



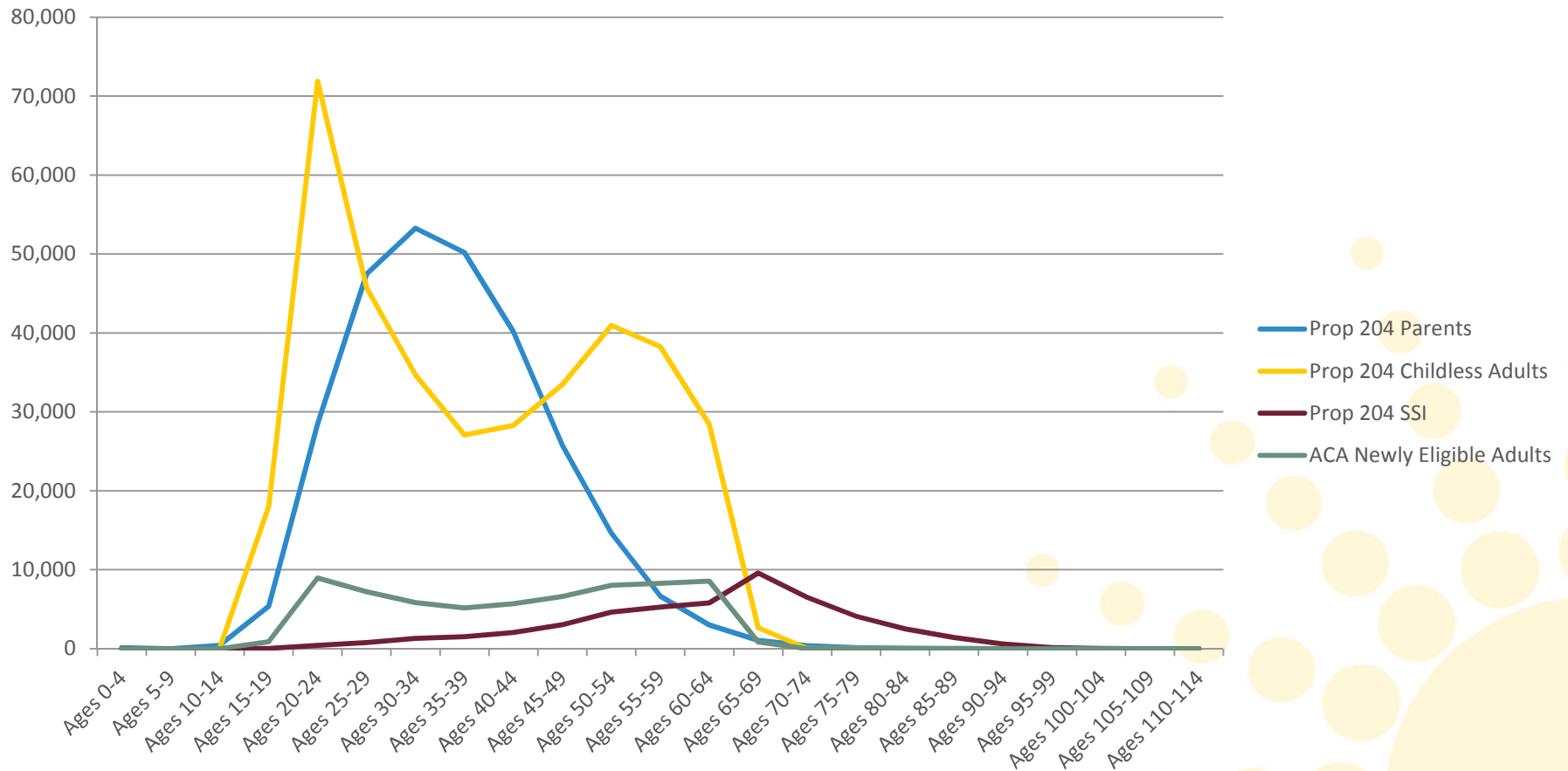
AHCCCS Update



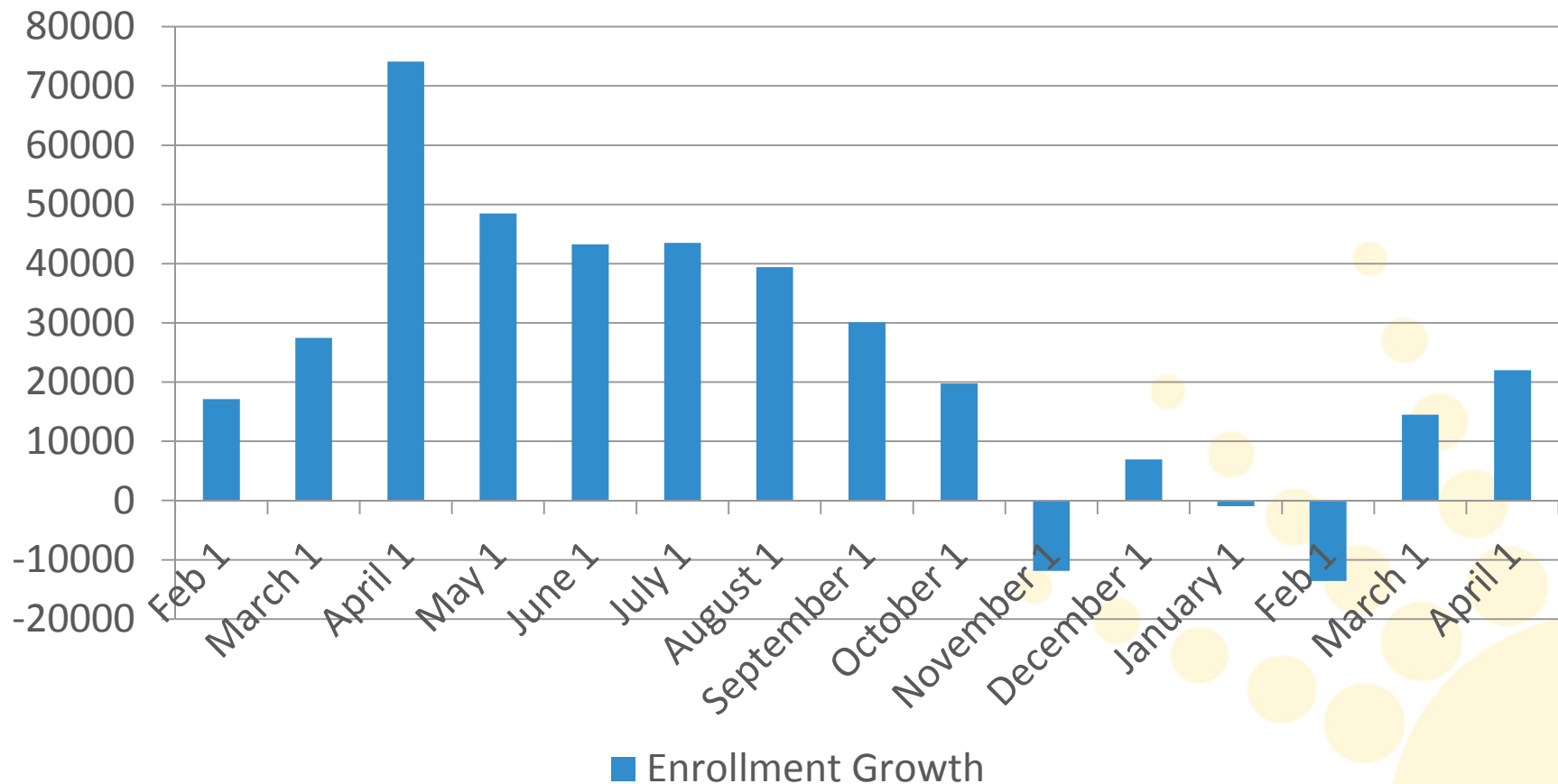
Medicaid Restoration

	12/1/2013	4/1/2015	Change
Prop 204 Restoration	67,770	281,381	213,611
Adult Expansion	0	50,924	50,924
KidsCare	46,761	1,288	-45,473
Family Planning	5,105	0	-5,105
Traditional AHCCCS	1,177,514	1,326,570	149,056
Total Enrollment	1,297,150	1,660,163	363,013

Prop 204 and Expansion Ages (CY 14)

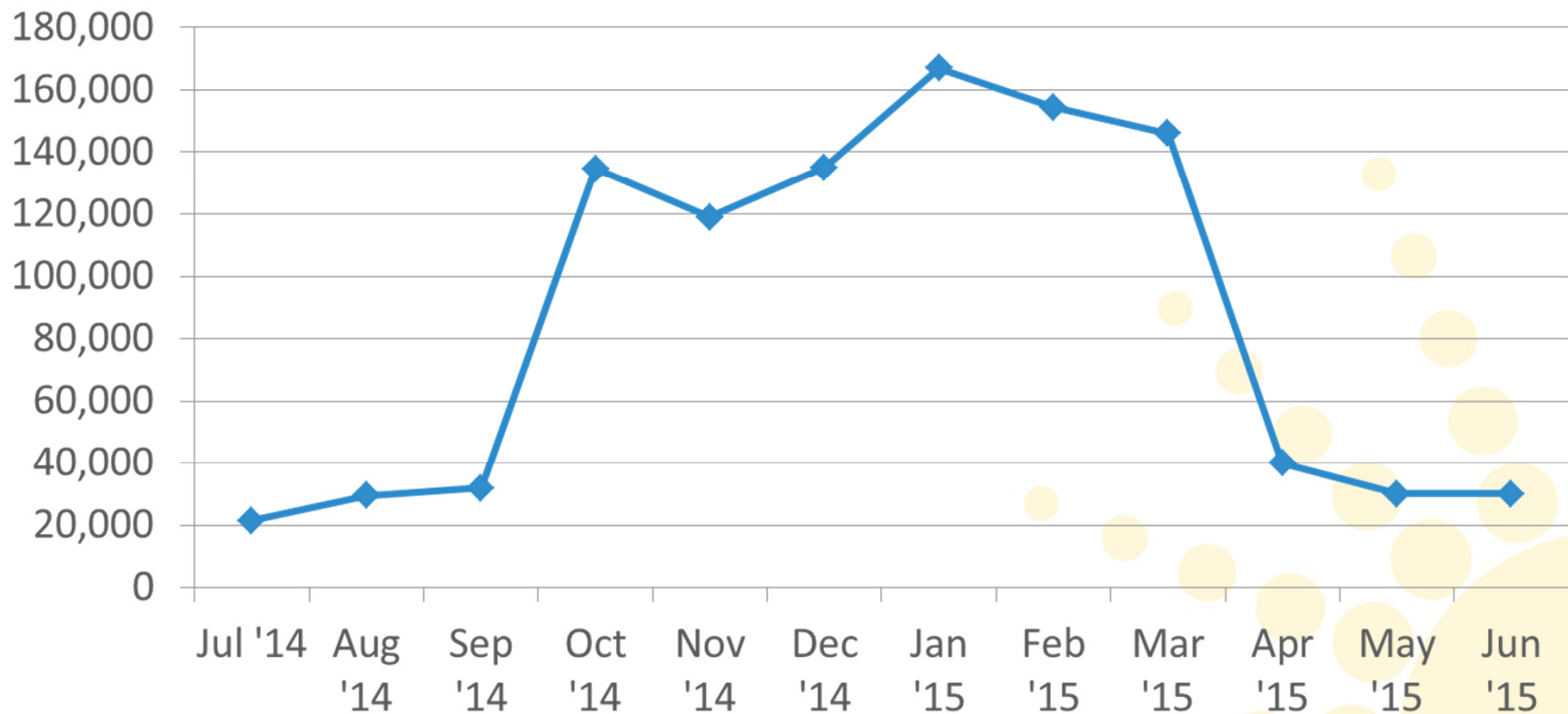


AHCCCS Enrollment Growth

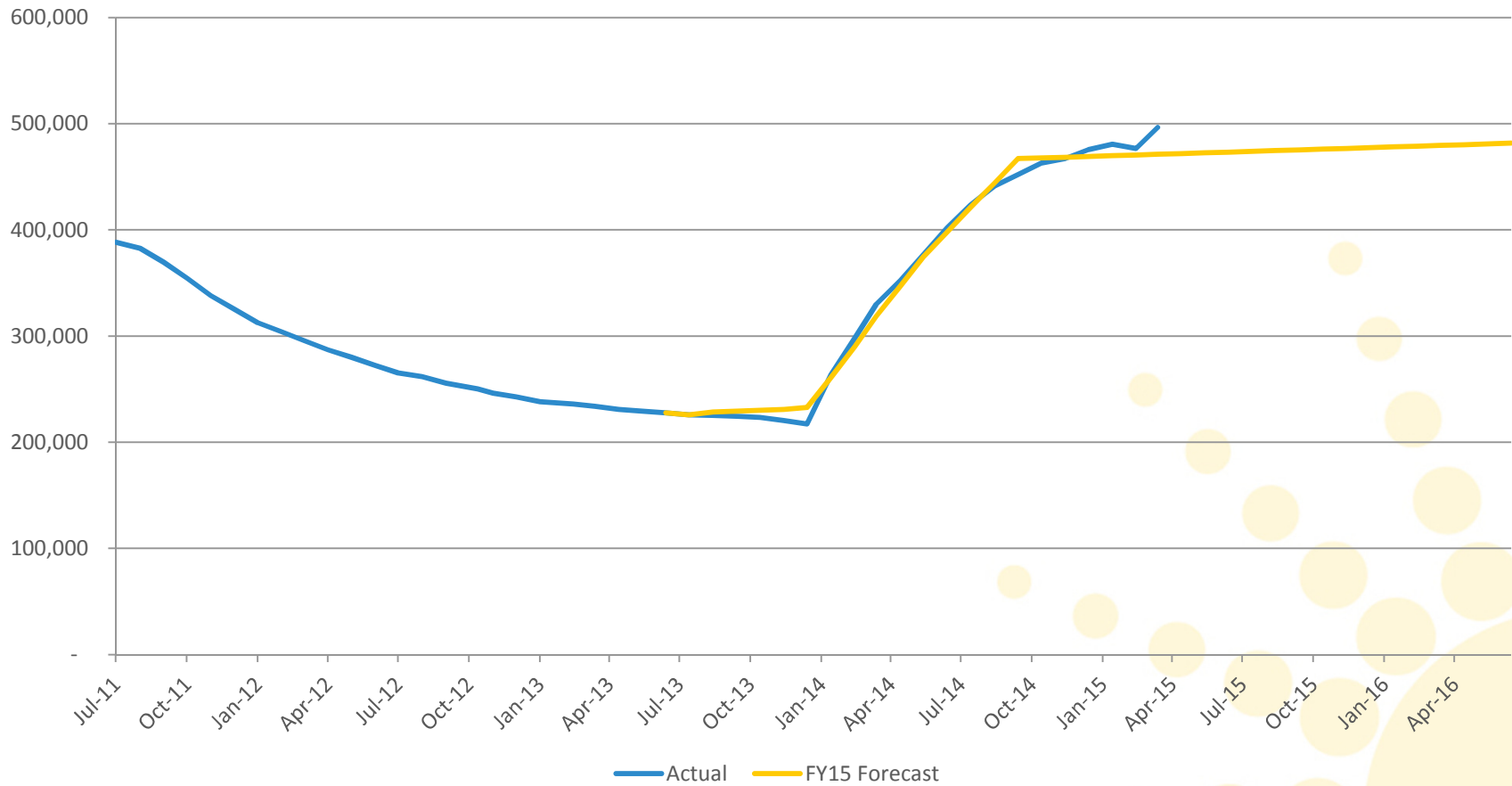


Renewal Activity

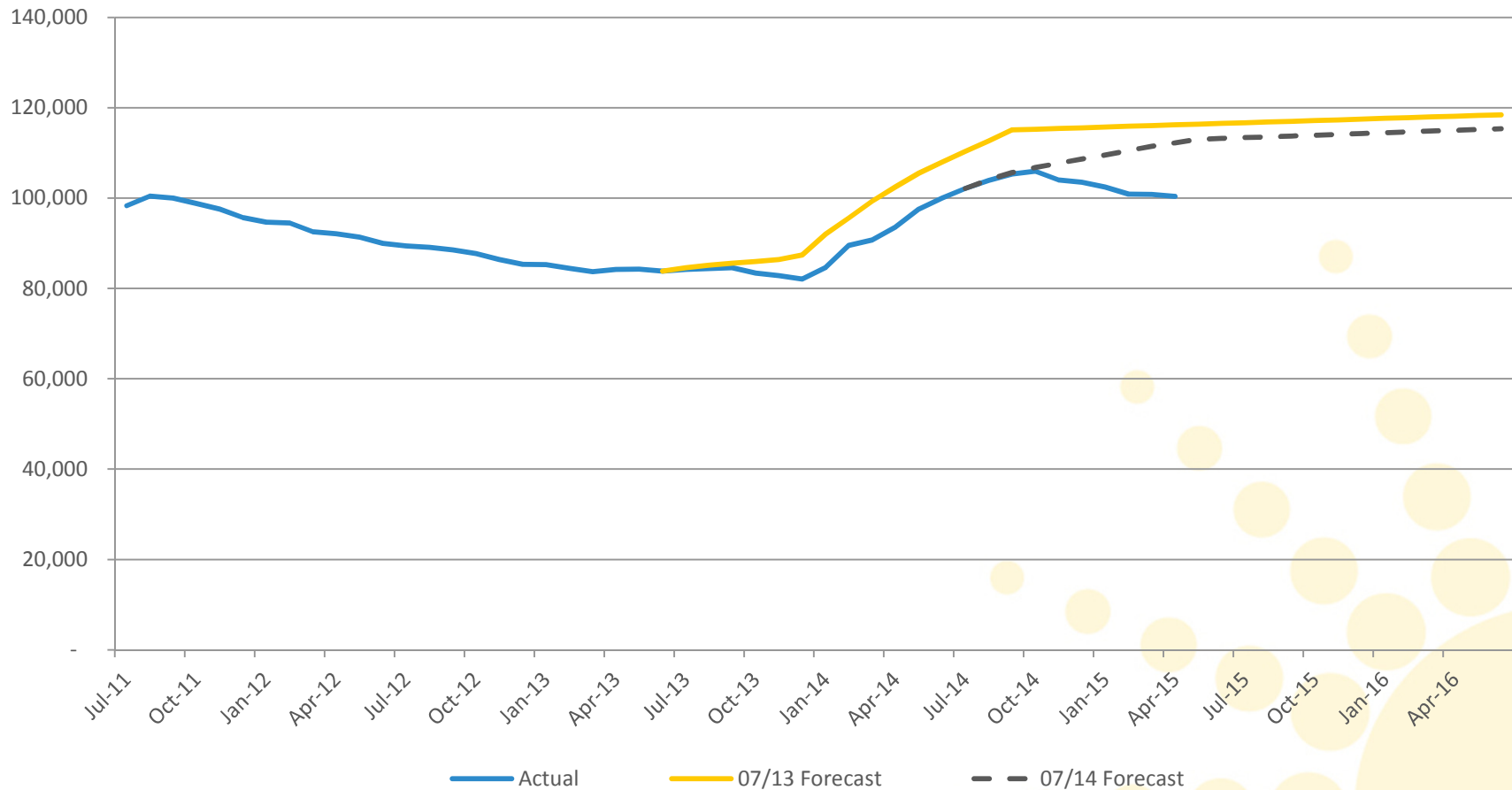
Renewal Received (Recipients)



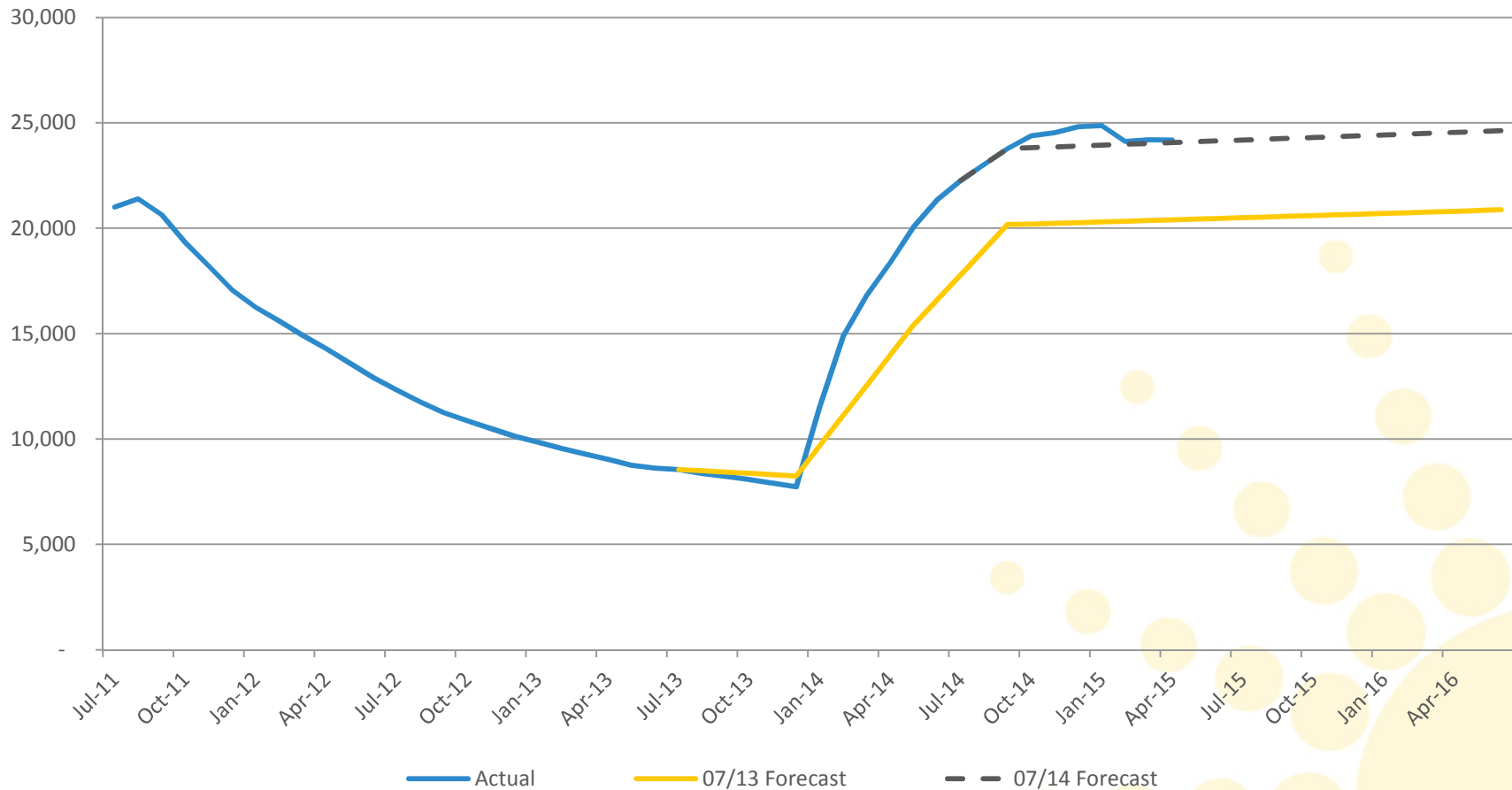
Prop 204 plus Expansion



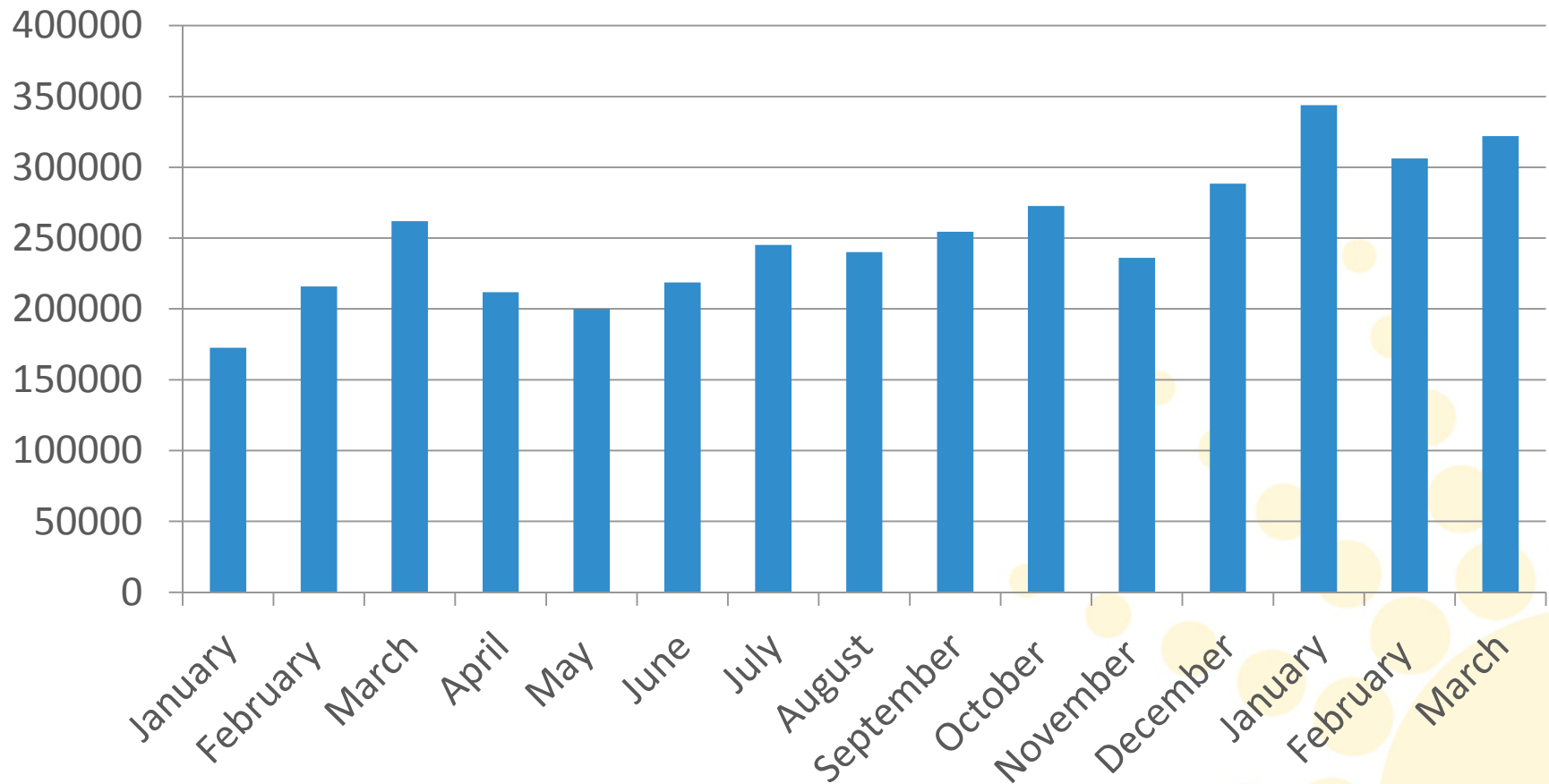
AIHP Population



AIHP enrolled Childless Adults

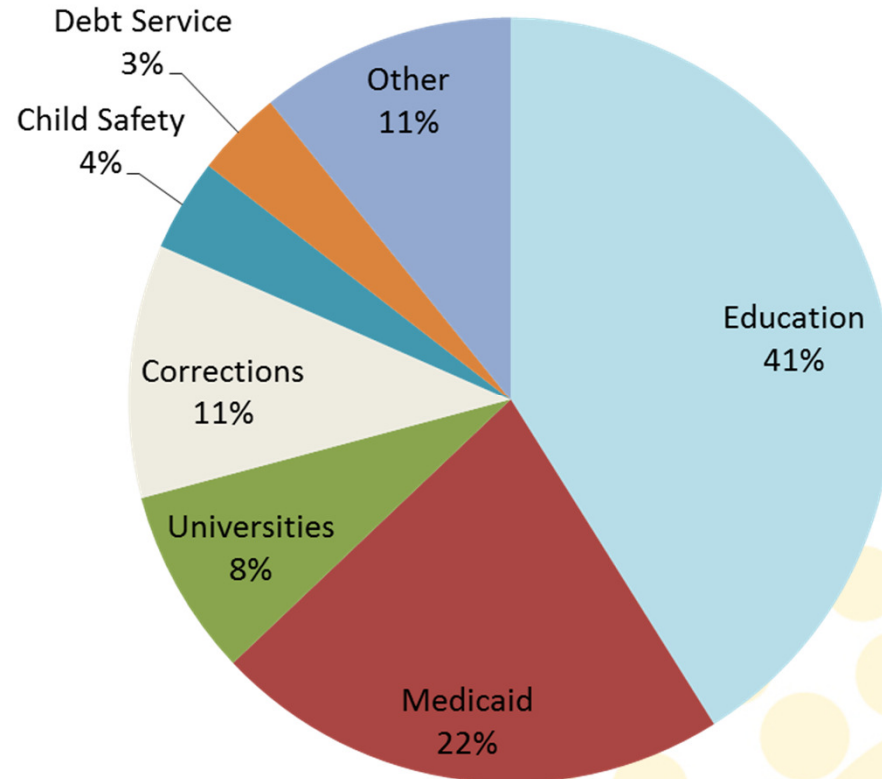


AHCCCS/DES Call Volume

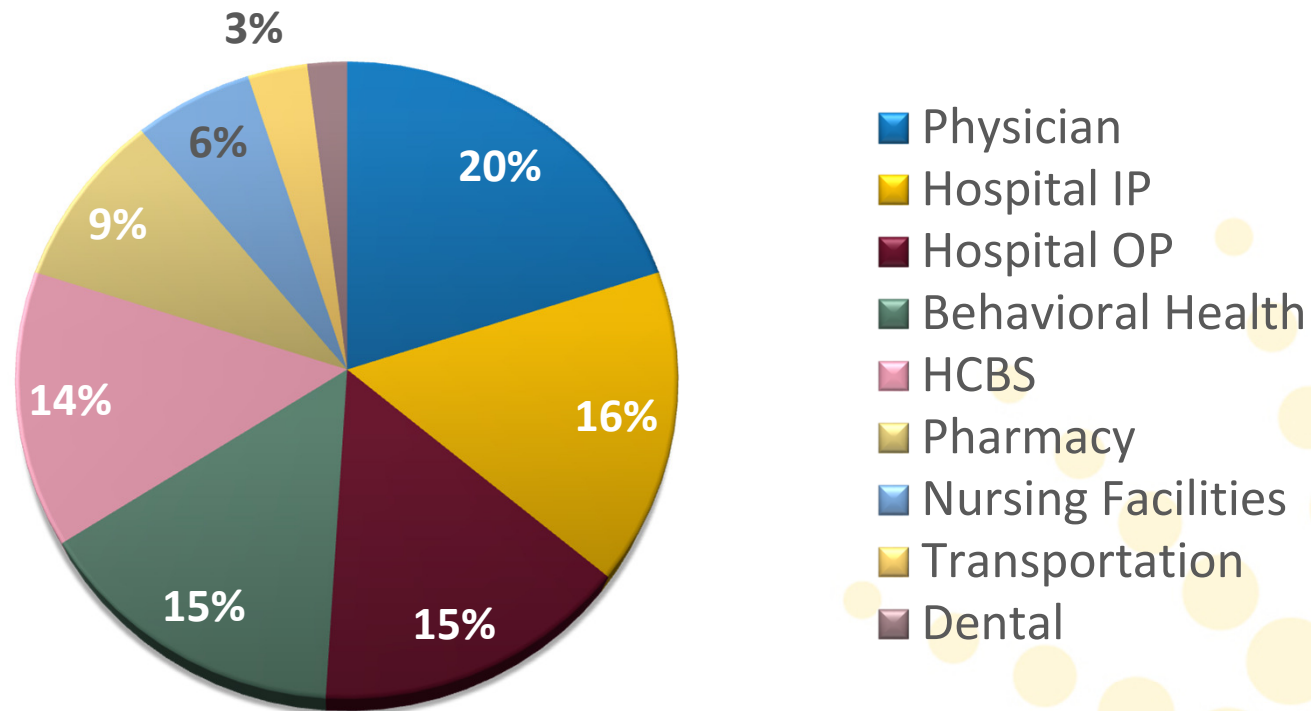


FY 2015 State Ongoing GF Expenditures

<u>Budget Unit</u>	<u>(Millions)</u>
Education (K-12)	\$ 3,808.4
Medicaid	2,026.5
Universities	733.8
Child Safety	361.0
Prisons	996.8
Debt Service	342.0
Other	1,002.9
TOTAL	9,271.4



Spending by Provider Type



Provider Rate Changes (2009-15)

Provider	Change	Provider	Change
Hospital IP	-9.8%	Emergency	29.5%
Hospital OP	-8.7%	NEMT	-14.3%
NF (EPD)	-1.6%	ASC	5.6%
Behavioral Health OP	-8.1%	Dental	-12.5%
Physician	-12.9%	FQHC	35.8%
PCP Parity	13.8%	Hospice	12.3%

Federal Marketplace

- Total enrollees marketplace – 11.7 m
- Total federal marketplace
 - 8.8 m – 53% increase
 - 87% subsidies – avg. subsidy \$263 month
- Arizona –
 - 205,000 – 48% increase
 - 75% subsidies – avg subsidy \$155 month
 - 23% children – 23% 18-34 – 31% 35-54 –
23% 55-64

ACA Related Litigation

- King v Burwell
 - ACA Tax Credits – 155,000 Arizonans
- Biggs v Betlach
 - Hospital Assessment - Medicaid Restoration & Expansion 330,000

Impact of Enhanced Match (Millions)

Funding Source for Adults 0-100%	FY 16 Current Law – 90% match	FY 16 – Traditional Match
Tobacco Funds	156.4	156.4
Hospital Assessment	245.9	0.0
General Fund	114.3	746.8
Federal Funds	2,630.6	2,244.1
Total Funds	3,147.3	3,147.3

FY 16 Budget and Provider Rates

- \$37 million in program reductions
- Aggregate 5% rate reductions
 - NF, DD and HCBS exempt
 - Target 10/1 implementation
 - Access to care evaluation
 - I.H.S/638 payments exempt
- May be lower if cost/utilization trends low
- Orthotics changes – if more cost effective

Ambulance Rates

- Rates set by DHS
- Increased by 30% in past 6 years for AHCCCS
- In FFY 2014 ambulances received 68.59% of DHS rate for AHCCCS
- In FFY 2015 this went to 74.74%
- On 10-1-2015 ambulance reimbursement will again return to 68.59% of DHS rate
- AHCCCS will be submitting State Plan Amendment by 7-1-15

Public Input

- AHCCCS taking public comments
 - Comment period closes May 15
 - Focus on:
 - Medicaid population(s) served
 - Operating margins
 - Factors driving provider costs
 - Impacts of rate reductions
- Draft Mid June – State Plan To CMS July 1
 - State Plan – Inpatient – Outpatient – Other Providers
- *Armstrong v Exceptional Child Center Inc.*

AHCCCS Strategic Plan

Reaching Across Arizona to Provide Comprehensive, Quality Health Care for Those in Need

Bend the cost curve while improving the member's health outcomes

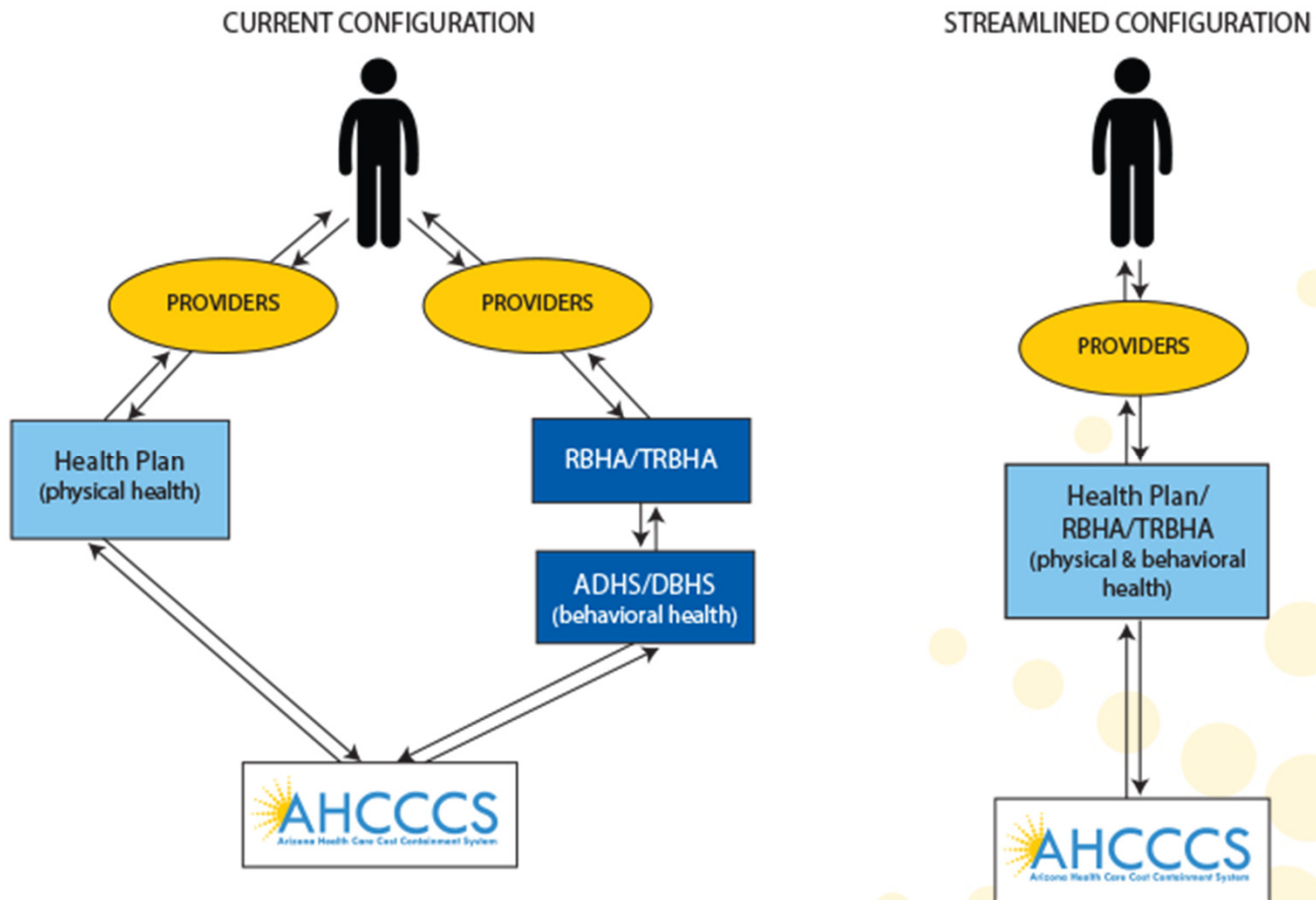
Pursue continuous quality improvement

Reduce fragmentation in healthcare delivery to develop an integrated system of healthcare

Maintain core organizational capacity, infrastructure and workforce.

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

Administrative Simplification



DBHS/AHCCCS Merger Focus

- Principles for 7-1-16 Implementation
 - Seamless Transition for Members – families
 - Focus on member services continues
 - We will be ready for Greater AZ transition
 - Transparency is Critical
 - Open Door Policy
- Staffing Scenarios
 - Fill a void – Fill a need
- Working through operational details

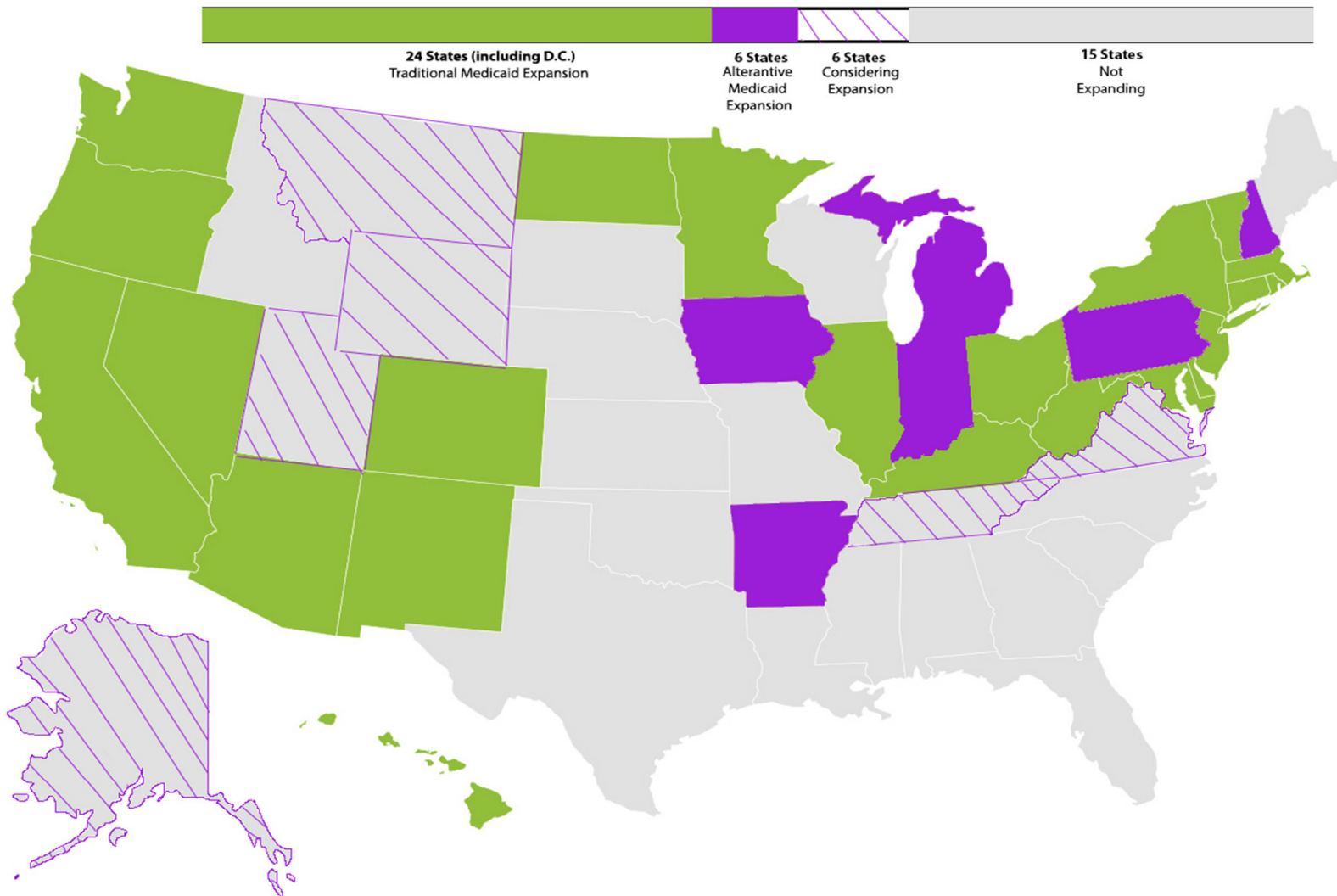
Integration

Population	BH Funding	Acute Funding	Status
18,000 Members with SMI	\$405 m	\$112 M Medicaid + Medicare	Implemented April 1, 2014
17,000 CRS	\$25 m	\$126 m CRS - \$59 m Acute	Implemented 10-1-2013
17,000 Members with SMI – Greater AZ	\$419 m	\$117 M Medicaid + Medicare	Planned 10-1-2015
60,000 Duals – 45%			Ongoing
80,000 Acute Duals	\$25 m	\$144 Medicaid – + Medicare	Planned 10-1-2015

Delivery System Transformation Initiatives

1. Members with Serious Mental Illness
2. High Need High Cost - Super Utilizers
3. Dual Eligible Members
4. American Indian Health Program
5. Justice System Transitions
6. Health Information Technology
7. Blind Spot Data Sharing
8. Children with Special Needs

Where the States Stand on Medicaid Expansion



Notes: Based on Literature review as of 2/1/14. All policies subject to change without notice.

Program Design Features

- States have proposed waivers to CMS seeking flexibility in the following areas:
 - FFM and MCO enrollment
 - Premium
 - Copay
 - Health Savings Account (HSA)
 - Ability to Disenroll Beneficiaries/ Non-Compliance
 - Consumer Incentive Programs
 - Work Requirement

AHCCCS Waiver

- Current waiver expires 10-1-16
- Process
 - Summer - Public input
 - 10-1-15 – AHCCCS Submits New Waiver
 - CMS Public Comments
 - 10-1-16 – New Waiver
- Waiver Structure
 - Maintain current flexibilities
 - Consumer Engagement and Responsibility
 - Legislatively mandated requirements

Legislatively Mandated Waivers

- Work requirement for able-bodied adults
 - Become employed
 - Actively seek employment
 - Verify above and income monthly
- Ban someone for year if failure to report change - Exempt
 - 19 and still in High School
 - Caregiver of family member under 6
 - Receiving Disability
- Lifetime limit of five years (above exemptions - pregnant)
- Cost Sharing – Non-emergency use ED or ambulance

Total CMS Payments to EHs and EPs through January 2015

- \$18.1 billion in Medicare and Medicaid EHR Incentive Program payments to Hospitals since 2011
- \$10.4 billion in Medicare and Medicaid EHR Incentive Program payments to Eligible Professionals since 2011.

AZ EHR Incentive Payment Totals*

- Medicaid EP Payments: \$67,439,015
- Medicare EP Payments: \$114,218,003
- Total AZ EP Payments: **\$181,657,018**
- Dually Eligible EH Payments: \$325,173,763
- Medicare EH Payments: \$1,050,695
- Medicaid Only EH Payments: \$8,959,532
- Total AZ EH Payments: **\$335,183,990**

**TOTAL AZ EHR
Program Payments :
\$516,841,008**

AHCCCS Support for The Network

- Require all Plans/RBHAs to participate
- Providing millions in funding for hospitals and clinics to pay up-front costs
- Supported policy change for data to be used for plan care coordination
- Provided leadership support for many years as efforts have progressed

DSH Changes Enacted in Budget

- Increases amount allocated to Maricopa Integrated Health System (MIHS) in SFYs 2015 and 2016 (except for \$4.2 million which is paid to MIHS, these monies are transferred to the General Fund)
- Decreases the amount allocated to Pool 5 in SFYs 2015 and 2016 (the voluntary pool in which a hospital must partner with a political subdivision in order to obtain state match funding)
- Gives rural hospitals priority in Pool 5 in SFYs 2015 and 2016
- Allows MIHS to access Pool 5 in SFYs 2015 and 2016
- Reduces funding for Pools 1&2 from \$9.3 million to \$900,000 in SFY 2016. Shifts the difference to Pool 5
- Changes do not impact IHS/638 facilities