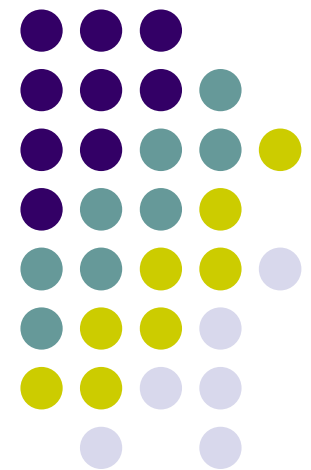


STATE AND FEDERAL OVERSIGHT OF AHCCCS

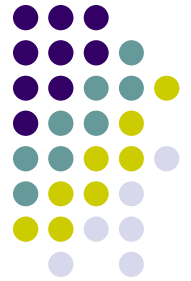
	Federal	State
Statutes	<p>Enacted- Passed by Congress, signed by the President</p> <p>Citations- U.S. Code: 42 USC §1396 et seq. (SSA Titles XIX and XXI)</p> <p>Agency's role- Provide info on the impact of legislation to the Governor's office and organizations such as the National Governor's Association and the National Association of State Medicaid Directors</p>	<p>Enacted- Passed by the Legislature, signed by the Governor</p> <p>Citations- Arizona Revised Statutes: ARS §36-2901-2995</p> <p>Agency's role: Provide info to legislators and governor re federal requirements, AHCCCS administration and operations and health policy; also assists in drafting/amending legislation</p>
Regulations	<p>Promulgated- By CMS</p> <p>Description- CMS' interpretation of statutes if within their statutory authority</p> <p>Citations- Code of Federal Regulations: 42 CFR §430.0-456.725 (XIX) and 42 CFR Part 457 (XXI)</p> <p>Agency's Role- Submit written comments and via memberships in organizations</p>	<p>Promulgated- By AHCCCS</p> <p>Description- AHCCCS' interpretation of statute if within their statutory authority</p> <p>Citations- AZ Administrative Code: Title 9 Chapters 22, 27-31, and 34</p> <p>Agency's role- Interpret state statutes and drafts regulations in compliance with federal and state laws; solicits public input</p>
Policy and Guidance	<p>Issued by- CMS</p> <p>Description- Informal policy in the form of State Medicaid Manual, State Medicaid and Health Official letters and state specific guidance</p> <p>Agency's Role- Request guidance but no formal opportunity for public input</p>	<p>Issued by- AHCCCS</p> <p>Description- Informal policy in the form of manuals (AMPM, Eligibility, ACOM etc)</p> <p>Agency's role- Develop policy and procedures in accordance with federal and state requirements</p>
Agreements	<p>Parties- AHCCCS and CMS</p> <p>State Plan- Details AZ's Medicaid program in accordance w/ federal law and regulations</p> <p>Waiver- Where AZ differs from federal requirements, HHS can waive them</p> <p>Agency's Role- Select options in accordance with federal law and regulations and negotiates details w/ CMS</p>	<p>Parties- AHCCCS and others</p> <p>Contracts- Medicaid managed care organizations</p> <p>IGAs- Other state agencies (DES, DHS), and political subdivisions</p> <p>Agency's Role- Ensure compliance with applicable state and federal laws, regulations and policy</p>

Arizona's 1115 Waiver

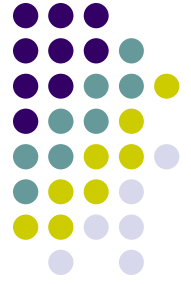
Arizona Health Care Cost
Containment System
Office of Intergovernmental Relations
November 2011



Overview of Section 1115 Waivers

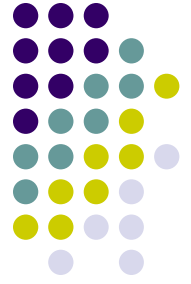


- Section 1115 of the Social Security Acts gives states authority to be waived from selected Medicaid requirements in federal law
- Projects must be budget neutral- that is, states must ensure the federal costs under the waiver are equal to or less than the costs without the waiver



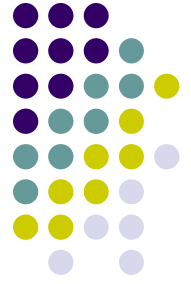
Waiver Amendments

- The Waiver may be amended at various times throughout the demonstration period based on changes to federal and state law, regulation, policy or court decisions
- The Waiver amendment process is less formal than the SPA process (no timeline, no template, etc) and implementation is prospective



CMS Approval

- The Centers for Medicare and Medicaid Services (CMS) is the federal agency responsible for oversight of State Medicaid programs
- Arizona must obtain final approval from CMS (Central Office) for all 1115 Waiver authorities



Arizona's 1115 Specifics

- There are 3 major sections of the waiver:
 - Waiver List
 - Expenditure Authority List
 - Special Terms and Conditions
- Additional attachments (A-G) provide more detail on various programs and guidelines
- There are 147 total pages!

The Waiver Allows Arizona to:



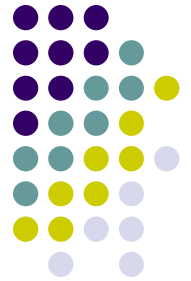
- Administer a unique Medicaid model built around a statewide mandatory managed care system
- Provide health care to expanded populations
- Serve members enrolled in the Arizona Long Term Care System in the home or community
- Implement administrative practices that increase efficiency



Arizona's Waiver Approval

- On September 27, 2010, AHCCCS submitted its request for a new waiver
- Arizona's previous waiver expired September 30, 2011; it was extended to allow time to complete the review and approval process of the new waiver
- On October 21, 2011, CMS approved the new waiver for a 5-year time period from October 22, 2011 through September 30, 2016

The New Waiver Allows AZ to:



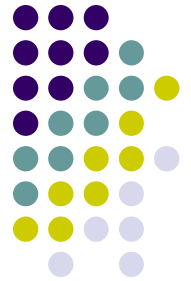
- Maintain Childless Adult (C/A) coverage for those enrolled by 7/8/2011
- Continue to impose mandatory copays on C/As for certain medical services
- Impose mandatory copays of \$4 for roundtrip taxi services on C/As in Maricopa and Pima counties
- Permit providers to charge a \$3 fee on C/As and TANF parents residing outside of Maricopa and Pima counties for missed appointments
- Pay for Medicare Part B premiums for selected dual eligible beneficiaries
- Continue coverage for beneficiaries who lose SSI eligibility

The New Waiver does NOT allow Arizona to:



- Freeze enrollment for TANF parents between 75-100% FPL
- Disenroll eligible C/As to adjust enrollment to available funding
- Require eligibility redeterminations every 6 months
- Expand mandatory copays to all Medicaid populations
- Impose annual fees on C/As who smoke
- Pay for prescriptions not written on tamper-resistant drug pads after November 1, 2012

Outstanding Waiver Issues



- Establish a Safety Net Care Pool and Health System Improvement Pool
- Exempt American Indians receiving services at I.H.S. and 638 facilities from the recent benefit and eligibility reductions

Arizona's Section 1115 Research and Demonstration Waiver

Since its inception, the Arizona Health Care Cost Containment System (AHCCCS), Arizona's single state Medicaid agency, has operated its managed care program under a Section 1115 Research and Demonstration Waiver. The previous 1115 Demonstration period ran from October 1, 2006 through September 30, 2011.

On September 27, 2010, AHCCCS submitted its letter of intent and an initial proposal for a new 1115 Waiver to the Centers for Medicare and Medicaid Services (CMS). AHCCCS revised and resubmitted the request on March 31, 2011. While the proposal requested a continuation of existing waiver authorities in order to maintain current efficiencies and flexibilities, it also included new requests designed to maximize Medicaid coverage to the greatest extent and to further the access and quality of care objectives of the Medicaid program.

On October 21, 2011, CMS approved the new Waiver for a 5-year period from October 22, 2011, through September 30, 2016. The effective date of the new Demonstration begins on October 22, 2011 because CMS and AHCCCS required an extension of the previous Demonstration to allow appropriate time to complete the review and approval process.

Overview of 1115 Waivers and Budget Neutrality

- Section 1115 allows states to be waived from federal Medicaid requirements in order to pursue innovative projects in their Medicaid programs.
- Programs that operate under 1115 Waivers are required to be budget neutral – that is, a state must ensure the federal costs under the Waiver are less than what the cost would be without the Waiver.

Some of the New Waiver Authorities Allow Arizona to:

- Maintain coverage for Childless Adults enrolled as of July 8, 2011;
- Impose mandatory copayments for Childless Adults for prescriptions, office visits, and non-emergency use of the emergency room;
- Require copayments for Childless Adults who use taxi services in Maricopa and Pima Counties;
- Permit providers to charge a fee for adults outside of Maricopa and Pima counties who miss appointments;
- Pay Medicare Part B premiums for selected dual eligible beneficiaries; and
- Provide two months of continuous coverage for beneficiaries who lose SSI eligibility.

The New Waiver does NOT Allow Arizona to:

- Freeze enrollment for TANF parents with family income between 75-100% of the FPL;
- Further reduce Childless Adult enrollment based on available funding;
- Require eligibility redeterminations every 6 months for TANF parents and Childless Adults whose redeterminations currently occur every 12 months;
- Expand mandatory copayments to Medicaid populations subject only to nominal cost sharing;
- Impose an annual \$50 fee on Childless Adults who smoke;
- Pay for prescriptions not written on tamper-resistant drug pads after November 1, 2012.

Outstanding Waiver Issues for Further Discussion with CMS

- Establish a Safety Net Care Pool (SNCP) and Health System Improvement Pool.
- Exempt American Indians from benefit and eligibility reductions.