RFP Questions Due	December 10, 2012
Second Amendment Including Responses to RFP Questions Issued On or Before	December 19, 2012
Proposals Due by 3:00 p.m. Arizona time	January 28, 2013
Contracts Awarded On or Before	March 22, 2013
Readiness Reviews Begin On or After	April 1, 2013
New Contracts Effective	October 1, 2013



Contracts to be Awarded

GSA #	County or Counties	Number of Awards
2	Yuma, La Paz	Maximum of 2
4	Apache, Coconino, Mohave, and Navajo	Maximum of 2
6	Yavapai	Maximum of 2
8	Gila, Pinal	Maximum of 2
10	Pima, Santa Cruz*	Maximum of 5
12	Maricopa	Maximum of 7
14	Graham, Greenlee, Cochise	Maximum of 2

*Two contracts will be awarded in Santa Cruz County from the five Pima contract awardees.





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