AHCCCS

**Janice K. Brewer, Governor**
**Anthony D. Rodgers, Director**

***Our first care is your health care***
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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September 1, 2009

Steven Rubio, MGA, BSN, RN
Project Officer, Division of State Demonstrations and Waivers
Center for Medicaid and State Operations
Center for Medicare and Medicaid Services
Mailstop: S2-01-06
7500 Security Blvd.
Baltimore, Maryland 21244-1850

Dear Mr. Rubio:

In accordance with Special Term and Condition paragraph 26, enclosed please find the Quarterly Progress Report for April 1, 2009 to June 30, 2009, which also includes the Quarterly Budget Neutrality Tracking Schedule and the Quarterly Quality Initiative.

If you have any questions about the enclosed report, please contact Theresa Gonzales at (602) 417-4732.

Sincerely,

Monica Coury
Assistant Director
AHCCCS Office of Intergovernmental Relations

Enclosure

cc: Cheryl Young
Hee Young Ansell
Susan Ruiz

# AHCCCS Quarterly Report
# April 1, 2009 to June 30, 2009

## TITLE

Arizona Health Care Cost Containment System -- AHCCCS, A Statewide Approach to Cost Effective Health Care Financing

Section 1115 Quarterly Report
Demonstration Year: 27
Federal Fiscal Quarter: 3rd/2009 (April 1, 2009 – June 30, 2009)

## INTRODUCTION

As written in Special Term and Condition paragraph 26, the State submits the following quarterly progress reports to CMS. The purpose of the quarterly report is to inform CMS of significant demonstration activity from the time of approval through completion of the Demonstration.

## ENROLLMENT INFORMATION

| Population Groups (as hard coded in the CMS 64) | Current Enrollees (to date) | No. Voluntarily Disenrolled in current Quarter | No. Involuntarily Disenrolled in current Quarter |
|---|---|---|---|
| **Acute AFDC/SOBRA** | 1,024,250 | 1,089 | 395,634 |
| **Acute SSI** | 137,521 | 92 | 19,739 |
| **Acute AC/MED** | 207,989 | 255 | 65,719 |
| **Family Planning** | 3,602 | 2 | 866 |
| **LTC DD** | 22,014 | 17 | 1,741 |
| **LTC EPD** | 28,932 | 35 | 3,880 |
| **Total** | 1,499,577 | 1,802 | 511,009 |

| State Reported Enrollment in the Demonstration (as requested) | Current Enrollees |
|---|---|
| **Title XIX funded State Plan**[1] | 986,512 |
| **Title XXI funded State Plan**[2] | 51838 |
| **Title XIX funded Expansion**[3] | 169,164 |
| **Title XXI funded Expansion**[4] | 9,870 |
| **DSH Funded Expansion** | |
| **Other Expansion** | |
| ***Pharmacy Only*** | |
| ***Family Planning Only*** | 3,947 |
| **Enrollment Current as of** | 07/01/09 |

[1] SSI, 1931 Families and Children, 1931 Related, TMA, SOBRA child and pregnant, ALTCS, FTW, QMB, BCCP, SLMB, QI-1
[2] KidsCare
[3] MI/MN
[4] AHCCCS for Parents

## Outreach/Innovative Activities:

AHCCCS continues to lack the resources to provide education and partnership activities in the community.

## Operational/Policy Developments/Issues:

*Waiver Update*

On April 13, 2009, Arizona received CMS approval to increase premiums charged to certain enrollees in the KidsCare Program.

On April 30, 2009, AHCCCS sent CMS notice reaffirming its position regarding 2007 amendments. AHCCCS notified CMS that it will claim Title XXI funds for childless adults.

On June 16, 2009, CMS approved updates to Disproportionate Share funding pools.

*State Plan Update*

CMS approved four State Plan Amendments during this quarter. On Aril 13, 2009, Arizona received approval to increase premiums for KidsCare (SPA #09-01 in the KidsCare State Plan).

On June 4, 2009, CMS approved the inpatient hospital reimbursement rates for the rate year beginning October 1, 2008 through September 30, 2009, to reflect legislative changes implementing a rate freeze such that inflation factors would not be applied (SPA #08-005A). In addition, on June 30, 2009, CMS approved the outpatient hospital reimbursement rates for rate year beginning October 1, 2008 through September 30, 2009, to reflect legislative changes implementing a rate freeze such that inflation factors would not be applied (SPA #08-005B).

Finally, on June 19, 2009, CMS approved an updated methodology for the manner in which GME funds are distributed through intergovernmental transfers (SPA #09-001).

## Consumer Issues:

In support of the quarterly report to CMS, presented below is a summary of complaint issues received in OCA for the quarter April – June 2009

**All Complaints and Their Frequency**

| Complaint Issue | April | May | June | Total |
|---|---|---|---|---|
| ALTCS | 15 | 17 | 19 | 51 |
| Can't get coverage (eligibility issues) | 387 | 293 | 310 | 990 |
| Caregiver issues | 3 | 2 | 1 | 5 |
| Credentialing | 0 | 0 | 0 | 0 |
| DES | 28 | 42 | 27 | 97 |

| Equipment | 5 | 3 | 1 | 9 |
|---|---|---|---|---|
| Fraud | 4 | 10 | 2 | 16 |
| Good customer service | 0 | 0 | 0 | 0 |
| Information | 136 | 114 | 150 | 400 |
| Lack of documentation | 0 | 0 | 0 | 0 |
| Lack of providers | 1 | 2 | 4 | 7 |
| Malfunctioning equipment | 1 | 0 | 0 | 1 |
| Medicare | 7 | 10 | 13 | 30 |
| Medicare Part D | 19 | 18 | 20 | 57 |
| Member reimbursement | 18 | 28 | 35 | 81 |
| Misconduct | 0 | 0 | 0 | 0 |
| No notification | 0 | 0 | 1 | 1 |
| No Payment | 0 | 0 | 0 | 0 |
| Nursing home POS | 2 | 0 | 0 | 2 |
| Optical coverage | 1 | 3 | 2 | 6 |
| Over income | 1 | 1 | 0 | 2 |
| Paying bills | 0 | 0 | 0 | 0 |
| Policy | 2 | 1 | 3 | 6 |
| Poor customer service | 0 | 0 | 0 | 0 |
| Prescription | 51 | 41 | 50 | 142 |
| Prescription denial | 23 | 0 | 0 | 23 |
| Process | 1 | 0 | 0 | 1 |
| Surgical procedures | 1 | 1 | 0 | 2 |
| Termination of Coverage | | | | |
| | | | | |

Table 1

Complaints regarding health plans for April =15,= May 8, = June=8
Complaints regarding services April =54, May =36, June =43

Note: On this report, we presume and consider all calls to be complaints with only two exceptions for: "good customer service" and "information".

**Quality Assurance/Monitoring Activity:**

Attached is a description of AHCCCS' Quality Assurance/Monitoring Activities during the quarter. The attachment also includes updates on implementation of the AHCCCS Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

**HIFA Issues:**

Below is enrollment information for the quarter: April 1 to June 30, 2009.

HIFA Parents ever enrolled: 77,250
HIFA Parents enrolled at any time between 04/01/2009 and 6/30/2009: 12,057

HIFA Parent enrollment:
04/01/09: 9,373
05/01/09: 9,747
06/01//09: 9,870

**Employer Sponsored Insurance Issues:**

AHCCCS received CMS approval on 10/02/08 to implement the ESI program. AHCCCS implemented the program on 12/01/08 and began sending out information to families with children approved for KidsCare who have access to employer sponsored health insurance. To date, there is one family who is enrolled in the ESI program.

**Family Planning Extension Program (FPEP):**

**Family Planning Update:**

AHCCCS monitors utilization of family planning services by women who are covered under the demonstration and enrolled with Acute-care health plans on a quarterly basis. Reports are based on an approximately three-month claims lag; thus, the most recent data available are for the quarter ending March 31, 2009. AHCCCS enrollment data show that 3,891 unduplicated recipients were enrolled with Acute-care Contractors under the Family Planning Extension (FPE) program (contract type Q) during the quarter.

Encounter data received through March 2009 indicate that 559 women in the SOBRA Family Planning Extension demonstration used a family planning service during the quarter, for a utilization rate of 14.4 percent (it should be noted that these data may be incomplete, as Contractors have up to eight months to submit encounters to AHCCCS). The 559 women participating in the SOBRA FPE program used an average of 2.25 services during the quarter. Oral contraceptives accounted for 75.1 percent of services used. As expected, the majority of utilizers (78.0 percent) were in the age range of 21 to 39 years old.

Family Planning Enrollment by Month:
04/09: 4,154
05/09: 4,118
06/09: 4,029

**Innovative Activities:**

Since implementation of the public online application screens for Medicaid and CHIP, as well as Food Stamps and Cash Assistance on December 15, 2009, public use of Arizona's web-based application for enrollment, Health-e-Arizona, has steadily grown. Increased use of this online application improves efficiency and reduces customer traffic in eligibility offices.

Applications submitted by Public Users through Health-e-Arizona:
April 2009: 9,253
May 2009: 13,342
June 2009: 17,217

**Enclosures/Attachments:**

Attached you will find the Budget Neutrality Tracking Schedule and the Quality Assurance/Monitoring Activities, including the CRS update for the quarter.

**State Contact(s):**

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**Date Submitted to CMS:**

August 29, 2009

Arizona Health Care Cost Containment System

# Attachment II to the Section 1115 Quarterly Report

# Quality Assurance/Monitoring Activity

**Demonstration/Quarter Reporting Period**
Demonstration Year: 26
Federal Fiscal Quarter: 3/2009 (4/09 – 6/09)

**Arizona Health Care Cost Containment System**

*Prepared by the Division of Health Care Management*
*August 2009*

# INTRODUCTION

This report describes Quality Assurance/Monitoring Activities of AHCCCS during the quarter, as required in STC 26 of the State's Section 1115 Waiver. The report also includes updates on implementation of the Arizona Health Care Cost Containment System (AHCCCS) Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

The AHCCCS Division of Health Care Management (DHCM) is responsible for directly overseeing the quality of health care services provided to members enrolled with managed care organizations and receiving services from the Arizona Department of Health Services (ADHS) through benefit carve outs as well as the administrative and financial functions of these contracted health plans. The Division works collaboratively and in conjunction with other AHCCCS divisions and external organizations to fulfill the AHCCCS mission of: Reaching across Arizona to provide comprehensive, quality health care for those in need. During the quarter, DHCM staff devoted significant time to reviewing existing contracts and developing recommendations for continued improvements in access, availability, timeliness and quality of services for members enrolled with acute-care and long-term care Contractors, as well as services provided through the Children's Rehabilitative Services (CRS) and Division of Behavioral Health Services (DBHS) programs of ADHS. In consultation with Contractors, these recommendations are being incorporated into contract amendments for the contract year ending (CYE) 2010. More information is included throughout the report.

The following sections provide an update on the State's progress and activities under each of the components of the 1115 Waiver and the AHCCCS Quality Strategy.

## QUALITY ASSESSMENT ACTIVITIES

### Receiving stakeholder input

The success of AHCCCS can be attributed, in part, to concerted efforts by the Agency to foster partnerships with its sister agencies, contracted managed care organizations/programs (Contractors), providers, and the community. During the quarter, AHCCCS continued these ongoing collaborations to improve the delivery of health services to Medicaid recipients and KidsCare members, including those with special needs, and to facilitate networking to address common issues and solve problems. Feedback obtained from sister agencies, providers and community organizations also is included in the agency's process for identifying priority areas for quality improvement and development of new initiatives.

### Arizona Asthma Coalition

AHCCCS encouraged Contractors to attend the Arizona Asthma Coalition's annual conference on May 2, 2009. Course objectives included: examining provider barriers to the use of the National Institutes of Health asthma guidelines and strategies to improve outcomes; discussion of strategies to improve patent adherence to asthma management protocols, including overcoming challenges of care for adolescents with asthma; and learning about exercise-induced asthma and the latest management strategies. These objectives support improvement in care of AHCCCS

members with asthma, which AHCCCS is addressing with Contractors through a Performance Improvement Project, as well as annual Performance Measures.

AHCCCS also has participated in regular meetings of the coalition and hopes to identify additional quality improvement resources that contracted health plans may use to support optimal health outcomes among members with asthma and other respiratory diseases.

**Arizona Department of Economic Security (DES) Division of Developmental Disabilities**
Periodic meetings covering quality improvement topics continue between AHCCCS and the Arizona Department of Economic Security Division of Developmental Disabilities (DES/DDD). Topics discussed during joint meetings this quarter included Notices of Action, Early and Periodic Screening Diagnostic and Treatment (EPSDT) coverage, and attendant care. AHCCCS also is providing ongoing technical assistance to DDD to improve its performance measure rates. AHCCCS has received a corrective action plan (CAP) for clinical quality performance measures from DDD, and worked with the Division to finalize the CAP. During the quarter, AHCCCS continued a work group with DDD to develop strategies related to quality of care, quality management and peer review processes.

**Arizona Department of Health Services' Bureau of Tobacco and Chronic Disease**
In collaboration with ADHS, AHCCCS developed a Medicaid policy to implement state legislation passed last session that requires AHCCCS to cover smoking cessation drugs and nicotine replacement therapy. Members are being encouraged to participate in ADHS' Tobacco Education and Prevention Program (TEPP) smoking cessation support programs such as the "QUIT Line" and/or counseling, in addition to seeking assistance from their Primary Care Physician. AHCCCS continues to work with Contractors and ADHS to streamline processes to improve availability and accessibility to nicotine replacement/smoking cessation products.

**Arizona Department of Health Services' Bureau of USDA Nutrition Programs**
AHCCCS continues to work with the ADHS Bureau of Nutrition Programs, which has the lead on a statewide initiative to reduce childhood obesity. AHCCCS adapted the Chronic Care Model for planning and development of a comprehensive approach to reduce or prevent childhood obesity. Components include medical guidelines for better screening and treatment of children who are or are at risk of becoming obese and implementation of data systems to evaluate outcomes. The AHCCCS health plans educate providers to utilize EPSDT services such as nutritional counseling and behavioral health services to assist and support children who are overweight to become more active and to choose healthy foods.

**Arizona Department of Health Services (ADHS) Children's Rehabilitative Services**
DHCM continues to work with AHCCCS Contractors and the Children's Rehabilitative Services (CRS) program to address issues such as data sharing, data collection/validation, provider education, and timely referral and care coordination for children with special health care needs. AHCCCS is holding ongoing meetings with CRS Administration to monitor its progress in meeting AHCCCS requirements. During the quarter, AHCCCS worked with CRSA to develop a contract amendment effective October 1, 2009. As part of the new contract, AHCCCS and CRSA developed methodologies for new performance measures, which reflect improvements in the process for enrolling AHCCCS members into CRS services and should provide more meaningful data for

monitoring access and availability of services. These measures will be discussed under "Developing and Assessing the Quality and Appropriateness of Care/Services for Members."

**Arizona Department of Health Services Immunization Program**

Ongoing collaboration with the Arizona Department of Health Services (ADHS) helps ensure efficient and effective administration and oversight of the federal Vaccines for Children (VFC) Program. This includes closely monitoring vaccine supplies and ensuring that Contractors have up-to-date information on availability of these vaccines, as well as assisting Contractors and providers as necessary to ensure that members are immunized. In addition, when ADHS takes actions regarding VFC providers (e.g., placing a provider on probation for failing to comply with vaccine management requirements), AHCCCS works with Contractors to ensure that members assigned to that provider continue to receive necessary immunizations.

In April, Arizona VFC staff gave vaccine and program updates at the quarterly Quality Management/Maternal and Child Health meeting with Acute-care Contractors. AHCCCS also is working with Contractors and staff of the Arizona State Immunization Information System (ASIIS) to improve reporting by primary care practitioners to the state's immunization registry, which is operated by ADHS; this activity is discussed under Performance Improvement Projects.

In 2007, AHCCCS convened a work group between ADHS, The Arizona Partnership for Immunization (TAPI), the Pinal County Health Department, and the two acute-care Contractors that serve Pinal County to improve childhood immunization rates in the county, which are among the lowest in the state. The group identified a need for education among provider offices in immunization requirements, use of the ASIIS registry, and strategies for office staff to reassure parents about immunization safety and encourage return visits to complete vaccinations. Increased education and outreach appear to be having some success in improving rates. More definitive results will be available after AHCCCS conducts the next statewide measurement of childhood immunization rates using Healthcare Effectiveness Data and Information Set (HEDIS) methodology, which is planned for 2010.

The work group has evolved to include Apache, Coconino, Mohave and Navajo counties, and two teleconferences with representatives of health plans and county health departments serving these counties were held during the quarter. The group reviewed data from AHCCCS and ADHS showing the most current rates in the area and discussed interventions used in Pinal County to support improvement. One of the challenges going forward is the ability of ADHS to continue providing the same level of provider education in outlying areas of the state, due to state budget deficits in the current and upcoming fiscal years. AHCCCS will evaluate how to proceed on this collaborative effort in the next few months.

**Arizona Department of Health Services Office of Environmental Health**

Ongoing collaboration with ADHS also supports efforts to eliminate childhood lead poisoning in Arizona. The ADHS Office of Environmental Health (OEH) notifies MCH staff in the CQM unit when AHCCCS members have laboratory tests indicating elevated blood-lead levels. CQM then notifies the appropriate Contractor with this information for timely follow up and coordination of care. In addition, AHCCCS and several Contractors participate in the Arizona Childhood Lead Poisoning Elimination Coalition. This coalition is working on strategies to increase testing of

children who are enrolled in AHCCCS or who live in areas with the highest risk of lead poisoning due to the prevalence of older housing, industries that use/produce lead, and the use of lead-containing pottery or folk medicines.

**Arizona Early Intervention Program**
The Arizona Early Intervention Program (AzEIP), Arizona's IDEA Part C program, is administered by DES. MCH staff in the CQM unit continues working with AzEIP to facilitate early intervention services for children under 3 years of age who are enrolled with AHCCCS Contractors. During the quarter, AHCCCS CQM/MCH staff attended meetings of the AzEIP State Interagency Team and the Interagency Coordinating Council. Also during the quarter, AHCCCS and AzEIP representatives continued work on a major initiative to create a more "seamless" system of providing early intervention services to AHCCCS-enrolled children, which utilizes AzEIP's expertise in this area, but ensures that AHCCCS or AHCCCS Contractors coordinate care and pay for all medically necessary services covered under Medicaid. AzEIP and AHCCCS MCH staff work together to ensure early intervention services are provided without delay and covered by the appropriate state agency. Meetings between AHCCCS, AzEIP, and AHCCCS health plans continue to ensure issues are addressed in a timely manner and communication remains open. Acute Care contracts require AHCCCS–contracted health plans to reimburse AzEIP providers who provide medically necessary therapy to members. The AzEIP providers do not have to be contracted with the health plans, but must be registered as AHCCCS providers.

**Arizona Health System Transformation Collaboration**
The Arizona Health System Transformation Collaboration spearheaded by AHCCCS is working to implement the Director's vision of innovative ways to reduce health disparities in certain populations by raising health literacy and competency in navigating the health care system, as well as increasing members' ability to manage/participate in their care. Components include an infrastructure for patient decision support, with e-learning and health management support tools available via the AHCCCS website and at provider/clinic sites. The collaboration includes the Office of the Director, Division of Health Care Management and Division of Members Services, along with the University of Arizona and other community partners. A major focus during the quarter was the continued development and validation of a health system competency instrument specifically for Medicaid members to determine the level of members' health literacy and system competency. During the quarter, the group began piloting the instrument, which asks members questions about their health, knowledge of AHCCCS and how to use services. The instrument will be used to establish a baseline measurement of health system competency among Medicaid members, as well as standards for health plans and health education resources in implementing improvement efforts.

**Arizona Medical Association and American Academy of Pediatrics**
AHCCCS collaborates with the Arizona Medical Association (ArMA) and the Arizona chapter of the American Academy of Pediatrics (AAP) in a number of ways. The AAP has been instrumental in the implementation of the Parental Evaluation of Developmental Status (PEDS). Online training via the AAP website is available to physicians who wish to use the tool, as well as dates and times for training sessions. During the quarter, CQM staff attended ArMA Maternal and Child Health Committee and Adolescent Health Subcommittee meetings.

**The Arizona Partnership for Immunization**

CQM staff attended The Arizona Partnership for Immunization (TAPI) steering committee and adult immunization subcommittee meetings during the quarter. AHCCCS Contractors also are members of TAPI. As noted above, TAPI is part of the collaborative effort to improve low rates of childhood immunization in Pinal, Apache, Mohave and Navajo Counties. AHCCCS also collaborated with TAPI in efforts to assist county health departments with billing AHCCCS/AHCCCS Contractors for immunizations provided to Medicaid members.

**Arizona Perinatal Trust**

The Arizona Perinatal Trust (APT) oversees voluntary certification of hospitals for the appropriate level of perinatal care according to established guidelines, and conducts site visits for initial certification and recertification. CQM staff participates in site reviews of hospitals and provides consultation to the APT's Board of Directors. Since AHCCCS covers approximately half the births in Arizona, the site reviews give the agency a better look at the hospitals that provide care, from normal labor and delivery to neonatal intensive care. In collaboration with the APT and its members, which include perinatal providers and the ADHS Bureau of Women's and Children's Health, AHCCCS reviews processes to ensure quality of care and culturally appropriate care, as well as quality improvement initiatives and collaboration with community resources to promote good birth outcomes. No site reviews were conducted during the quarter.

**Arizona Quality Counts Partnership (AQCP)**

This partnership is coordinated by the Arizona Quality Improvement Organization, Health Services Advisory Group (HSAG). In addition to HSAG and AHCCCS, the meetings are attended by representatives of AHCCCS health plans, Medicare health plans, providers, health care associations and the Arizona Department of Health Services. AQCP serves as a forum to coordinate partners' efforts to improve quality across the continuum of health care services. Through this collaborative, AHCCCS was approached by the nursing home industry to apply for a type of pay-for-performance CMS grant. AHCCCS applied for and was selected as one of four states to participate in the CMS pay-for-performance program focused on rewarding quality of care in nursing homes. In April, AHCCCS staff participated in an Open Door Forum regarding this initiative.

**Baby Arizona**

CQM staff coordinates this streamlined eligibility process to ensure Medicaid-eligible women have access to early prenatal care. A network of community-based organizations continues to support the project by informing women of this avenue to service and referring them to care. Training sessions for provider offices that assist women in applying for AHCCCS were held during the quarter, and CQM continues to support provider participation in the project and keep the referral list of participating providers up to date.

AHCCCS has developed a stand-alone website for Baby Arizona that educates providers and potential enrollees about the Baby Arizona program, as well as lists the most current participating Baby Arizona providers. The website now contains a Baby Arizona training module for practitioners and their staff who wish to participate in the Baby Arizona application process. The three state agencies collaborating on the Baby Arizona Program — AHCCCS, DES and ADHS — worked closely with the March of Dimes to develop Baby Arizona outreach materials and distributed them to the community.

**First Things First Health Committee**
AHCCCS continues to participate in the First Things First (FTF) Health Committee and provides guidance and feedback related to Medicaid issues. AHCCCS also has participated in developing the health care strategy that will be utilized at the state level and in varying degrees in the regional areas. AHCCCS is instrumental in providing input related to EPSDT requirements, care coordination among systems of care, and early childhood development.

**Governor's Commission on Women's and Children's Health**
AHCCCS is represented by CQM staff on the Governor's Commission on Women's and Children's Health. The Commission was assembled to develop a realistic, short-term action plan to promote wellness and/or improve access to care for Arizona's women, children, and adolescents. The Commission's focus is on physical activity and nutrition toward a healthy weight to combat the growing obesity epidemic in Arizona and developed subcommittees to approach the epidemic on three fronts: Where we Learn, Where we Live and Where we Work. AHCCCS staff attended commission meetings in the previous quarter, but no meetings were held since then.

**Healthy Mothers, Healthy Babies**
CQM staff participates in the Maricopa County Healthy Mothers, Healthy Babies (HM,HB) Coalition, as well as a related project in the Maryvale area of west-central Phoenix, designed to promote early prenatal care and good birth outcomes. CQM staff is working with the state HMHB organization to assist in educating communities about AHCCCS-covered services for women and children and the Baby Arizona process for AHCCCS application and initiation of prenatal care. CQM staff also attended monthly coalition meetings during the quarter.

**Influenza Immunization Workgroup**
During the quarter, AHCCCS began developing a collaborative campaign to ensure that people receive vaccinations for seasonal influenza, as well as the novel H1N1 flu virus in the coming months. Led by the Clinical quality Management Unit, a work plan was developed to facilitate a broad-based effort, including AHCCCS Contractors; the Arizona Department of Health Services; the Arizona Partnership for Immunization; the Arizona Quality Improvement Organization, Health Services Advisory Group; physician organizations, Medicare health plans and representatives from other AHCCCS divisions. Strategies will include coordinated and consistent messaging utilizing information from the federal Centers for Disease Control and Prevention (CDC), coordination with community clinics that may provide vaccinations to AHCCCS members, and processes to collect data on vaccination status of members to follow up with those who should receive immunizations but have not and to evaluate campaign efforts. A teleconference of participating organizations was scheduled for July to kick off of the campaign.

**Project LAUNCH**
Project LAUNCH, is a grant received by ADHS from the Substance Abuse and Mental Health Service Administration (SAMSHA). The purpose of the grant is to improve care coordination and develop comprehensive medical homes in two south Phoenix zip codes. Project LAUNCH participants, including AHCCCS, spent six sessions mapping out current program requirements for children across all federal, state and community care providers. These mappings assisted Project LAUNCH in focusing its strategy on key areas where care coordination/system improvements would increase access to and improve quality of care.

**Developing and assessing the quality and appropriateness of care/services for members**

AHCCCS develops measures and assesses the quality and appropriateness of care/services for its members, including those with special health care needs, using a variety of processes.

- Identifying priority areas for improvement

AHCCCS has established an objective, systematic process for identifying priority areas for improvement and selecting new Performance Measures and Performance Improvement Projects (PIPs). This process involves a review of data from a variety of sources, both internal and external. Preliminary recommendations for measures or PIP topics are developed and scored by an interdepartmental AHCCCS team that takes into account such factors as the prevalence of a particular condition and population affected, the resources required by both AHCCCS and Contractors to conduct studies and effect improvement, and whether the areas currently are priorities of CMS or state leadership and/or can be combined with existing initiatives. Contractor input also is sought in prioritizing areas for improvement. During the quarter, an AHCCCS team reviewed potential topics and supporting data, and selected the following new PIPs for implementation in CYE 2010:

  - **Coordination of Care for Acute Members Receiving Services through the ADHS Division of Behavioral Health Services.** AHCCCS will work with ADHS and Acute-care Contractors to develop a PIP across the Behavioral Health and Acute-care programs to improve coordination of care for members with specific chronic diseases/diagnoses; for example, diabetes and/or hepatitis C (liver disease).
  - **Improve Rates of Primary/Preventive Care Visits by HCBS Members.** AHCCCS will develop a PIP in conjunction with ALTCS Contractors to improve rates of primary/preventive care visits by HCBS members using HEDIS methodology for Access to Primary Care Practitioners/Preventive Health Services for baseline and successive measurements.

- Establishing realistic outcome-based performance measures

***ALTCS Contractor Performance Measures***

AHCCCS incorporated two new measures into CYE 2009 ALTCS contracts, an influenza vaccination measure and a measure of the prevalence of pressure ulcers. AHCCCS plans to collect data for the new measures in 2011 for the measurement period of CYE 2010. Methodologies developed by AHCCCS with Contractor input have been provided to Contractors, which have begun implementing processes to internally monitor and improve performance in these areas. As noted below, AHCCCS already has implemented a Performance Improvement Project (PIP) among ALTCS Contractors to reduce inappropriate refusal of flu vaccine and improve rates of annual influenza immunization.

***Acute-care Contractor Performance Measures***

AHCCCS also incorporated new Acute-care Performance Measures into CYE 2009 contracts. These include three measures that are part of the HEDIS measure of Comprehensive Diabetes Care – hemoglobin A1c tests, lipid screening and eye exams – as well as the HEDIS measure of Use of Appropriate Medications for People with Asthma. As noted below, AHCCCS already has implemented a Performance Improvement Project (PIP) among Acute-care Contractors to improve use of appropriate asthma medicines, using HEDIS specifications for measuring performance. AHCCCS plans to collect data for the measures in 2011 for the measurement period of CYE 2010.

***Children's Rehabilitative Services Administration (CRSA) Performance Measures***

As previously noted, AHCCCS Clinical Quality Management staff worked closely with CRSA during the quarter to develop and incorporate into contract new Performance Measures that reflect improvements in the process for enrolling AHCCCS members into CRS services and which should provide more meaningful and valid data for monitoring access and availability of services. The new measures, incorporated into the CYE 2010 contract, include the following:

- ***Timeliness of Eligibility Determination #1*** – The percent of AHCCCS members for whom a determination of eligibility was made (i.e., eligible or ineligible) and who were notified in writing of the decision within 14 calendar days of a complete CRS Referral Form received by the CRS subcontractor
- ***Timeliness of Eligibility Determination #2*** – The percent of AHCCCS members for whom a determination of eligibility could not be made from the CRS Referral Form and who were notified in writing within 14 calendar days of receipt of the Referral Form that additional information or a medical evaluation was required in order to make a determination of medical eligibility (CRSA must show documentation of internal monitoring of the accuracy of the determination process)
- ***Timeliness of Initial Service Plan Development*** – The percent of AHCCCS members for whom an initial service plan (ISP) was completed on or before the date of positive eligibility determination by the CRS subcontractor
- ***First CRS Service*** – The percent of AHCCCS members who receive their first CRS service by the date specified on the ISP or within 90 calendar days of the date of positive eligibility determination

Performance Measure methodologies are specified as part of the contract. AHCCCS also set Minimum Performance Standards and Goals for CRSA to achieve for each of these measures, which are included in the contract.

***Division of Behavioral Health Services (DBHS) Performance Measures***

AHCCCS completed a major overhaul of DBHS Performance Measures, in conjunction with the Division during the quarter, developing and refining several measures. These measures also are designed to collect more meaningful data on access, availability and quality of behavioral health services received by AHCCCS members, as well as improve data validity. The new measures, incorporated into the CYE 2010 contract, include the following:

- ***Access to Care*** – The percent of AHCCCS members referred for or requesting behavioral health services for whom the first service was provided within 23 days of the initial assessment
- ***Behavioral Health Service Plan*** – The percent of AHCCCS members with current service plans that incorporate the needs and service recommendations identified in their assessments
- ***Behavioral Health Service Provision*** – The percent of AHCCCS members who received the services that were recommended in their service plans
- ***Coordination of Care #1 (Disposition of Referral)*** – The percent of AHCCCS members for whom disposition of the referral is communicated to the PCP or Health Plan within 45 days of initial assessment or, if behavioral health services are declined, within 45 days of the referral
- ***Coordination of Care #2 (Communication) )*** – The percent of AHCCCS members for whom behavioral health service providers communicate behavioral health clinical and contact information with the member's Primary Care Physician (PCP) and/or Health Plan

° ***Follow Up after Hospitalization for Mental Illness*** – The percent of discharges for members age 6 years and older who were hospitalized for treatment of selected mental health disorders and who had an outpatient visit or partial hospitalization with a behavioral health practitioner, based on Healthcare Effectiveness Data and Information Set (HEDIS) criteria. Two rates will be reported:

1) Members who received follow up within 30 days of discharge
2) Members who received follow up within seven days of discharge

° ***Treatment of Depression*** – The percent of continuously enrolled AHCCCS members diagnosed with major depressive disorder of mild subtype who received an antidepressant medication or psychotherapy during the measurement period

Performance Measure methodologies are specified as part of the contract. AHCCCS also set Minimum Performance Standards and Goals for DBHS to achieve for each of these measures, which are included in the contract.

- Identifying, collecting and assessing relevant data

***Performance Measures***

° **ALTCS Performance Measures.** During the quarter, AHCCCS analyzed data for the measure of Initiation of Home and Community Based Services. The measurement is used to determine the percent of E/PD members in HCBS settings other than assisted living facilities or hospice who received specific medical, nursing or support services within 30 days of enrollment. These services are designed to enable members to maintain function and continue living in their own homes or other community settings rather than nursing facilities. The measurement period for this study is October 1, 2007, through September 30, 2008.

Data were collected through a hybrid methodology from the AHCCCS encounter system and case management or medical record data supplied by Contractors. Contractors also supplied supporting documentation for any numerator data collected, in order to ensure valid and reliable results. AHCCCS will analyze rates for each measure by Contractor, rural and urban counties, and by race/ethnicity. Results for the current measurement were as follows:

**Initiation of Home and Community Based Services for ALTCS Elderly/Physically Disabled Members**
**Measurement Period: October 1, 2007, through September 30, 2008**

| Contractor | n | Number who Received Service Within 30 Days | Percent who Received Service Within 30 Days | Relative Percent Change | Statistical Significance |
|---|---|---|---|---|---|
| Evercare Select * | 68 | 68 | 100.0% | 6.8% | p=.066 |
| | 47 | 44 | 93.6% | | |
| Pima Long Term Care * | 131 | 129 | 98.5% | 4.1% | p=.101 |
| | 129 | 122 | 94.6% | | |
| Cochise Health Systems * | 51 | 50 | 98.0% | 15.5% | p=.033 |
| | 33 | 28 | 84.8% | | |
| Yavapai County LTC * | 38 | 37 | 97.4% | 4.9% | p=.570 |
| | 28 | 26 | 92.9% | | |
| Mercy Care Plan * | 177 | 172 | 97.2% | -0.4% | p=1.000 |
| | 209 | 204 | 97.6% | | |
| Pinal/Gila Long Term Care * | 70 | 68 | 97.1% | 13.6% | p=.015 |
| | 69 | 59 | 85.5% | | |
| SCAN Long Term Care | 88 | 76 | 86.4% | 1.6% | p=.790 |
| | 100 | 85 | 85.0% | | |
| Bridgeway Health Solutions | 89 | 72 | 80.9% | -4.3% | p=.529 |
| | 84 | 71 | 84.5% | | |
| TOTAL | 712 | 672 | 94.4% | 3.2% | p=.030 |
| | 699 | 639 | 91.4% | | |

**Notes:**
*** Indicates Contractor met or exceeded the AHCCCS Minimum Performance Standard.**
**Shaded rows show results of previous measurement, October 1, 2006, through September 30, 2007.**

Six of eight Contractors met the AHCCCS contractual Minimum Performance Standard (MPS) of 92 percent for this measure, with three achieving the AHCCCS Goal of 98 percent. AHCCCS will require Corrective Action Plans from the two Contractors that did not meet the MPS, and will work with them to ensure they improve performance.

° **Acute-care Performance Measures.** During the quarter, AHCCCS completed a major review and quality check of performance measure programming, in conjunction with one of its Contractors, which assisted by testing data through its certified HEDIS software. The review

and analysis of processes identified a few areas in which AHCCCS revised its programming to better conform to HEDIS 2009 requirements. This programming will be used for the final run of measures to evaluate Acute-care Contractors' performance for the measurement period of CYE 2008, which will take place in the next quarter.

Preliminary data for these measures, run in May 2009, indicated that nearly all Medicaid measures are trending upward, with Contractors achieving significant improvement in some areas. These results will be discussed in more detail in the section on "Providing Incentives for Excellence and Imposing Sanctions for Poor Performance".

***Performance Improvement Projects (PIPS)***
AHCCCS has a number of Performance Improvement Projects under way with Contractors, which are designed to improve enrollee health outcomes and/or satisfaction. Recent activity related to these projects includes:

° **Inappropriate Refusal of Influenza Immunization (ALTCS E/PD).** In 2008, AHCCCS developed the methodology for a Performance Improvement Project to reduce the rate of refusal of influenza vaccination for inappropriate reasons. The PIP includes Arizona Long Term Care System (ALTCS) Elderly and Physically Disabled (E/PD) members age 18 and older. Members are considered to have refused an influenza immunization if they did not receive a vaccination in the 2007/2008 flu season and did not have specific contraindications to the vaccine. Baseline results are as follows:

**AHCCCS Influenza Vaccine Refusal Baseline Results:**
**ALTCS Elderly/Physically Disabled Members**

| Contractor | n | Number of members who refused Influenza Vaccination | Percent of members who refused Influenza Vaccination |
|---|---|---|---|
| Bridgeway Health Solutions | 291 | 184 | 63.2% |
| Cochise Health Systems | 255 | 110 | 43.1% |
| Evercare Select | 360 | 220 | 61.1% |
| Mercy Care LTC | 374 | 205 | 54.8% |
| Pima Health System LTC | 347 | 140 | 40.3% |
| Pinal/Gila County LTC | 279 | 219 | 78.5% |
| Scan Long Term Care | 281 | 153 | 54.4% |
| Yavapai County LTC | 250 | 84 | 33.6% |
| TOTAL | 2437 | 1315 | 54.0% |

These results were shared with Contractors, who are implementing interventions to better educate members of the benefits of influenza immunization and the minimal risks associated with vaccines compared with the risks of disease. Improvements are expected to decrease unnecessary or uninformed refusal of vaccination and potential mortality and morbidity from influenza. Contractor interventions also are aimed at improving documentation of members'

receipt of the vaccine. A remeasurement in 2010 will show whether Contractors achieved statistically significant reductions in the percent of members who refused vaccination.

° **Provider Reporting to the Arizona State Immunization Information System (Acute-care Contractors).** This project, implemented in CYE 2005, was completed with all Contractors showing significant and sustained improvement. The Arizona State Immunization Information System (ASIIS) is an electronic registry designed to capture vaccination data, in order to monitor immunization status at the individual and larger population levels. AHCCCS conducts regular assessments of the immunization completion status of members at 24 months of age. The results are primarily derived from ASIIS records and medical charts. When records are not in ASIIS, health plans must collect data from medical records, which can be labor intensive. In addition, more complete data in ASIIS assist providers in determining patients' immunization status, particularly when they have seen multiple providers or receive vaccination at community events.

The PIP was designed to increase the number of primary care practitioners (PCPs) contracted with Acute-care plans who report vaccination data to ASIIS on a monthly basis. The median rate of monthly reporting improved from 74.2 percent in the baseline measurement (CYE 2005) to 88.2 percent in the second remeasurement (CYE 2008). The improvement was achieved through a collaborative, targeted approach led by AHCCCS. Each health plan utilized common materials and messages to educate providers and their staff, and each was assigned a list of provider sites, proportionate to its overall membership size and PCP network, to target for more intensive education. Contractors agreed to a progressive plan of interventions, depending on the level of noncompliance by the PCP office. During the quarter, AHCCCS reviewed final reports from Contractors on the project, documenting successful interventions, and developed the agency's final report, which was posted to the AHCCCS website in July 2009.

While the PIP is complete, AHCCCS is taking follow-up action with 10 primary care practices that continue to make sporadic reports to ASIIS, usually every two to three months rather than monthly, as the registry requires. The AHCCCS Medical Director is sending letters to the 24 AHCCCS-registered providers affiliated with these practices to reinforce reporting requirements and advise them that nearly 90 percent of their peers are reporting on a monthly basis. AHCCCS also will work with the Arizona Medical Association and physician licensing boards to encourage these practices to improve timeliness of reporting.

° **Children's Oral Health/Annual Dental Visits (Acute-care, DDD and ALTCS Contractors).** This PIP was implemented in 2003, and was aimed at improving the rate of annual dental visits among children 3 through 8 years of age, since research shows these are important years for preventing tooth decay. AHCCCS conducted measurements using HEDIS methodology for this age group for Acute-care and DDD Contractors, and measured visits among the entire child and adolescent population enrolled with ALTCS E/PD Contractors.

All Acute-care Contractors and DES/DDD achieved significant and sustained improvements in their rates of annual dental visits, with all but one of these health plans showing double-digit increases from the baseline measurement to the final measurement, conducted in 2008. Overall, the rate of annual dental visits among children enrolled with Acute-care Contractors improved from 52.2 percent to 65.4 percent during the PIP. The rate among children enrolled with DDD improved from 30.9 percent to 39.9 percent. All ALTCS Contractors except one had populations of less than 30 members, and valid comparisons could not be made between measurement periods to determine whether statistically significant improvement was achieved by individual plans. However, it appears modest improvement was made overall.

During the quarter, AHCCCS reviewed final reports from Contractors on the project, documenting successful interventions, and developed the agency's final report, which was posted to the AHCCCS website in July 2009.

° **Behavioral Health PIPs.** AHCCCS continues to work with the ADHS Division of Behavioral Health Services (DBHS) staff to refine its PIPs, in order to make them more focused on outcomes that demonstrate an increase in member satisfaction and/and member care. One of the DBHS PIPs addresses Child and Family Teams (CFTs), to better ensure fidelity to the CFT process, which has been associated with improved functional and health outcomes. During the quarter, AHCCCS continued to provide ADHS/DBHS with technical assistance in completing the PIP.

AHCCCS has also approved DBHS' proposal for a new PIP, to improve participation in supported employment programs among seriously mentally ill members, after extensive technical assistance to shore up the study methodology, and analysis and intervention plans in order to ensure that the PIP yields meaningful and reliable results.

As previously noted, AHCCCS will work with DBHS and Acute-care Contractors to implement a PIP to improve care coordination among members receiving medical and behavioral health services, to be implemented in CYE 2010.

- Providing incentives for excellence and imposing sanctions for poor performance

Notices to Cure or Letters of Concern were issued in 2007 to Acute-care Contractors that did not meet Minimum Performance Standards (MPSs) for Performance Measures for multiple years and/or multiple measures. Contractors also were advised of sanctions they would face if they did not meet Minimum Performance Standards for the measurement periods consisting of CYE 2007 and CYE 2008. Contractors were required to develop Corrective Actions Plans to bring their performance up to the AHCCCS minimum standards or evaluate each activity under CAPs currently in place to determine their effectiveness. DHCM subsequently advised Contractors of potential sanction amounts based on results of measures that were reported in December 2008. Contractors were again required to evaluate any existing CAPs for measures for which they did not meet AHCCCS minimum standards and/or develop new CAPs. Thus, Contractors were given ample time to correct deficiencies by putting resources toward improvement rather than absorbing financial sanctions for poor performance.

AHCCCS also continued providing technical assistance to Contractors to help them improve their ability to effectively monitor their performance from internal data and reinforced strategies to improve rates for these measures. Many of the AHCCCS minimum standards were increased in the Acute-care Contract effective October 1, 2008, to push Contractor performance to levels that meet or exceed HEDIS national Medicaid means.

This approach to performance improvement appears to have been successful. As previously noted, AHCCCS collected and analyzed preliminary Performance Measure data for these Contractors during the quarter. Evaluating Contractors' performance over a three-year period, AHCCCS found that they were able to effect overall improvements in their Performance Measure results at a level not previously seen. Thus, AHCCCS views the Notices to Cure as having achieved their purpose, and notified Contractors that it was relieving them of any pending sanctions.

The Agency also continues work related to initiatives led by the Agency for Healthcare Research and Quality (AHRQ) and the Center for Health Care Strategies (CHCS), which are exploring innovative ways to reward quality. The AHCCCS Chief Medical Officer and the CQM Administrator are participating in the AHRQ initiative, which is focusing on collaborative opportunities to develop quality-based pay-for-performance programs. Working with other states and employers in Community Purchasing Groups, AHCCCS participated in the development of a pay-for-performance program that rewards evidence-based care resulting in quality outcomes to members, and discourages negative outcomes. AHCCCS worked with medical associations in the state to seek input in the development process. The AHCCCS Data Decision Support System (ADDS), the Agency's data warehouse, was used to identify target populations on which to base a pay-for-performance initiative. AHCCCS is awaiting Legislative approval to implement a program, and continues to work with other states and receive technical assistance.

This work dovetails with the CHCS initiative regarding Return on Investment. A team comprised of the AHCCCS Chief Medical Officer and CQM Administrator, as well as the Medical Management Manager and a Manager in the Data Analysis and Research Unit, are involved in this project. This should ensure subject-specific data that can be utilized to request legislative funding for the Pay for Performance Program.

- <u>Sharing best practices</u>

AHCCCS regularly shares best practices with and provides technical assistance to its Contractors. In addition, Contractors are encouraged to share evidence-based best practices with each other and their providers. An example of this is the sharing of successful interventions during AHCCCS Contractor meetings. The Division of Health Care Management held a Quality Management/Maternal and Child Health (QM/MCH) meeting with Contractors on April 9, 2009, with topics that included: Arizona Rural Women's Health Network; ADHS Bureau of Women's and Children's Health; ADHS Licensing, Immediate Jeopardy; a Nurse Family Partnership (NFP) Program and updates on AHCCCS Performance Measures and Performance Improvement Projects (PIPs).

As previously mentioned, AHCCCS has continued facilitating a targeted effort to improve childhood immunization rates in certain counties during the quarter. The collaborative effort includes AHCCCS, its contracted health plans, the ADHS Office of Immunization, The Arizona Partnership for Immunization and the Pinal County Health Department. Evidence-based practices to improve delivery of immunizations and keep children up to date are disseminated through provider outreach and educational sessions for medical offices, health department staff and health plans.

During the quarter, AHCCCS encouraged Contractors to participate in a free satellite broadcast and webcast presented by the Centers for Disease Control and Prevention (CDC), Immunization Update 2009, to improve immunization practices and completion rates among their members. Topics of the July 30 broadcast included the novel H1N1 influenza virus, seasonal influenza, rotavirus, vaccine safety, and vaccine supply. "Alternative" vaccination schedules and other emerging vaccine issues also were discussed, and both broadcasts featured a live question-and-answer session.

As noted, Contractors also were apprised of and encouraged to take advantage of the Arizona Asthma Coalition's annual conference in May 2009 for current information on clinical guidelines for asthma management and strategies to improve members' self-care and adherence to health care providers' recommendations.

In addition, AHCCCS Clinical Quality Management staff met with Quality Management staff of ADHS/DBHS during the quarter to provide technical assistance and share successful practices for quality management and improvement. DBHS has reorganized some functions related to quality management, which had been spread among different areas, to better integrate them. Representatives of the Division of Health Care Management also meet bimonthly with DBHS staff to discuss issues, share information, and review progress and new initiatives in improving access, availability and quality of services.

**Including medical quality assessment and performance improvement requirements in the AHCCCS contracts**

Contracts with health plans are reviewed to ensure that they include all federally required elements prior to renewal. As discussed at the beginning of this report, AHCCCS awarded new contracts for Acute-care services during the quarter. New or enhanced provisions were incorporated into the contracts to incentivize improvement and discourage poor performance. As previously noted, AHCCCS also made significant revisions to Performance Measures for CRSA and DBHS in order to produce data that are more meaningful and reliable in informing AHCCCS of the accessibility, availability and quality of services received.

**Regular monitoring and evaluating of Contractor compliance and performance**

AHCCCS monitors and evaluates access to care, organizational structure and operations, clinical and non-clinical quality measurement and performance improvement outcomes through the following methods.

- Annual on-site Operational and Financial Reviews (OFRs)

During annual Operational and Financial Reviews, AHCCCS evaluates each Contractor's compliance related to development and implementation of policies, performance related to quality measures, and progress toward plans of correction to improve quality of care and service outcomes for members. During the quarter, AHCCCS conducted reviews of the following Contractors:

CRSA – April 7 through 9
Yavapai County Long Term Care – April 21 through 23
Care1st Health Plan of Arizona – May 19 through 21
University Family Care/Maricopa Health Plan – June 15 through 18
Comprehensive Medical and Dental Plan (CMDP) – June 29 through July 1

- Review and analysis of periodic reports

A number of contract deliverables are used to monitor and evaluate Contractor compliance and performance. AHCCCS reviews these reports, provides feedback and approves them as appropriate.

**Annual Quality Management/Performance Improvement Plans**. AHCCCS ensures that each Contractor has an ongoing quality assessment and performance improvement program for the services it furnishes to its members, consistent with BBA regulations. Annually, Contractors submit their annual Quality Management/Performance Improvement (QM/PI) Plans and Evaluations of the previous year's activities, Utilization Management (UM) Plans and Evaluations, Performance Improvement Project (PIP) proposals and reports, annual Maternity Care Plans, annual EPSDT/Dental Plans, and related Work Plans. CQM coordinates this review with other units in the division.

Contractors submitted their annual plans and PIP reports in December 2008. CQM developed checklists for Contractors to use in developing and submitting their QA/PI Plans and Evaluations and Maternity Care/EPSDT/Dental Plans and Evaluations. These checklists help ensure that all required components related to improving the quality of care and service delivery for enrollees are addressed. They also assist AHCCCS staff in reviewing the plans in a more efficient manner. DHCM staff completed the process of approving these extensive documents during the quarter, after ensuring that Contractors made any the necessary revisions to meet AHCCCS and federal Medicaid Managed Care requirements.

**Quarterly EPSDT/Oral Health Progress Reports**. AHCCCS requires Acute and ALTCS Contractors to submit quarterly reports demonstrating their efforts to inform families/caregivers of EPSDT services and ensure that members receive these services according to the AHCCCS Periodicity Schedule. AHCCCS has developed a template for Contractors to report data on member and provider outreach, as well as Contractor rates for various services, such as blood-lead and tuberculosis screening, PCP oral exams, and referrals. The template prompts Contractors to evaluate the effectiveness of activities, including care coordination, follow up and new or revised interventions to improve quality and access to care. The template also provides a vehicle for Contractors to report the results of their internal monitoring of contractual Performance Measures on a quarterly basis. These reports were received and reviewed during the quarter. CQM staff responded to Contractors with requests for clarification and some recommendations for improvement in future reports.

**Quarterly Quality Management Reports.** Contractors submit reports on Quality of Care (QOC) concerns received and the disposition of those concerns (e.g., whether or not they were substantiated). The concerns are reported by category, such as availability/accessibility/adequacy, effectiveness/appropriateness of care, member rights and non-quality issues, to identify trends. Contractors also report the types of actions taken to resolve concerns. CQM received reports from Contractors during the quarter and will utilize the data in analyzing QOC concerns for the program overall, by Contractor, line of business, and complaint type.

- Review and analysis of program-specific Performance Measures and Performance Improvement Projects

AHCCCS considers a Performance Improvement Project (PIP) as a planned process of data gathering, evaluation, and analysis to determine interventions or activities that are anticipated to have a positive outcome. PIPs are designed to improve the quality of care and service delivery and usually last at least four years. While Contractors may select and implement their own PIPs to address problems specific to their plans, AHCCCS mandates other program-wide PIPs in which Contractors must participate, and monitors performance until each health plan meet requirements for demonstrable and sustained improvement.

Another method by which AHCCCS monitors the quality and appropriateness of care provided to members is through Performance Measures. Contractors submit encounter data to AHCCCS, which measures each plan's performance and evaluates its compliance in meeting contractual performance standards for specific health care services. Under their contracts with AHCCCS, Contractors are required to improve their rates for Performance Measures and achieve specific goals for each. AHCCCS requires corrective action plans from Contractors that do not meet the Minimum Performance Standard, or that show a statistically significant decline in their rates. Contractors also could face significant financial sanctions if they do not improve performance to a level that meets or exceeds the minimum standard.

As noted earlier in this report, AHCCCS collected, analyzed and reported to Contractors their results for several PIPs and Performance Measures during the quarter. Contractors also submitted final reports for two PIPs mandated by AHCCCS.

**Maintaining an information system that supports initial and ongoing operations and review of the established Quality Strategy**

The AHCCCS Data Decision Support (ADDS) system provides greater flexibility and timeliness in monitoring a broad spectrum of data, including information that supports ongoing operations and review of quality management and performance improvement activities. Enhancements have been made to the ADDS function that generates Performance Measure data. The system is used to support performance monitoring, as well as provide data through specific queries to guide new quality initiatives. During the quarter, AHCCCS began the transition from a Business Objects application to COGNOS. The new application is designed to make analysis and reporting of data easier for AHCCCS users.

In addition, AHCCCS has an ongoing process of reviewing and updating its programming for collecting and analyzing Performance Measures according to HEDIS specifications through the ADDS data warehouse. Measures are validated against historical data, as well as individual recipient and service records in PMMIS, to ensure accuracy and reliability of data. As previously noted, AHCCCS completed an extensive review of Performance Measure specifications and programming, in conjunction with one of its Contractors. DHCM made some revisions to its programming of HEDIS measures to meet 2009 specifications and documented processes in a crosswalk of NCQA specifications, to ensure continued comparability with national means and percentiles.

**Reviewing, revising and beginning new projects in any given area of the Quality Strategy**

Review and revision of the components of the Quality Strategy is an ongoing process for AHCCCS. At the end of 2008, AHCCCS completed a thorough review and revision of the Agency's Quality Strategy, utilizing the CMS Medicaid Quality Strategy Toolkit, to ensure that all required components are addressed and that the document is up to date. The State Medicaid Advisory Committee (SMAC) also provided input into the strategy. This process has resulted in a revised Quality Strategy that aligns with Medicaid Managed Care requirements, including the CMS toolkit, and links to other significant documents, including annual External Quality Review reports, the AHCCCS Five Year Strategic Plan, AHCCCS E-Health Initiative, managed care contracts and reports by the Agency. The final product, which also has been presented to Contractors, offers users a more complete view of quality initiatives throughout the Agency and provides updates on activities and progress since the Quality Strategy was developed in 2003.

## Arizona Health Care Cost Containment System
## Budget Neutrality Tracking Report
## For the Period Ended June 30, 2009

I. CALCULATION OF BUDGET NEUTRALITY LIMIT BY DEMONSTRATION YEAR (WITHOUT WAIVER CEILING FEDERAL SHARE)

WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:

| Medicaid Enrollment Group | FFY 1999 PM/PM (Base Year) | Trend Rate | DY 01 PM/PM | Effective FMAP | Federal Share PM/PM | Member Months QE 6/01 | Member Months QE 9/01 | Total | Federal Share Budget Neutrality Limit FFY 2001 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | $208.71 | 1.09495 | 250.23 | 67.95% | 170.02 | 1,173,997 | 1,308,844 | 2,482,841 | $ 422,125,251 |
| SSI | $414.28 | 1.0688 | 473.25 | 67.31% | 318.55 | 266,245 | 275,436 | 541,681 | 172,553,523 |
| | | | | | | | | | $ 594,678,774 |
| | | | | | | | | | 75,946,612 |
| | | | | | | | | | $ 670,625,386 |

| | DY 01 PM/PM | | | Member Months QE 12/01 | Member Months QE 3/02 | Member Months QE 6/02 | Member Months QE 9/02 | Total | Federal Share Budget Neutrality Limit FFY 2002 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 273.98 | 67.95% | 186.16 | 1,435,175 | 1,525,564 | 1,595,487 | 1,684,893 | 6,241,119 | $ 1,161,847,627 |
| SSI | 505.81 | 67.31% | 340.47 | 284,731 | 291,404 | 297,919 | 304,558 | 1,178,612 | 401,280,016 |
| | | | | | | | | | $ 1,563,127,642 |
| | | | | | | | | | 86,014,710 |
| | | | | | | | | | $ 1,649,142,352 |

| | DY 02 PM/PM | | | Member Months QE 12/02 | QE 3/03 | QE 6/03 | QE 9/03 | Total | Federal Share Budget Neutrality Limit FFY 2003 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 300.00 | 71.12% | 213.36 | 1,774,506 | 1,844,424 | 1,939,331 | 2,028,450 | 7,586,711 | $ 1,618,687,159 |
| SSI | 540.60 | 70.58% | 381.58 | 310,953 | 317,996 | 325,775 | 333,584 | 1,288,308 | 491,598,108 |
| | | | | | | | | | $ 2,110,285,266 |
| | | | | | | | | | 82,215,000 |
| | | | | | | | | | $ 2,192,500,266 |

| | DY 03 PM/PM | | | Member Months QE 12/03 | QE 3/04 | QE 6/04 | QE 9/04 | Total | Federal Share Budget Neutrality Limit FFY 2004 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 328.48 | 71.43% | 234.63 | 2,041,362 | 2,016,831 | 2,015,046 | 2,094,580 | 8,167,819 | $ 1,916,379,128 |
| SSI | 577.80 | 70.72% | 408.60 | 343,781 | 347,644 | 354,623 | 361,527 | 1,407,575 | 575,134,949 |
| | | | | | | | | | $ 2,491,514,077 |
| | | | | | | | | | 95,369,400 |
| | | | | | | | | | $ 2,586,883,477 |

| | DY 04 PM/PM | | | Member Months QE 12/04 | QE 3/05 | QE 6/05 | QE 9/05 | Total | Federal Share Budget Neutrality Limit FFY 2005 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 359.67 | 69.53% | 250.06 | 2,199,809 | 2,179,501 | 2,207,251 | 2,210,063 | 8,796,624 | $ 2,199,715,848 |
| SSI | 617.55 | 68.74% | 424.51 | 371,447 | 377,463 | 382,401 | 384,242 | 1,515,553 | 643,368,883 |
| | | | | | | | | | $ 2,843,084,730 |
| | | | | | | | | | 95,369,400 |

| | |
|---|---|
| | $ 2,938,454,130 |

| | | DY 05 PM/PM | | | Member Months QE 12/05 | QE 3/06 | QE 6/06 | QE 9/06 | Total | Federal Share Budget Neutrality Limit FFY 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | | 393.82 | 69.13% | 272.26 | 2,207,210 | | | | 2,207,210 | $ 600,941,425 |
| SSI | | 660.04 | 68.44% | 451.70 | 385,816 | | | | 385,816 | 174,274,002 |
| AFDC/SOBRA | Post MMA Adj | 392.97 | 69.13% | 271.68 | | 2,169,899 | 2,164,066 | 2,151,605 | 6,485,570 | 1,761,969,065 |
| SSI | Post MMA Adj | 590.02 | 68.44% | 403.78 | | 385,877 | 382,923 | 382,881 | 1,151,681 | 465,029,935 |
| | | | | | | | | | | $ 3,002,214,426 |
| | | | | | | | | | | 95,369,400 |
| | | | | | | | | | | $ 3,097,583,826 |

WAIVER PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2011:

| | FFY 2006 PM/PM | Trend Rate | DY 06 PM/PM | Effective FMAP | Federal Share PM/PM | Member Months QE 12/06 | QE 3/07 | QE 6/07 | QE 9/07 | Total | Federal Share Budget Neutrality Limit FFY 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 392.97 | 1.072 | 421.27 | 68.80% | 289.85 | 2,149,634 | 2,143,296 | 2,170,418 | 2,215,763 | 8,679,111 | $ 2,515,613,834 |
| SSI | 590.02 | 1.072 | 632.50 | 68.10% | 430.74 | 383,013 | 383,423 | 387,096 | 389,566 | 1,543,098 | 664,668,662 |
| ALTCS-DD | | 1.072 | 3516.33 | 66.58% | 2341.03 | 55,503 | 56,300 | 57,241 | 58,188 | 227,232 | 531,956,103 |
| ALTCS-EPD | | 1.072 | 3409.91 | 66.64% | 2272.26 | 74,654 | 74,270 | 74,698 | 75,719 | 299,341 | 680,179,694 |
| | | | | | | | | | | | $ 4,392,418,294 |
| | | | | | | | | | | | 95,369,400 |
| | | | | | | | | | | | $ 4,487,787,694 |

|  | DY 07 PM/PM | Effective FMAP | Federal Share PM/PM | Member Months QE 12/07 | QE 3/08 | QE 6/08 | QE 9/08 | Total | Federal Share Budget Neutrality Limit FFY 2008 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 451.60 | 68.67% | 310.10 | 2,253,484 | 2,264,187 | 2,300,046 | 2,344,469 | 9,162,186 | 2,841,150,891 |
| SSI | 678.04 | 67.94% | 460.67 | 391,896 | 393,529 | 394,123 | 395,116 | 1,574,664 | 725,401,644 |
| ALTCS-DD | 3769.51 | 66.33% | 2500.25 | 59,153 | 60,066 | 61,089 | 62,026 | 242,334 | 605,894,842 |
| ALTCS-EPD | 3655.42 | 66.50% | 2431.01 | 76,676 | 77,266 | 78,184 | 79,744 | 311,870 | 758,158,555 |
|  |  |  |  |  |  |  |  |  | $ 4,930,605,931 |
|  |  |  |  |  |  |  |  |  | 95,369,400 |
|  |  |  |  |  |  |  |  |  | $ 5,025,975,331 |

|  | DY 08 PM/PM | Effective FMAP | Federal Share PM/PM | Member Months QE 12/08 | QE 3/09 | QE 6/09 | QE 9/09 | Total | Federal Share Budget Neutrality Limit FFY 2009 |
|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 484.12 | 76.70% | 371.33 | 2,406,084 | 2,486,080 | 2,618,026 |  | 7,510,190 | 2,788,765,775 |
| SSI | 726.86 | 76.42% | 555.46 | 396,408 | 398,247 | 396,328 |  | 1,190,983 | 661,543,780 |
| ALTCS-DD | 4040.91 | 75.33% | 3043.83 | 62,983 | 64,143 | 65,179 |  | 192,305 | 585,344,342 |
| ALTCS-EPD | 3918.61 | 75.45% | 2956.56 | 80,794 | 81,736 | 81,561 |  | 244,091 | 721,668,477 |
|  |  |  |  |  |  |  |  |  | $ 4,757,322,374 |
|  |  |  |  |  |  |  |  |  | 102,054,795 |
|  |  |  |  |  |  |  |  |  | $ 4,859,377,169 |

Based on CMS-64 certification date of 8/14/09

**Arizona Health Care Cost Containment System**

**Budget Neutrality Tracking Report**

**For the Period Ended June 30, 2009**

II. WAIVER COSTS AND VARIANCE FROM BUDGET NEUTRALITY LIMIT - BY QUARTER, BY DATE OF PAYMENT

WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:

| | Budget Neutrality Limit - Federal Share | | | Expenditures from CMS-64, Schedule B - Federal Share | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | MAP | DSH | Total | AFDC/SOBRA | SSI | AC/MED | | | | DSH | Total | VARIANCE |
| QE 6/01 | $ 284,412,339 | $ - | $284,412,339 | $ 141,986,847 | $ 59,681,038 | $ 31,346,872 | $ - | $ - | $ - | $ 49,741,851 | $294,745,993 | $(10,333,654) |
| QE 9/01 | 310,266,436 | 75,946,612 | 386,213,048 | 190,394,084 | 89,174,119 | 35,440,263 | - | - | - | 9,964,155 | 319,071,317 | 67,141,731 |
| QE 12/01 | 364,114,266 | - | 364,114,266 | 212,600,041 | 91,278,326 | 54,069,757 | - | - | - | - | 357,948,124 | 6,166,142 |
| QE 3/02 | 383,213,040 | - | 383,213,040 | 279,700,520 | 129,324,172 | 69,531,395 | - | - | - | (59,706,006) | 412,762,000 | (29,548,960) |
| QE 6/02 | 398,448,067 | - | 398,448,067 | 251,569,392 | 119,396,617 | 69,516,073 | - | - | - | - | 440,482,082 | (42,034,015) |
| QE 9/02 | 417,352,270 | 86,014,710 | 503,366,980 | 254,526,472 | 100,795,403 | 72,123,681 | - | - | - | - | 427,445,556 | 75,921,424 |
| QE 12/02 | 497,260,226 | - | 497,260,226 | 283,042,237 | 112,605,459 | 81,611,127 | - | - | - | - | 477,258,823 | 20,001,403 |
| QE 3/03 | 514,865,304 | - | 514,865,304 | 307,833,501 | 124,015,853 | 83,135,076 | - | - | - | - | 514,984,430 | (119,126) |
| QE 6/03 | 538,082,837 | - | 538,082,837 | 335,897,265 | 153,636,989 | 103,921,589 | - | - | - | - | 593,455,843 | (55,373,006) |
| QE 9/03 | 560,076,900 | 82,215,000 | 642,291,900 | 326,904,740 | 130,779,492 | 99,910,965 | - | - | - | - | 557,595,197 | 84,696,703 |
| QE 12/03 | 619,424,576 | - | 619,424,576 | 342,194,130 | 141,669,588 | 117,472,377 | - | - | - | - | 601,336,095 | 18,088,481 |
| QE 3/04 | 615,247,398 | - | 615,247,398 | 356,575,718 | 144,541,374 | 121,487,252 | - | - | - | - | 622,604,344 | (7,356,946) |
| QE 6/04 | 617,680,210 | - | 617,680,210 | 378,397,587 | 178,126,369 | 119,699,074 | - | - | - | - | 676,223,030 | (58,542,820) |
| QE 9/04 | 639,161,893 | 95,369,400 | 734,531,293 | 357,025,418 | 145,285,954 | 127,097,490 | - | - | - | - | 629,408,862 | 105,122,431 |
| QE 12/04 | 707,775,582 | - | 707,775,582 | 374,496,706 | 153,711,596 | 134,379,346 | - | - | - | - | 662,587,648 | 45,187,934 |
| QE 3/05 | 705,251,147 | - | 705,251,147 | 389,097,040 | 171,977,149 | 152,130,280 | - | - | - | - | 713,204,469 | (7,953,322) |
| QE 6/05 | 714,286,649 | - | 714,286,649 | 400,547,496 | 165,585,571 | 167,446,873 | - | - | - | - | 733,579,940 | (19,293,291) |
| QE 9/05 | 715,771,352 | 95,369,400 | 811,140,752 | 413,657,520 | 174,077,443 | 162,560,598 | - | - | - | - | 750,295,561 | 60,845,191 |
| QE 12/05 | 775,215,426 | - | 775,215,426 | 404,061,498 | 191,370,840 | 160,614,226 | - | - | - | - | 756,046,564 | 19,168,862 |
| QE 3/06 | 745,318,741 | - | 745,318,741 | 405,005,129 | 235,354,779 | 118,877,866 | - | - | - | - | 759,237,774 | (13,919,033) |

| | MAP | DSH | Total | AFDC/SOBRA | SSI | AC/MED | ALTCS-DD | ALTCS-EPD | Family Plan | DSH/CAHP | Total | VARIANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| QE 6/06 | 742,541,282 | - | 742,541,282 | 141,514,299 | (35,409,090) | 184,960,886 | - | - | - | 509,691,703 | 800,757,798 | (58,216,516) |
| QE 9/06 | 739,138,977 | 95,369,400 | 834,508,377 | 400,869,032 | 166,963,246 | 193,842,243 | - | - | - | 17,513,729 | 779,188,250 | 55,320,127 |

WAIVER PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2011:

| | MAP | DSH | Total | AFDC/SOBRA | SSI | AC/MED | ALTCS-DD | ALTCS-EPD | Family Plan | DSH/CAHP | Total | VARIANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| QE 12/06 | 1,087,609,604 | - | 1,087,609,604 | 433,715,853 | 176,371,015 | 190,249,157 | 124,180,959 | 154,103,335 | 270,452 | - | 1,078,890,771 | 8,718,833 |
| QE 3/07 | 1,086,942,407 | - | 1,086,942,407 | 420,960,087 | 175,385,343 | 175,652,301 | 128,103,178 | 160,067,805 | 265,323 | 15,570,598 | 1,076,004,635 | 10,937,772 |
| QE 6/07 | 1,099,561,163 | - | 1,099,561,163 | 430,645,025 | 181,860,134 | 160,414,980 | 109,129,722 | 164,184,289 | 267,338 | 63,265,880 | 1,109,767,368 | (10,206,205) |
| QE 9/07 | 1,118,305,119 | 95,369,400 | 1,213,674,519 | 451,362,225 | 183,298,829 | 206,505,026 | 131,045,943 | 172,571,072 | 251,682 | 17,380,376 | 1,162,415,153 | 51,259,366 |
| QE 12/07 | 1,213,626,938 | - | 1,213,626,938 | 441,087,082 | 158,955,002 | 172,368,837 | 141,711,614 | 179,249,253 | 217,152 | 281,350 | 1,093,870,290 | 119,756,648 |
| QE 3/08 | 1,221,415,183 | - | 1,221,415,183 | 474,365,681 | 187,556,226 | 209,641,419 | 141,151,012 | 180,491,321 | 897,152 | 281,350 | 1,194,384,161 | 27,031,022 |
| QE 6/08 | 1,237,597,948 | - | 1,237,597,948 | 482,388,876 | 199,304,269 | 212,059,299 | 155,838,638 | 182,521,867 | 280,379 | 76,673,242 | 1,309,066,570 | (71,468,622) |
| QE 9/08 | 1,257,965,862 | 95,369,400 | 1,353,335,262 | 541,335,374 | 211,292,752 | 261,662,599 | 152,639,539 | 195,919,083 | 229,663 | 281,350 | 1,363,360,360 | (10,025,098) |
| QE 12/08 | 1,544,223,952 | - | 1,544,223,952 | 525,677,827 | 202,250,698 | 274,725,051 | 148,096,235 | 196,824,526 | 226,470 | 17,589,300 | 1,365,390,107 | 178,833,845 |
| QE 3/09 | 1,581,266,353 | - | 1,581,266,353 | 524,965,413 | 200,642,044 | 282,940,670 | 163,216,095 | 195,589,822 | 215,314 | 279,523 | 1,367,848,881 | 213,417,472 |
| QE 6/09 | 1,631,832,069 | 102,054,795 | 1,733,886,864 | 751,742,559 | 275,925,200 | 420,276,136 | 183,857,956 | 277,501,770 | 205,805 | 72,613,790 | 1,982,123,216 | (248,236,352) |
| QE 9/09 | | | | | | | | | | | | |
| QE 12/09 | | | | | | | | | | | | |
| QE 3/10 | | | | | | | | | | | | |
| QE 6/10 | | | | | | | | | | | | |
| QE 9/10 | | | | | | | | | | | | |
| QE 12/10 | | | | | | | | | | | | |
| QE 3/11 | | | | | | | | | | | | |
| QE 6/11 | | | | | | | | | | | | |
| QE 9/11 | | | | | | | | | | | | |
| | $26,685,251,515 | $823,078,117 | $27,508,329,632 | $12,426,142,674 | $5,096,783,799 | $5,027,670,784 | $1,578,970,891 | $2,059,024,143 | $ 3,326,730 | $791,422,191 | $26,983,341,212 | $ 524,988,420 |

Last Updated: 8/24/2009

**Arizona Health Care Cost Containment System**

**Budget Neutrality Tracking Report**

**For the Period Ended June 30, 2009**

III. SUMMARY BY DEMONSTRATION YEAR AND WAIVER PERIOD

| | Federal Share of Budget Neutrality Limit | Federal Share of Waiver Costs on CMS-64 | Annual Variance | As % of Annual Budget Neutrality Limit | Cumulative Federal Share of Budget Neutrality Limit | Cumulative Federal Share of Waiver Costs on CMS-64 | Cumulative Federal Share Variance | As % of Cumulative Budget Neutrality Limit |
|---|---|---|---|---|---|---|---|---|
| DY 01 | $ 2,319,767,739 | $ 2,409,669,255 | $ (89,901,516) | -3.88% | | | | |
| DY 02 | 2,192,500,266 | 2,108,216,536 | 84,283,730 | 3.84% | | | | |
| DY 03 | 2,586,883,477 | 2,480,828,864 | 106,054,613 | 4.10% | | | | |
| DY 04 | 2,938,454,130 | 2,854,895,082 | 83,559,048 | 2.84% | | | | |
| DY 05 | 3,097,583,826 | 3,136,270,323 | (38,686,497) | -1.25% | $ 13,135,189,438 | $ 12,989,880,060 | $ 145,309,378 | 1.11% |
| DY 06 | 4,487,787,694 | 4,503,148,781 | (15,361,087) | -0.34% | | | | |
| DY 07 | 5,025,975,331 | 5,029,884,871 | (3,909,540) | -0.08% | | | | |
| DY08 | 4,859,377,169 | 4,460,427,500 | 398,949,669 | 8.21% | 14,373,140,194 | 13,993,461,152 | 379,679,042 | 2.64% |
| | $ 27,508,329,632 | $ 26,983,341,212 | $ 524,988,420 | | $ 27,508,329,632 | $ 26,983,341,212 | $ 524,988,420 | 1.91% |

**Arizona Health Care Cost Containment System**

**Budget Neutrality Tracking Report**

**For the Period Ended June 30, 2009**

IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

## Schedule C

### Total Computable

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 525,877,400 | 543,440,702 | 622,410,394 | 834,523,500 | 1,060,836,691 | 1,085,925,690 | 1,292,861,060 | 1,210,104,722 | | | 7,175,980,159 |
| AFDC/SOBRA | 1,940,300,620 | 1,651,659,340 | 1,898,380,038 | 2,183,969,985 | 2,361,254,257 | 2,533,257,350 | 2,859,499,494 | 2,243,239,630 | | | 17,671,560,714 |
| SSI | 853,935,358 | 659,647,800 | 830,513,645 | 968,005,676 | 1,002,527,279 | 1,052,488,628 | 1,144,058,830 | 815,889,267 | | | 7,327,066,483 |
| ALTCS-DD | - | - | - | - | - | 784,569,043 | 869,190,217 | 637,392,706 | | | 2,291,151,966 |
| ALTCS-EPD | - | - | - | - | - | 1,025,034,625 | 1,107,412,507 | 847,589,735 | | | 2,980,036,867 |
| Family Planning Extension | - | - | - | - | - | 1,746,613 | 1,208,306 | 693,823 | | | 3,648,742 |
| DSH/CAHP | - | - | - | - | - | 145,177,300 | 142,818,307 | 111,004,918 | | | 399,000,525 |
| Residual DSH | 245,233,394 | 122,242,958 | 141,792,150 | 141,392,735 | 138,354,399 | - | - | | | | 789,015,636 |
| Total | 3,565,346,772 | 2,976,990,800 | 3,493,096,227 | 4,127,891,896 | 4,562,972,626 | 6,628,199,249 | 7,417,048,721 | 5,865,914,801 | | | 38,637,461,092 |

### Federal Share

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 354,932,035 | 385,744,925 | 442,197,223 | 575,701,097 | 725,107,889 | 740,321,045 | 880,703,864 | 922,962,706 | | | 5,027,670,784 |
| AFDC/SOBRA | 1,318,346,627 | 1,174,652,611 | 1,355,950,351 | 1,518,407,130 | 1,632,405,192 | 1,742,592,661 | 1,963,244,108 | 1,720,543,994 | | | 12,426,142,674 |
| SSI | 574,802,127 | 465,610,611 | 587,311,890 | 665,417,455 | 686,087,465 | 716,757,634 | 777,295,791 | 623,500,826 | | | 5,096,783,799 |
| ALTCS-DD | - | - | - | - | - | 522,333,460 | 576,518,599 | 480,118,832 | | | 1,578,970,891 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ALTCS-EPD | - | - | - | - | - | 683,050,914 | 736,475,259 | 639,497,970 | | | 2,059,024,143 |
| Family Planning Extension | - | - | - | - | - | 1,594,863 | 1,101,531 | 630,336 | | | 3,326,730 |
| DSH/CAHP | - | - | - | - | - | 96,498,204 | 94,545,719 | 73,172,836 | | | 264,216,759 |
| Residual DSH | 161,588,466 | 82,208,389 | 95,369,400 | 95,369,400 | 92,669,777 | - | - | | | | 527,205,432 |
| Total | 2,409,669,255 | 2,108,216,536 | 2,480,828,864 | 2,854,895,082 | 3,136,270,323 | 4,503,148,781 | 5,029,884,871 | 4,460,427,500 | | | 26,983,341,212 |

**Adjustments to Schedule C**

**Total Computable**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | - | - | - | - | - | 446,293 | 358,997 | 554,800 | | | 1,360,090 |
| AFDC/SOBRA | - | - | - | - | - | 2,666,908 | 1,886,437 | 1,554,969 | | | 6,108,314 |
| SSI | - | - | - | - | - | 333,412 | 237,872 | 284,054 | | | 855,338 |
| ALTCS-DD (Cost Sharing)[1] | - | - | - | - | - | - | - | - | | | - |
| Family Planning Extension[2] | - | - | - | - | - | (1,746,613) | (1,208,306) | (693,823) | | | (3,648,742) |
| CAHP[3] | - | - | - | - | - | (1,700,000) | (1,275,000) | (1,700,000) | | | (4,675,000) |
| Total | - | - | - | - | - | - | - | - | | | - |

**Federal Share**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | - | - | - | - | - | 296,345 | 237,656 | 421,131 | | | 955,132 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | - | - | - | - | - | 2,205,962 | 1,550,454 | 1,278,804 | | | 5,035,220 |
| SSI | - | - | - | - | - | 221,399 | 157,471 | 213,392 | | | 592,262 |
| ALTCS-DD (Cost Sharing)[1] | - | - | - | - | - | - | - | - | | | - |
| Family Planning Extension[2] | - | - | - | - | - | (1,594,863) | (1,101,531) | (630,336) | | | (3,326,730) |
| CAHP[3] | - | - | - | - | - | (1,128,843) | (844,050) | (1,282,991) | | | (3,255,884) |
| Total | - | - | - | - | - | - | - | - | | | - |

[1] The CMS 1115 Waiver, Special Term and Condition 46,e requires that premiums collected by the State shall be reported on Form CMS-64 Summary Sheet line 9,D. The State should include these premium collections as a manual adjustment (decrease) to the Demonstration's actual expenditures on a quarterly basis.

[2] The Family Planning Extension (FPE) waiver expenditures are included in the AFDC\SOBRA rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the FPE expenditures to the AFDC\SOBRA waiver category for budget neutrality comparison purposes.

[3] The Critical Access Hospital Payment (CAHP) waiver expenditures are included in the AFDC\SOBRA and SSI rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the CAHP expenditures to the AFDC\SOBRA, SSI and AC/MED waiver categories for budget neutrality comparison purposes. The CAHP expenditures are allocated to the waiver categories in the same proportion as the capitation payments made for the CAHP service period.

**Revised Schedule C**

**Total Computable**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 525,877,400 | 543,440,702 | 622,410,394 | 834,523,500 | 1,060,836,691 | 1,086,371,983 | 1,293,220,057 | 1,210,659,522 | | | 7,177,340,249 |
| AFDC/SOBRA | 1,940,300,620 | 1,651,659,340 | 1,898,380,038 | 2,183,969,985 | 2,361,254,257 | 2,535,924,258 | 2,861,385,931 | 2,244,794,599 | | | 17,677,669,028 |
| SSI | 853,935,358 | 659,647,800 | 830,513,645 | 968,005,676 | 1,002,527,279 | 1,052,822,040 | 1,144,296,702 | 816,173,321 | | | 7,327,921,821 |
| ALTCS-DD | - | - | - | - | - | 784,569,043 | 869,190,217 | 637,392,706 | | | 2,291,151,966 |
| ALTCS-EPD | - | - | - | - | - | 1,025,034,625 | 1,107,412,507 | 847,589,735 | | | 2,980,036,867 |
| Family Planning Extension | - | - | - | - | - | - | - | - | | | - |
| DSH/CAHP | - | - | - | - | - | 143,477,300 | 141,543,307 | 109,304,918 | | | 394,325,525 |
| Residual DSH | 245,233,394 | 122,242,958 | 141,792,150 | 141,392,735 | 138,354,399 | - | - | - | | | 789,015,636 |

| | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 3,565,346,772 | 2,976,990,800 | 3,493,096,227 | 4,127,891,896 | 4,562,972,626 | 6,628,199,249 | 7,417,048,721 | 5,865,914,801 | | | 38,637,461,092 |

**Federal Share**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 354,932,035 | 385,744,925 | 442,197,223 | 575,701,097 | 725,107,889 | 740,617,390 | 880,941,520 | 923,383,837 | | | 5,028,625,916 |
| AFDC/SOBRA | 1,318,346,627 | 1,174,652,611 | 1,355,950,351 | 1,518,407,130 | 1,632,405,192 | 1,744,798,623 | 1,964,794,562 | 1,721,822,798 | | | 12,431,177,894 |
| SSI | 574,802,127 | 465,610,611 | 587,311,890 | 665,417,455 | 686,087,465 | 716,979,033 | 777,453,262 | 623,714,218 | | | 5,097,376,061 |
| ALTCS-DD | - | - | - | - | - | 522,333,460 | 576,518,599 | 480,118,832 | | | 1,578,970,891 |
| ALTCS-EPD | - | - | - | - | - | 683,050,914 | 736,475,259 | 639,497,970 | | | 2,059,024,143 |
| Family Planning Extension | - | - | - | - | - | - | - | - | | | - |
| DSH/CAHP | - | - | - | - | - | 95,369,361 | 93,701,669 | 71,889,845 | | | 260,960,875 |
| Residual DSH | 161,588,466 | 82,208,389 | 95,369,400 | 95,369,400 | 92,669,777 | - | - | - | | | 527,205,432 |
| Total | 2,409,669,255 | 2,108,216,536 | 2,480,828,864 | 2,854,895,082 | 3,136,270,323 | 4,503,148,781 | 5,029,884,871 | 4,460,427,500 | | | 26,983,341,212 |

**Calculation of Effective FMAP:**

| | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 |
|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | | | | | | | | |
| Federal | 1,318,346,627 | 1,174,652,611 | 1,355,950,351 | 1,518,407,130 | 1,632,405,192 | 1,744,798,623 | 1,964,794,562 | 1,721,822,798 |
| Total | 1,940,300,620 | 1,651,659,340 | 1,898,380,038 | 2,183,969,985 | 2,361,254,257 | 2,535,924,258 | 2,861,385,931 | 2,244,794,599 |
| Effective FMAP | 0.67945483 | 0.711195452 | 0.714267072 | 0.695250915 | 0.691329698 | 0.688032625 | 0.686658357 | 0.767029108 |
| SSI | | | | | | | | |
| Federal | 574,802,127 | 465,610,611 | 587,311,890 | 665,417,455 | 686,087,465 | 716,979,033 | 777,453,262 | 623,714,218 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total | 853,935,358 | 659,647,800 | 830,513,645 | 968,005,676 | 1,002,527,279 | 1,052,822,040 | 1,144,296,702 | 816,173,321 |
| Effective FMAP | 0.673121357 | 0.705847289 | 0.707167057 | 0.687410696 | 0.684357902 | 0.681006861 | 0.679415802 | 0.764193342 |
| ALTCS-DD | | | | | | | | |
| Federal | | | | | | 522,333,460 | 576,518,599 | 480,118,832 |
| Total | | | | | | 784,569,043 | 869,190,217 | 637,392,706 |
| Effective FMAP | | | | | | 0.665758437 | 0.663282430 | 0.753254356 |
| ALTCS-EPD | | | | | | | | |
| Federal | | | | | | 683,050,914 | 736,475,259 | 639,497,970 |
| Total | | | | | | 1,025,034,625 | 1,107,412,507 | 847,589,735 |
| Effective FMAP | | | | | | 0.666368625 | 0.665041486 | 0.754489989 |

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended June 30, 2009**

V. Budget Neutrality Member Months and Cost Sharing Premium Collections

| **Budget Neutrality Member Months:** | **AFDC/SOBRA** | **SSI** | **ALTCS-DD** | **ALTCS-EPD** |
|---|---|---|---|---|
| Quarter Ended June 30, 2001 | 1,173,997 | 266,245 | | |
| Quarter Ended September 30, 2001 | 1,308,844 | 275,436 | | |
| Quarter Ended December 31, 2001 | 1,435,175 | 284,731 | | |
| Quarter Ended March 31, 2002 | 1,525,564 | 291,404 | | |
| Quarter Ended June 30, 2002 | 1,595,487 | 297,919 | | |
| Quarter Ended September 30, 2002 | 1,684,893 | 304,558 | | |
| Quarter Ended December 31, 2002 | 1,774,506 | 310,953 | | |
| Quarter Ended March 31, 2003 | 1,844,424 | 317,996 | | |
| Quarter Ended June 30, 2003 | 1,939,331 | 325,775 | | |
| Quarter Ended September 30, 2003 | 2,028,450 | 333,584 | | |
| Quarter Ended December 31, 2003 | 2,041,362 | 343,781 | | |
| Quarter Ended March 31, 2004 | 2,016,831 | 347,644 | | |
| Quarter Ended June 30, 2004 | 2,015,046 | 354,623 | | |
| Quarter Ended September 30, 2004 | 2,094,580 | 361,527 | | |
| Quarter Ended December 31, 2004 | 2,199,809 | 371,447 | | |
| Quarter Ended March 31, 2005 | 2,179,501 | 377,463 | | |
| Quarter Ended June 30, 2005 | 2,207,251 | 382,401 | | |
| Quarter Ended September 30, 2005 | 2,210,063 | 384,242 | | |
| Quarter Ended December 31, 2005 | 2,207,210 | 385,816 | | |
| Quarter Ended March 31, 2006 | 2,169,899 | 385,877 | | |
| Quarter Ended June 30, 2006 | 2,164,066 | 382,923 | | |
| Quarter Ended September 30, 2006 | 2,151,605 | 382,881 | | |
| Quarter Ended December 31, 2006 | 2,149,634 | 383,013 | 55,503 | 74,654 |
| Quarter Ended March 31, 2007 | 2,143,296 | 383,423 | 56,300 | 74,270 |

| | | | | |
|---|---|---|---|---|
| Quarter Ended June 30, 2007 | 2,170,418 | 387,096 | 57,241 | 74,698 |
| Quarter Ended September 30, 2007 | 2,215,763 | 389,566 | 58,188 | 75,719 |
| Quarter Ended December 31, 2007 | 2,253,484 | 391,896 | 59,153 | 76,676 |
| Quarter Ended March 31, 2008 | 2,264,187 | 393,529 | 60,066 | 77,266 |
| Quarter Ended June 30, 2008 | 2,300,046 | 394,123 | 61,089 | 78,184 |
| Quarter Ended September 30, 2008 | 2,344,469 | 395,116 | 62,026 | 79,744 |
| Quarter Ended December 31, 2008 | 2,406,084 | 396,408 | 62,983 | 80,794 |
| Quarter Ended March 31, 2009 | 2,486,080 | 398,247 | 64,143 | 81,736 |
| Quarter Ended June 30, 2009 | 2,618,026 | 396,328 | 65,179 | 81,561 |

**ALTCS Developmentally Disabled**

| **Cost Sharing Premium Collections:** | **Total Computable** | **Federal Share** |
|---|---|---|
| Quarter Ended December 31, 2006 | $ - | $ - |
| Quarter Ended March 31, 2007 | - | - |
| Quarter Ended June 30, 2007 | - | - |
| Quarter Ended September 30, 2007 | - | - |
| Quarter Ended December 31, 2007 | - | - |
| Quarter Ended March 31, 2008 | - | - |
| Quarter Ended June 30, 2008 | - | - |
| Quarter Ended September 30, 2008 | - | - |
| Quarter Ended December 31, 2008 | - | - |
| Quarter Ended March 31, 2009 | - | - |
| Quarter Ended June 30, 2009 | - | - |

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended June 30, 2009**

VI. Allocation of Disproportionate Share Hospital Payments

**Federal Share**

| Reported in QE | FFY 2001 * | FFY 2002 | FFY 2003 | FFY 2004 | FFY 2005 | FFY 2006 | FFY 2007 | FFY 2008 | FFY 2009 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Allotment** | **75,946,612** | **86,014,710** | **82,215,000** | **95,369,400** | **95,369,400** | **95,369,400** | **95,369,400** | **95,369,400** | **102,054,795** | **823,078,117** |
| Jun-01 | 49,741,851 | - | - | - | - | - | - | - | - | 49,741,851 |
| Sep-01 | 9,964,155 | - | - | - | - | - | - | - | - | 9,964,155 |
| Dec-01 | - | - | - | - | - | - | - | - | - | - |
| Mar-02 | - | 31,742,730 | - | - | - | - | - | - | - | 31,742,730 |
| Jun-02 | - | 25,195,280 | - | - | - | - | - | - | - | 25,195,280 |
| Sep-02 | - | - | - | - | - | - | - | - | - | - |
| Dec-02 | 6,706,135 | 6,911,991 | - | - | - | - | - | - | - | 13,618,126 |
| Mar-03 | - | - | 30,321,680 | - | - | - | - | - | - | 30,321,680 |
| Jun-03 | 7,391,794 | 10,860,127 | 45,641,513 | - | - | - | - | - | - | 63,893,434 |
| Sep-03 | 2,142,676 | 70,751 | 6,248,559 | - | - | - | - | - | - | 8,461,986 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Dec-03 | - | - | - | - | - | - | - | - | - | - |
| Mar-04 | - | - | - | 29,594,400 | - | - | - | - | - | 29,594,400 |
| Jun-04 | - | 10,760,702 | - | 63,177,451 | - | - | - | - | - | 73,938,153 |
| Sep-04 | - | 100,274 | - | 2,597,548 | - | - | - | - | - | 2,697,822 |
| Dec-04 | - | - | - | - | - | - | - | - | - | - |
| Mar-05 | - | - | - | - | 32,038,750 | - | - | - | - | 32,038,750 |
| Jun-05 | - | - | - | - | 46,343,073 | - | - | - | - | 46,343,073 |
| Sep-05 | - | - | - | - | 16,987,577 | - | - | - | - | 16,987,577 |
| Dec-05 | - | - | - | - | - | - | - | - | - | - |
| Mar-06 | - | - | - | - | - | 34,829,600 | - | - | - | 34,829,600 |
| Jun-06 | - | - | (3,363) | - | - | 40,326,448 | - | - | - | 40,323,085 |
| Sep-06 | - | - | - | - | - | 17,513,729 | - | - | - | 17,513,729 |
| Dec-06 | - | - | - | - | - | - | - | - | - | - |
| Mar-07 | - | - | - | - | - | - | 15,288,100 | - | - | 15,288,100 |
| Jun-07 | - | - | - | - | - | - | 62,700,885 | - | - | 62,700,885 |
| Sep-07 | - | - | - | - | - | - | 17,380,376 | - | - | 17,380,376 |
| Dec-07 | - | - | - | - | - | - | - | - | - | - |
| Mar-08 | - | - | - | - | - | - | - | - | - | - |
| Jun-08 | - | - | - | - | - | - | - | 76,391,892 | - | 76,391,892 |
| Sep-08 | - | - | - | - | - | - | - | - | - | - |
| Dec-08 | - | - | - | - | - | - | - | 17,309,777 | - | 17,309,777 |
| Mar-09 | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Jun-09 | - | - | - | - | - | - | - | - | 71,889,845 | 71,889,845 |
| Total Reported to Date | 75,946,611 | 85,641,855 | 82,208,389 | 95,369,399 | 95,369,400 | 92,669,777 | 95,369,361 | 93,701,669 | 71,889,845 | 788,166,306 |
| **Unused Allotment** | **1** | **372,855** | **6,611** | **1** | **-** | **2,699,623** | **39** | **1,667,731** | **30,164,950** | **34,911,811** |

| | | |
|---|---|---|
| * | Total Allotment FFY 2001 | 83,835,000 |
| | Reported in QE 3/31/01 | 7,888,388 |
| | Balance of Allotment for DY Limit Calculation | 75,946,612 |