

January 8, 2023

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

The Honorable Ben Toma
Speaker of the Arizona State 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 Petersen, Speaker Toma, and Chairmen Kavanagh and Livingston:

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) 2023.

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. **On-going Hawaii Operations and Maintenance Support for the Data Warehouse Systems.** Arizona continues to provide support for the Hawaii Decision Support System.
4. **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. The roadmap is living document that requires updates as technology changes and portions of the roadmap are implemented.
5. **Medicaid Enterprise System Modernization:** This is largest joint state task. The states have begun modernizing the 30 year old system. We are actively working on phase 1 which is system integration. A system integrator has been onboarded and work has started. The goal of the system integrator is to link all individual pieces of the MES together to make them a seamless, integrated system. Modules include, provider registration, HPMMIS, data warehouse, operational data store, electronic data interchange, and many others.

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: Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting
Cameron Dodd, Budget Manager, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Zaida Dedolph Piccoro, Health Policy Advisor, Office of the Governor

AHCCCS Hawaii Intergovernmental Service Funds
 Revenues/Expenditures and Fund Balance
 State Fiscal Year 2023
 Chart 1

Chart 1A

<i>Fund 2439-HAPA Savings</i>			
<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
Revenues			
Indirect Transfers In*	\$ 520,800	Beginning Fund Balance FY 2023	\$ 920,603
Personal Services & ERE**	730,804		
	<u>1,251,604</u>	Revenues in Excess of Expenditures	<u>1,351,604</u>
Expenditures			
Salary & ERE	(100,000)	Ending Fund Balance FY 2023	\$ <u>2,272,207</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>(100,000)</u>		
Revenues in Excess of Expenditures	\$ <u>1,351,604</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

<i>Fund 2442-ISA #3 (Ongoing Operations, Data Warehouse, Electronic Visit Verification, Interoperability, Provider Management, MES Modernization, Data Analytics Program Integrity, Security Implementation)</i>			
<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
Revenues			
Advanced from HI for expenditures	\$ 11,407,744	Beginning Fund Balance FY 2023	\$ 1,944,596
Interest earned on HI fund balance	53,498		
	<u>11,461,242</u>	Expenditures in Excess of Revenues	<u>(876,021)</u>
Expenditures			
Personal Services & ERE	2,801,262	Ending Fund Balance FY 2023	\$ <u>1,068,575</u>
Professional & Outside Services	1,999,627		
External Programming-Mainframe	795,119		
Travel	4,315		
Internal Service-Data Processing	2,233,696		
Software Support & Maintenance	2,043,604		
Capital & Non Capital Equipment	-		
Indirect Cost Transfers Out	2,459,640		
Other	-		
	<u>12,337,263</u>		
Expenditures in Excess of Revenue	\$ <u>(876,021)</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.