



AHCCCS

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

September 1, 2011

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Center for Medicaid, CHIP and Survey & Certification
Centers for Medicare and Medicaid Services
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Dear Ms. Schubel:

In accordance with Special Term and Condition paragraph 26, enclosed please find the Quarterly Progress Report for April 1, 2011 through June 30, 2011, which also includes the Quarterly Budget Neutrality Tracking Schedule, the Quarterly Quality Initiative, and Arizona Medicaid Administrative Claiming Random Moment Time Study results.

If you have any questions about the enclosed report, please contact Christine Goldberg at (602) 417-4616.

Sincerely,

Monica Coury
Assistant Director
AHCCCS Office of Intergovernmental Relations

Enclosure

cc: Cheryl Young
Hee Young Ansell
Susan Ruiz



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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

AHCCCS Quarterly Report April 1, 2011 through June 30, 2011

TITLE

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

Section 1115 Quarterly Report
Demonstration Year: 29
Federal Fiscal Quarter: 3rd /2011 (April 1, 2011 – June 30, 2011)

INTRODUCTION

As written in Special Terms and Conditions, paragraph 26, the State submits quarterly progress reports to CMS. Quarterly reports 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)	Number Enrollees (to date)	Number Voluntarily Disenrolled-Current Qtr	Number Involuntarily Disenrolled-Current Qtr
Acute AFDC/SOBRA	1,154,407	1,440	429,722
Acute SSI	163,081	98	27,402
Acute AC/MED	307,568	440	108,060
Family Planning	5,072	4	2,226
LTC DD	24,115	36	1,920
LTC EPD	30,223	47	4,007
Non-Waiver	21,532	34	3,449
TOTAL	1,705,998	2,099	576,786

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan ¹	1,109,799
Title XXI funded State Plan ²	17,649
Title XIX funded Expansion ³	221,864
Title XXI funded Expansion ⁴	0
DSH Funded Expansion	
Other Expansion	
Pharmacy Only	
Family Planning Only ⁵	4,337
Current Enrollment as of 07/01/11	1,353,649

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

⁵ Represents point-in-time enrollment as of 7/1/11

Outreach/Innovative Activities:

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

Operational/Policy Developments/Issues:

Waiver Update

AHCCCS continued to work with CMS on the Section 1115 Research and Demonstration Waiver renewal during the April-June, 2011 reporting period. On March 31, 2011, AHCCCS submitted a revised waiver request to CMS seeking authority to implement new and innovative reimbursement strategies, improve program integrity procedures and implement additional administrative efficiencies.

The Waiver renewal proposal also included a proposal to expand mandatory copayments for all adults and children to the same levels as the Transitional Medical Assistance population. Additionally, this proposal required annual fees for childless adult members who smoke, or who fail to meet steps that are within their control and outlined by their physician to manage a chronic disease. On June 15, 2011 AHCCCS submitted a revised proposal eliminating mandatory copayments for children for well visits, prescriptions/pharmacy, or physical therapy, occupational therapy or speech therapy. This revised proposal also limits annual fees to childless adults who smoke.

On March 16, 2011, as required by STC #32, Table 1, AHCCCS submitted a plan to CMS to phase-out the Medical Expense Deduction (MED) program effective May 1, 2011. This request was approved on April 29, 2011.

On April 11, 2011, AHCCCS submitted a plan to CMS for the freeze and phase out of the existing childless adult population. This plan was approved on July 1, 2011 with an effective date of July 8, 2011.

Between April-July, 2011, AHCCCS held a number of public hearings regarding a number of the policy changes included in the Governor's Reform Plan.

State Plan Update

During this quarter, Arizona submitted the following State Plan Amendments for approval:

- SPA #11-001 updates GME funding for the service period July 1, 2010 through June 30, 2011. This SPA was submitted on February 15, 2011 and has since been updated to include two separate SPAs- SPA #11-001A and SPA #11-001B:
 - SPA #11-001A updates GME funding for hospital payments made after June 30, 2011. This SPA was submitted on May 31, 2011 and was approved on June 9, 2011.
 - SPA #11-001B updates GME funding for hospital payments made after June 30, 2011. This SPA was submitted on May 31, 2011 and is still pending.
- SPA #11-002 describes hospice services provided under EPSDT. The SPA was submitted on February 23, 2011 and was subsequently approved on May 12, 2011.

- SPA #11-003 is a statement of compliance with Section 6505 of the Affordable Care Act, which prohibits payments to any financial institution or entity outside the United States. This SPA was submitted on February 23, 2011 and subsequently, was approved on March 31, 2011.
- SPA #11-004 attests to an eligibility determination system that provides for data matching through the Public Assistance Reporting Information System (PARIS) project. This SPA was submitted on April 11, 2011 and was approved on May 27, 2011.
- SPA #11-005 updates Arizona's State Plan to restore transplants previously covered by AHCCCS, and clarifies that transplants are covered as of April 1, 2010. This SPA was submitted on April 21, 2011 and was approved on July 14, 2011.
- SPA #11-006 clarifies the services of home health, private duty nursing and therapies in the State Plan. This SPA was submitted on June 3, 2011 and is still pending
- SPA #11-007 updates the reimbursement methodology for School Based Claiming. This SPA was submitted on June 20, 2011 and is still pending.
- SPA #11-008 clarifies the list of state-licensed behavioral health practitioners. This SPA was submitted on June 20, 2011 and is still pending.
- SPA #11-009A updates reimbursement rates for inpatient hospital services to reflect a 5% reduction from October 1, 2011 to September 30, 2012. This SPA was submitted on June 23, 2011 and is still pending.
- SPA #11-009B updates reimbursement rates for outpatient hospital services to reflect a 5% reduction from October 1, 2011 to September 30, 2012. This SPA was submitted on June 23, 2011 and is still pending.
- SPA #11-009C updates reimbursement rates for various services to reflect a 5% reduction from October 1, 2011 to September 30, 2012. This SPA was submitted on June 23, 2011 and is still pending.
- SPA #11-009D updates reimbursement rates for nursing facilities to reflect a 5% reduction from October 1, 2011 to September 30, 2012. This SPA was submitted on June 23, 2011 and is still pending.
- SPA #11-010 updates the outpatient hospital fee schedule using the most current available Medicare cost data. This SPA was submitted on June 24, 2011 and is still pending.
- SPA #11-011 updates the methodology for qualifying and paying claims for inpatient hospital services with extraordinary costs per day. This SPA was submitted on June 24, 2011 and is still pending.
- SPA #11-012 limits the number of inpatient hospital days for adult members. This SPA was submitted on June 24, 2011 and is still pending.
- SPA #11-013 documents compliance with the Affordable Care Act, Section 2301, regarding Medicaid coverage and separate payments for freestanding birth center services. This SPA was submitted on June 24, 2011 and is still pending.

In addition, the following 2010 State Plan Amendments were approved during this quarter:

- SPA #10-001 proposes to implement cost sharing for certain populations. This SPA was submitted on January 1, 2010 and was approved on May 6, 2011.

Legislative Update

Lawmakers were faced with a number of significant challenges during the 2011 Legislative Session. The state continued to face a significant fiscal deficit, which was compounded by the failure of ballot propositions intended to provide for savings to State General Fund and the looming shortfall in the AHCCCS program.

To address this shortfall, the Legislature convened in a Special Session and directed AHCCCS to request a waiver from the MOE requirements in the Affordable Care Act. As detailed in the *Waiver Update*, on January 25, 2011, AHCCCS submitted a request to be waived from the Maintenance of Effort (MOE) requirements that were included in the Affordable Care Act.

On February 15, 2011, Secretary Sebellius sent a letter to Governor Brewer clarifying that should Arizona opt to terminate or freeze enrollment for waiver populations, such action would not be interpreted to be a violation of MOE. Thus, as part of the FY 2011-2012 budget legislation, the Legislature granted AHCCCS the authority to implement the Governor’s Medicaid Reform Plan, which phases out the MED program, freezes enrollment for childless adults and provides for additional innovations and regulations intended to achieve savings and increase member responsibility. This revised waiver request was submitted to CMS on March 31, 2011. Additional detail on the revised waiver request may be found in the *Waiver Update*.

The Legislature also made a number of policy-related changes to the AHCCCS program, including legislation which reinstates the hospice benefit for adults enrolled in the Fee-For-Service program. Additionally, legislation was enacted that allows physicians to charge patients a fee in the event that they miss their appointments without cancelling in advance. A request to implement this authority is included in the revised waiver request submitted on March 31, 2011.

The Legislature also considered a number of AHCCCS-related bills that were intended to make changes to the Arizona Medicaid program, but were not ultimately enacted. For example, legislation was considered that would have terminated the AHCCCS program and provided limited funding for individuals with disabilities. Additionally, the Legislature considered proposals to limit non-emergency transportation and impose cost-sharing requirements on pregnant women.

The Legislature adjourned the 2011 Regular Session on April 20, 2011.

Consumer Issues:

In support of the quarterly report to CMS, presented below is a summary of complaint issues received in MSU/Client Advocate for the quarter April 2011 – June 2011.

Tables summarizing quarter April 2011 – June 2011 MSU/Client Advocate complaints:

All Complaints and Their Frequency

Table 1 Complaint Issue	April	May	June	Total
ALTCS	9	9	23	41
Can’t get coverage (eligibility issues)	285	255	143	683

Caregiver issues	2	1	1	4
Credentialing	0	0	0	0
DES	29	40	33	102
Equipment	4	5	5	14
Fraud	2	2	1	5
Good customer service	0	2	0	2
Information	133	110	82	325
Lack of documentation	0	0	0	0
Lack of providers	8	5	15	28
Malfunctioning equipment	0	0	0	0
Medicare	12	8	4	24
Medicare Part D	17	9	5	31
Member reimbursement	30	21	35	86
Misconduct	0	0	0	0
No notification	1	0	0	1
No Payment	0	0	0	0
Nursing home POS	0	0	0	0
Optical coverage	3	2	0	5
Over income	2	9	5	16
Paying bills	20	20	16	56
Policy	2	5	3	10
Poor customer service	0	0	1	1
Prescription	88	80	81	249
Prescription denial	1	7	6	14
Process	0	1	1	2
Surgical procedures	0	1	1	1
Termination of Coverage	24	32	23	79

Complaints regarding health plans: April =26, May =7, June=4
Complaints regarding services: April =539, May =512, June=402

Note: With the exception of calls to report “good customer service” or calls requesting “information only,” this report considers all calls to be complaints.

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, 2011 through June 30, 2011.

HIFA Parents ever enrolled: 0

HIFA Parents enrolled at any time between 4/01/2011 and 6/30/2011: 0

HIFA Parent enrollment:

01/01/11: 0

02/01/11: 0

03/01/11: 0

Employer Sponsored Insurance Issues:

AHCCCS received CMS approval on October 2, 2008, to implement the ESI program. AHCCCS implemented the program on December 1, 2008 and began sending out information to families with children approved for KidsCare who have access to employer sponsored health insurance. As of 6/30/2011, there were five families 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 Family Planning Extension Program (FPEP) and enrolled with Acute-care health plans quarterly, as well as on an annual basis. Quarterly data are reported to allow at least three months lag time for collection of encounters for the quarter being reported; thus, data reported below are for the quarter ending March 31, 2011. It should be noted that Contractors have up to eight months to submit encounters to AHCCCS, and the actual rate of utilization may be higher.

AHCCCS enrollment data show that 7,453 unduplicated recipients were enrolled with Acute-care Contractors under the FPEP (contract type Q) during the quarter, compared with 5,906 unduplicated Acute-care recipients in the previous quarter⁶. This is the third consecutive quarter that enrollment in the FPEP has increased, after several quarters of declining enrollment. The increase may reflect a modest increase in the number of SOBRA deliveries over the past year, as these women are now enrolled in the FPEP after their postpartum periods ended.

Service data show that 739 women, or 9.9 percent of those enrolled in the FPEP, utilized a family planning service during the quarter based on encounters for services received. This compares with 611 women, or 10.3 percent utilizing a service in the previous quarter. The percent of women utilizing a service in the most recent quarter appears to have declined with the increase in enrollment.

Women utilizing services under the FPEP used an average of 2.3 services during the quarter. As expected, the majority of utilizers, 75.9 percent, were in the age range of 21 to 39 years old, with another 19.6 percent in the 18- to 20-year-old age range. These results are similar to results of the previous quarter.

⁶ Represents unduplicated recipients enrolled over the course of a quarter

Family Planning Enrollment by Month⁷:

04/11: 4,129

05/11: 4,186

06/11: 4,293

Innovative Activities:

Since implementation of the public online application screens for Medicaid and CHIP, as well as Food Stamps and Cash Assistance, 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.

There were 151,357 total Health-e-Arizona applications submitted during the reporting period, including renewal and initial applications. Of this, 27,640 applications were submitted by Community Partners and 123,717 by public users.

AHCCCS also has a member website, www.myahcccs.com, which provides information regarding current and past eligibility and enrollment information. Myahcccs.com offers services like changing an address, paying monthly premiums and changing health plans annually. As of June 30, 2011, there were 274,000 members registered to the website.

Enclosures/Attachments:

Attached you will find the Budget Neutrality Tracking Schedule and the Quality Assurance/Monitoring Activities, including the CRS update for the quarter. Beginning during the October- December, 2010 quarter, AHCCCS will submit quarterly summary reports for the Arizona Medicaid Administrative Claiming (MAC) Random Moment Time Study (RMTS) results as part of the ongoing quarterly reporting by AHCCCS to CMS.

State Contact(s):

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Date Submitted to CMS:

September 1, 2011

⁷ Represents point-in-time enrollment from 4/11-6/11



Arizona Health Care Cost Containment System

Attachment II to the
SECTION 1115 QUARTERLY REPORT

QUALITY ASSURANCE/MONITORING ACTIVITY

Demonstration/Quarter Reporting Period

Demonstration Year: 28

Federal Fiscal Quarter: 3/2011 (4/11 – 6/11)

*Prepared by the Division of Health Care Management
May 2011*

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 (Contractors). 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.

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 care and related 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 and Maricopa County Asthma Coalitions

AHCCCS participates in regular meetings of these coalitions to identify and provide to Contractors quality improvement resources that can be used to support optimal health outcomes among members with asthma and other respiratory diseases. AHCCCS Clinical Quality Management (CQM) staff attended an Arizona Asthma Coalition meeting during the quarter and a Maricopa County Asthma Coalition meeting. In addition, AHCCCS shared results of the first remeasurement of the AHCCCS Acute-care Contractor Performance Improvement Project (PIP) that's topic is to improve the use of appropriate medications for people with asthma. AHCCCS data show a significant overall improvement in the PIP outcomes. The PIP is discussed in more detail later in this document.

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 include Notices of Action, Early and Periodic Screening Diagnostic and Treatment (EPSDT) services, behavioral health services, and Performance Measure results. Other discussion topics included Arizona Early Intervention Program, therapy wait lists, and monitoring and oversight of acute care and behavioral health services.

AHCCCS also continued a work group with DDD to develop strategies related to quality of care and culture change within Intermediate Care Facilities for People with Mental Retardation (ICFMRs). A final report on this year long activity is anticipated during the next quarter.

Arizona Department of Health Services Bureau of Tobacco and Chronic Disease

In collaboration with ADHS, AHCCCS continued monitoring the smoking cessation drugs and nicotine replacement therapy program. 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. In this quarter discussions were initiated regarding opportunities available under the Affordable Care Act.

Arizona Department of Health Services' Bureau of USDA Nutrition Programs

AHCCCS continues to work with the ADHS Bureau of USDA 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 well visits, lab services, physical activity counseling, nutritional counseling and behavioral health services to assist and support children who are overweight to become more active and to choose healthy foods. Twice a year, every October and April, a representative of ADHS provides updates on its nutrition programs, which also include the Women, Infants and Children (WIC) Supplemental Nutrition Program, during AHCCCS' Biannual Quality Management/Maternal and Child Health Contractor meeting. AHCCCS, in collaboration with ADHS submitted a prevention grant application under the Affordable Care Act that would provide incentives related to both obesity and smoking cessation utilizing the Stanford Chronic Disease Self Management Program as a foundation for developing self-management techniques in these populations.

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 this quarter, AHCCCS worked with Contractors to assist members in selecting new primary care physicians when theirs made the decision to no longer participate in the VFC program. Twice a year, every October and April, Arizona VFC and Arizona state Immunization Information System (ASIIS) staff gave vaccine and registry program updates at the Biannual Quality Management/Maternal and Child Health meeting with Contractors.

Arizona Department of Health Services Office of Environmental Health

Ongoing collaboration with ADHS also supports efforts to eliminate childhood lead poisoning in Arizona. AHCCCS and several Contractors participated in the Arizona Childhood Lead Poisoning Elimination Coalition to develop 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. AHCCCS supports ongoing education by Contractors of providers and members about potential sources of childhood lead poisoning and the need for testing at specific ages according to Medicaid requirements. The ADHS Office of Environmental Health (OEH) notifies Maternal and Child Health (MCH) staff in the Clinical Quality Management (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.

Arizona Early Intervention Program

The Arizona Early Intervention Program (AzEIP), Arizona's IDEA Part C program, is administered by the Department of Economic Security (DES). MCH staff in the CQM unit works 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 Interagency Coordinating Council. AzEIP and AHCCCS MCH staff work together to ensure early intervention services are provided without delay and covered by Medicaid when appropriate. Acute Care contracts require AHCCCS-contracted health plans to pay for services provided by AzEIP providers who provide medically necessary therapy to members. AzEIP providers do not have to be contracted with health plans, but must be registered as AHCCCS providers. AHCCCS also closely monitors the access and availability of early intervention services to ensure timely service provision to members.

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). ConsultOnline training via the AzaAAP website is also available to physicians who wish to use the tool, as well as dates and times for training sessions. Discussions were also held with the AzaAAP related to concerns about the pediatric practice appropriateness of the developing certified electronic health record tools. 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 meetings and subcommittee meetings for community awareness, provider issues and adult immunization during the quarter. AHCCCS continues to collaborate with TAPI and contracted health plans to disseminate up-to-date information including but not limited to influenza, pertussis, meningitis, local and national news related to vaccines, outbreaks and other information to promote increased levels of vaccination and awareness. AHCCCS monitors the latest recommendations and updates related to influenza vaccine in order to share information with its partners. AHCCCS also participated in the annual TAPI Awards Dinner as part of the Steering Committee.

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 participate in site reviews of hospitals and provide consultation to 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. During this quarter, AHCCCS participated in hospital site visits and prepared a presentation for the annual Perinatal Trust Conference.

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 continues to participate in and support quality improvement initiatives with HSAG.

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. 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 also includes 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 — continue to work closely to support pregnant women and Baby Arizona participating providers. During this quarter, the collaborating Agencies began work on renewing the Intergovernmental Agreement for this program.

Children's Rehabilitative Services

AHCCCS has continued to work with the Children's Rehabilitative Services (CRS) program to ensure timely referral and care coordination with Acute-care Contractors for children with special health care needs. AHCCCS worked with ADHS and Arizona Physicians IPA (APIPA) to streamline administration of the CRS program by transitioning contract responsibilities to APIPA, which had subcontracted with ADHS to administer CRS services. AHCCCS developed a contract amendment with APIPA, which also has an Acute-care Contract, to assume administration of CRS services from ADHS effective Jan. 1, 2011. The contract amendment was designed to ensure a seamless and transparent transition for CRS members, their families and providers. During this quarter discussions were initiated regarding the possibility of developing an integrated plan for children qualified for the CRS program. AHCCCS continues to work with APPA to ensure timely and appropriate care is delivered to Arizona children enrolled in the CRS program.

Healthy Mothers, Healthy Babies

CQM staff supports the Maricopa County Healthy Mothers, Healthy Babies (HMHB) Coalition, as well as the related project in the Maryvale area of west-central Phoenix, designed to promote early prenatal care and good birth outcomes. CQM staff continues to work 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. The coalition meetings scheduled during the quarter were cancelled by HMHB.

Developmental Pediatrician Workgroup

AHCCCS and the Arizona Department of Health Services/Division of Behavioral Health Services are leading a work group that includes behavioral health providers and developmental pediatricians to identify and address barriers related to prescribing for children diagnosed with autism. Recommendations from this work group were completed during this quarter and are under consideration by the Agencies related to implementation. Recommendations include utilizing Developmental Pediatricians as a specialist in the behavioral health system which would remove medication barriers, referral processes for members in need of these services in order to ensure access to this very limited specialty provider type.

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 both internal and external sources. 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. The following PIPs are being implemented in CYE 2011:

- **Coordination of Care for Acute Members Receiving Services through the ADHS Division of Behavioral Health Services.** AHCCCS worked 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 receiving prescriptions for benzodiazepines and opiates for conditions such as chronic pain, substance abuse, anxiety and/or depression. The purpose of the PIP is to coordinate management of these members to avoid mortality and morbidity as a result of prescription overdose. During the quarter, AHCCCS convened a work group with ADHS the ADHS Division of Behavioral Health Services (DBHS) and Acute-care Contractors, who participated in an analysis of issues and barriers related to care coordination across the acute medical and behavioral health systems and began discussion of interventions for improvement. Work group meetings will continue in the next quarter.
- **Inpatient Readmission among ALTCS Elderly and Physically Disabled Members.** AHCCCS has developed a PIP to reduce hospital readmission rates within 30 days among ALTCS elderly and disabled (E/PD) members. During the quarter, AHCCCS used an existing report process in the AHCCCS data warehouse to begin collecting data for the PIP.
- **Electronic Health Records for CRS Members.** During the quarter, AHCCCS incorporated into the Children's Rehabilitative Services contract awarded to United HealthCare Arizona Physicians IPA effective Jan. 1, 2011, the methodology for a PIP to improve the use of electronic health records to store and access laboratory data.

Establishing realistic outcome-based Performance Measures

ALTCS Contractor Performance Measures

AHCCCS incorporated two new measures — influenza vaccination and prevalence of pressure ulcers — into ALTCS contracts beginning with CYE 2009. AHCCCS will 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 and posted to the AHCCCS website. Contractors have implemented processes to internally monitor and improve performance in these areas. AHCCCS has begun receiving Minimum Data Set data, which will augment data collected through encounters and by Contractors from medical and/or case management records.

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 Healthcare Effectiveness Data and Information Set (HEDIS) Comprehensive Diabetes Care measures – hemoglobin A1c tests, lipid screening and eye exams – and the HEDIS measure of Use of Appropriate Medications for People with Asthma. AHCCCS had planned to collect data for the diabetes measures using a hybrid methodology, but suspended data collection in CYE 2010 for budgetary reasons. As noted below, AHCCCS 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 will collect data for the asthma and diabetes measures in 2011 for the measurement

period of CYE 2010. Contractors have implemented processes to internally monitor and improve performance in these areas.

During the quarter, staff of the CQM unit continued working with Data Analysis and Research (DAR) and Information Services Division (ISD) staff to update programming according to HEDIS 2011 specifications for collection of data.

Children's Rehabilitative Services Administration (CRSA) Performance Measures

In the previous contract year, AHCCCS Clinical Quality Management staff worked closely with CRSA to develop and incorporate into contractual 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. These measures were incorporated into the APIPA contract amendment for CRS services, in order to continue monitoring of performance in a consistent manner and identify any opportunities for improvement. Measurement methodologies and performance standards were included in the contract.

Division of Behavioral Health Services (DBHS) Performance Measures

In 2009, AHCCCS completed a major overhaul of DBHS Performance Measures, in conjunction with the Division, developing and refining several measures. These measures are designed to collect more meaningful data on access, availability and the quality of behavioral health services received by AHCCCS members, as well as to improve data validity. The measures were incorporated into the CYE 2010 contract, which was effective July 1, 2009.

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. Preliminary data from DBHS show improvement in the continuing measures, and AHCCCS continues to work with the agency to ensure that its data are complete, valid and reliable.

During the quarter, AHCCCS requested that DBHS submit Performance Measure results for the measurement period of CYE 2010 (DBHS had submitted preliminary data with its annual Quality Management Plan and Evaluation in September 2010). Data were initially due to AHCCCS in March; however, DBHS requested an extension and all data were due to AHCCCS by April 15, 2011. These data are primarily extracted from DBHS' Client Information System. Numerator data for one measure, which calculates the percent of AHCCCS members with current service plans that incorporate the needs and service recommendations identified in their assessments, is collected from medical record reviews. Results reported by DBHS will be evaluated for validity and compliance with the AHCCCS contract. AHCCCS will require implementation of corrective action plans (CAPs) and evaluation of the effectiveness of improvement activities already under way for any measures for which DBHS does not meet the minimum standard. Additional DBHS Performance Measures for Follow-Up After Hospitalization for Mental Illness (using HEDIS specifications) and Treatment of Depression will be collected and reported by AHCCCS later this year.

Identifying, collecting and assessing relevant data

ALTCS Performance Measures

During the quarter, AHCCCS began work on the annual measurement of Initiation of Home and Community Based Services (HCBS) among ALTCS E/PD members. The Performance Measure assesses the percent of newly enrolled ALTCS members who are placed in an HCBS setting and receive specific services within 30 days of enrollment, as required by AHCCCS medical policy. Data were first collected from AHCCCS encounter data, and validated to ensure that members met the denominator criteria and services met the numerator criteria. Cleaned data by Contractor were loaded into data collection tools for each health plan. Contractors were asked to provide information from medical or case management records or their claims data for members who did have encounters for the specific services within 30 days of enrollment. Data with supporting documentation was returned by Contractors during the quarter, and AHCCCS validated the data and began analyzing results, which will be reported in the fourth quarter.

Acute-care Performance Measures

As previously noted, AHCCCS also began work on its annual measurement of Acute-care Performance Measures during the quarter. All but one of the Acute-care Contractor Performance Measures, EPSDT Participation, are based on HEDIS specifications. Seven HEDIS measures applicable to the child and adolescent population also are used to evaluate performance by DES/DDD. The measurement period for this measurement is CYE 2010.

Some adult measures related to preventive services were removed from the CYE 2011 contract in light of the benefit redesign. However, AHCCCS will begin publicly reporting results of HEDIS asthma and diabetes measures for Acute-care Contractors under the current contract, with an initial measurement period of CYE 2010. Reporting and holding Contractors accountable for performance standards for these measures will support improved or sustained quality in chronic disease management.

During the quarter, CQM and DAR staff continued reviewing HEDIS 2011 specifications and documented changes in programming for the next measurement period. CQM and DAR staff are working with the ISD programmer to ensure alignment with HEDIS specifications for better comparability with national means. Final results will be generated in September to include data loaded into the data warehouse for encounters submitted by Contractors by July 2011.

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 data collection and analysis for 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 during the flu season and did not have specific contraindications to the vaccine. During the quarter, AHCCCS completed analysis of data for the first remeasurement of this PIP. Based on data collected by Contractors, the overall rate of members who refused influenza immunization decreased from 54.0 percent to 46.7 percent. All but four Contractors — Bridgeway Health Solutions, Pima Health System, Yavapai County LTC and Cochise Health Systems— achieved statistically significant improvement from the baseline measurement. Bridgeway and Pima showed decreases in their rates, but the changes were not statistically significant ($\leq .05$). Yavapai Long Term Care showed a statistically significant increase in their rate ($\leq .05$). The rate increase for Cochise Health Systems was not statistically significant.

Documentation of Advance Directives, by Contractor: First Remeasurement vs. Baseline Measurement

Contractor	n	Number of	Percent of	Relative Percent	Statistical
		Members who refused Influenza Vaccination	Members who refused Influenza Vaccination	Change from Previous Year	Significance
Bridgeway Health Solutions	337	190	56.4%	-10.8%	p=.081
	291	184	63.2%		
Cochise Health Systems	293	143	48.8%	13.1%	p=.184
	255	110	43.1%		
Evercare Select	362	191	52.8%	-13.7%	p<.001
	360	220	61.1%		
Mercy Care LTC	398	124	31.2%	-43.2%	p<.001
	374	205	54.8%		
Pima Health System LTC	370	147	39.7%	-1.5%	p=.866
	347	140	40.3%		
Pinal/Gila LTC	241	88	36.5%	-53.5%	p<.001
	279	219	78.5%		
SCAN LTC	343	220	64.1%	17.8%	p=.014
	281	153	54.4%		
Yavapai County LTC	274	119	43.4%	29.3%	p=.021
	250	84	33.6%		
TOTAL	2,618	1,222	46.7%	-13.5%	p<.001
	2,437	1,315	54.0%		

Note:

Note: Shaded rows include results of the First Remeasurement, Sept. 1, 2008, through March 31, 2009. Lower rates in the current measurement are better.

- ***Asthma Medication Management (Acute Contractors)***. This PIP is designed to improve the percent of children and adults who receive maintenance medications for the management of persistent asthma. Measurements are based on HEDIS specifications for the measure of Use of Appropriate Medications for People with Asthma. During the quarter, AHCCCS reported to Contractors participating in this PIP their results for the first remeasurement of performance. All Contractors showed statistically significant improvement ($p \leq .05$) from the baseline measurement for the Medicaid population. Not all Contractors had large enough KidsCare (CHIP) populations to make statistically valid comparisons. However, based on the Medicaid and KidsCare combined populations, all Contractors demonstrated improvement. In response, Contractors submitted to AHCCCS reports for this PIP, including any updates on interventions and their effectiveness from internal monitoring activities in CYE 2010. Contractors must show that rates were maintained or further improved from the first remeasurement to complete the PIP. A second remeasurement will be conducted later this year.

- ***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/or member care. DBHS implemented a PIP to increase the percentage of Title XIX members who have been diagnosed as seriously mentally ill (SMI) who receive psycho-educational services (pre-job training and job development). Research indicates that a majority of people with SMI want to return to work and that employment is an important part of rehabilitation and recovery. The first remeasurement of performance for this PIP demonstrated a significant improvement in the proportion of members with SMI who received psycho-educational services, from 13.5 percent to 24.7 percent. DBHS submitted its report for the second remeasurement of this PIP on Oct. 1, 2010. Data submitted for the most recent measurement shows the rate has further increased to 28.6 percent, indicating sustained improvement. During the quarter, AHCCCS obtained detailed data for this PIP from ADHS/DBHS and the data was validated by an EQRO.

- AHCCCS is working with DBHS and Acute-care Contractors to implement a PIP to improve care coordination among members receiving medical and behavioral health services in CYE 2011. As noted earlier, AHCCCS convened a work group with ADHS the ADHS Division of Behavioral Health Services (DBHS) and Acute-care Contractors, who participated in an analysis of issues and barriers related to care coordination across the acute medical and behavioral health systems and began discussion of interventions for improvement. The methodology for the PIP will be distributed to Contractors during the next quarter.

National Clinical Quality Measures

During the quarter, AHCCCS continued major initiatives related to health information technology (HIT) that are expected to have a significant impact on quality improvement efforts. These include activities as outlined in the CMS-approved Planning-Advance Planning Document (P-APD) and Implementation- Advance Planning Document (I-APD). Significant work has been accomplished in reviewing proposed outcomes measures and AHCCCS has provided extensive feedback during public comment periods on EHR Meaningful Use Measures, as well as proposed NCQA Comprehensive Well Child Measures and the CHIPRA Core Measure Set. Using this

analysis, AHCCCS continued evaluating initiatives to enhance or develop new processes to implement these measures and use results for quality improvement. An Agency HIT Steering Committee comprised of top management meets regularly to ensure progress according to P-IAPD timelines. During the quarter, AHCCCS convened an internal work group that is implementing processes to collect and validate data and report results for the Meaningful Use, CHIPRA and Adult Core Measure sets.

Other National Quality Initiatives

During the quarter, AHCCCS worked on two major CMS initiatives related to quality improvement:

- o ***Medicaid Incentives for Prevention of Chronic Disease Demonstration.*** AHCCCS sought proposals from potential partners, such as health plans, providers, community organizations and academic institutions, to participate in the state's application for this grant. The Agency received six proposals for partnering on the grant, most of which were collaborative efforts between multiple organizations. The proposals were evaluated by an AHCCCS team using a standardized scoring tool. ADHS was selected as a partner for the application, and the two approaches it proposed separately were combined into one application to support incentives for member participation in Chronic Disease Self Management and Tobacco Cessation programs. These programs are existing, proven programs, and AHCCCS determined that making them available and/or incentivizing participation by Medicaid members would be the most effective approach to developing an incentive program. During the quarter, submitted the grant proposal on the May 2, 2011, deadline. AHCCCS anticipates learning of the outcome of the proposal during the next quarter, around August 8, 2011.
- o ***Community First Choice.*** Section 1915(k)(2) of the Affordable Care Act provides that States offering this option to eligible individuals during a fiscal year quarter occurring on or after October 1, 2011, will be eligible for a 6 percentage point increase in the Federal medical assistance percentage (FMAP). Participation in this option includes new monitoring and reporting requirements related to quality outcomes, both on a program and individual member level. During the quarter, DHCM staff began processes to implement the Community First Choice program beginning October 1, 2011.
- Providing incentives for excellence and imposing sanctions for poor performance

In 2010, Notices to Cure (NTC) were issued to Acute-care Contractors that did not meet Minimum Performance Standards (MPSs) for Performance Measures. These NTCs built on previous actions that AHCCCS has taken over the past few years to drive Contractor improvement. Contractors have been required to develop Corrective Actions Plans (CAPs) to bring their performance up to the AHCCCS minimum standards and/or evaluate each activity under CAPs currently in place to determine their effectiveness. AHCCCS also advised Contractors of potential sanction amounts if they did not improve performance. Contractors were encouraged to put 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.

This approach to performance improvement has been successful. In the past two measurements, Contractors were able to effect improvements in their rates at a level not previously seen. The most recent measurement of Contractor performance was completed during the first quarter of CYE 2011, and Clinical Quality Management staff re-evaluated each Contractor’s status in relation to its Notice to Cure and CAPs during the second quarter. Recommendations for regulatory action and supporting data were forwarded to DHCM Management for review. Contractors will be advised of further action including corrective action plan, notice to cure and sanctions during the next quarter.

During 2010, AHCCCS incorporated language into the CYE 2011 Acute-care contract to incentivize improvements in Performance Measure results by linking performance to each Contractor’s placement in the auto-assignment algorithm, based on two factors, which are weighted as follows:

#	Factor	Weighting
1	The Contractor’s final awarded capitation rate from AHCCCS.	50%
2	The Contractor’s percent of all Clinical Quality Performance Measures for which the Contractor meets the Minimum Performance Standard (MPS). Only those Contractors that meet at least 75% of the Minimum Standards for the measurement period of CYE 2011 receive points.	50%

The new weighting will be effective for the auto-assignment algorithm for CYE 2013, giving Contractors time to improve results for the CYE 2011 measurement period (AHCCCS will collect and report these data in CYE 2012).

Also during the quarter, AHCCCS adjusted some Minimum Performance Standards in the ADHS/DBHS and DES/DDD contracts, reflecting improvement in specific measures to encourage continued improvement in those rates.

- Sharing best practices

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 scheduled a Quality Management/Maternal and Child Health (QM/MCH) meeting with Contractors for April 14, 2011, to discuss the following quality-related topics:

- An update from and technical assistance to facilitate coordination with the Women, Infants & Children Supplemental Nutrition Program by the ADHS Bureau of USDA Nutrition Programs.
- Updates and technical assistance related to the Vaccines for Children (VFC) program and the Arizona Statewide Immunization Information System (ASIIS) from the ADHS Immunization Program Office.

- An update Performance Measure & Performance Improvement Project activities by the AHCCCS Clinical quality Management Quality Improvement Manager, including technical changes to HEDIS 2011 measurement specifications.
 - Updates by the AHCCCS Dental Director, including CMS' plan to establish goals for improvement in dental participation based on the EPSDT Participation Report.
 - An update on resources available from the ADHS Office of Children with Special Health Care Needs.
 - Updates to the AHCCCS Medical Policy Manual (AMPM), including new vaccine components as recommended by the Centers for Disease Control and Prevention (CDC).
- Insights into the regulatory process for nursing facilities in Arizona, provided by the Director of Quality and Regulatory Services for the Arizona Health Care Association.

In addition, AHCCCS has convened a work group with Acute-care Contractors to improve results for the Performance Measure of Timeliness of Prenatal Care, part of the HEDIS Prenatal and Postpartum Care compound measure. AHCCCS facilitated a root cause analysis among Contractors to identify opportunities to improve the rate, which lags behind the most recent HEDIS national Medicaid mean, in the previous quarter. Contractors identified the most significant barrier as the ability to capture dates of individual prenatal visits from encounters because of the global obstetrical billing process used. They also identified potential improvements in communicating with pregnant members to ensure timely prenatal services. Contractor Quality Management and Maternal and Child Health staff participating in the work group will take these results and potential next steps back to their plans for further discussion and possible interventions. During the quarter, interventions and best practices by the two highest-performing plans for this measure were shared at another work group meeting. Other Contractors also provided to AHCCCS some of their processes for streamlining entry into prenatal care. AHCCCS is researching revising the guidance for OB billing in the Fee-for-Service Provider Manual to capture dates of service for individual prenatal visits.

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 noted above, revisions were incorporated into contracts to continue incentivizing improvement in performance.

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**

Operational and Financial Reviews (OFRs) are used by AHCCCS to evaluate Contractor compliance related to access/availability and quality of services, including implementation of policies and procedures and progress toward plans of correction to improve quality of care and service for members. AHCCCS conducted the following reviews during the quarter:

- May 16 - 19: Phoenix Health Plan
- June 6 – 9 : Health Choice of Arizona

During the quarter, AHCCCS reviewed and responded on CAPs from Contractors submitted for OFR standards that were scored at less than full compliance. These CAPs were received from APIPA, Maricopa Health Plan and University Family Care. AHCCCS also provided technical assistance to ADHS/DBHS regarding the data and information contained in the DBHS quality of care database, research and analysis and trending of quality of care data.

- Review and analysis of periodic reports

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

During the most recent quarter, AHCCCS Clinical Quality Management and Medical Management staff reviewed the plans using standardized checklists and responded to Contractors with approvals or recommendations for meeting AHCCCS and federal Medicaid Managed Care requirements.

- ***Quarterly EPSDT and Adult Monitoring Reports.*** AHCCCS requires Acute and ALTCS Contractors to submit quarterly EPSDT and Adult Monitoring 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 EPSDT services. 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. These reports were received and reviewed during the quarter. CQM staff responded to Contractors with requests for clarification or additional information.

- 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 or reported to Contractors their results for some Performance Measures during the quarter. The agency also closely monitored and participated in activities for the development of processes to collect and report nationally standardized measure sets, including Meaningful Use Clinical Quality Measures and Core Measures for children and adults.

Also during the quarter, AHCCCS worked with two EQROs to conduct annual reviews of MCOs and PIHPs and write reports on all Contractors' compliance with Medicaid Managed Care regulations under 42 CFR 438. The agency provided extensive documentation required for these reviews to the EQROs, as well as clarification on the information as necessary and additional documents to allow the EQROs to conduct comprehensive reviews on contracted MCOs and PIHPs. Reports will be published to the AHCCCS website and submitted to CMS by July 1, 2011.

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.

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. In 2009, AHCCCS completed an extensive review of Performance Measure specifications and programming, in conjunction with one of its Contractors. DHCM makes revisions to its programming of HEDIS measures to meet current specifications and documents processes in a crosswalk of NCQA specifications, which it shares with Contractors, to ensure continued comparability with national means and percentiles, while supporting their internal monitoring activities. AHCCCS completed a rigorous review of data for the measurement period of CYE 2009 during the fourth quarter of CYE 2010. The review demonstrates that the AHCCCS health information system is providing valid and reliable results, based on administrative data (recipient and encounter data). This quarter AHCCCS continued to conduct quality checks on the data to ensure validity and reliability.

As noted earlier, DHCM and ISD staff continued working to update programming for several HEDIS measures during the most recent quarter to continue providing measurement data that allows comparability with national means and percentiles. These updates are mostly routine changes to HEDIS specifications.

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. The quality Strategy is aligned with federal 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 Quality Strategy was last revised in March 2010 to incorporate substantive changes, including ensuring that it aligns with relevant provisions of the Child Health Insurance Program Reauthorization Act (CHIPRA), as recommended by CMS.

The Quality Strategy was reviewed again during the quarter, and it was determined that no substantive changes were required. The Agency expects to make substantive changes when the strategy is reviewed again next year to reflect work on CMS quality initiatives that are under way in 2011; many of which have been discussed in this report.

Arizona Health Care Cost Containment System (AHCCCS)
Quarterly Random Moment Time Study Report
April 2011 – June 2011

The April 2011 through June 2011 quarter for the Arizona Medicaid Administrative Claiming (MAC) Random Moment Time Study (RMTS) was completed successfully with the administrative and direct service time study meeting return rate compliance.

Active Participants

The “*Medicaid Administrative Claiming Program Guide*” mandates that all school district employees identified by the district’s MAC RMTS coordinator as being qualified to provide direct services or administrative activities participate in a RMTS. Staff rosters are updated by district coordinators on a quarterly basis to ensure accuracy of participants in the time study. The table below shows the number of participants in the administrative and direct service time study staff pools at the beginning of the quarter.

Staff Pool	April - June 2011
Administrative	3,101
Direct Service	4,083

The table below demonstrates the administrative and direct service time study achieved the 85% return rate in the April 2011 to June 2011 quarter. The return rate reflects number of responses received divided by the total number of moments generated, or 3,200 moments per quarter.

Return Rate

Cost Pool	Moments Generated	Valid Response	Return Rate
Administrative	3,200	2,996	93.63%
Direct Service	3,200	2,980	93.13%

As these results illustrate, the administrative and direct service time study met the 85% return rate for the April – June 2011 quarter.

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2011**

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			Total	Federal Share Budget Neutrality Limit
						QE 6/01	QE 9/01			FFY 2001
AFDC/SOBRA	\$208.71	1.09495	250.23	67.93%	169.99	1,173,984	1,308,826	2,482,810	\$ 422,051,254	
SSI	\$414.28	1.0688	473.25	67.31%	318.55	266,244	275,436	541,680	172,553,685	
									\$ 594,604,939	
									75,946,612	
									<u>\$ 670,551,551</u>	
									MAP Subtotal	
									Add DSH Allotment	
									Total BN Limit	

Medicaid Enrollment Group	DY 01 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/01	QE 3/02	QE 6/02	QE 9/02		FFY 2002
AFDC/SOBRA	273.98	67.93%	186.13	1,435,142	1,525,532	1,595,458	1,684,860	6,240,992	\$ 1,161,634,824
SSI	505.81	67.31%	340.47	284,733	291,401	297,899	304,535	1,178,568	401,266,153
									\$ 1,562,900,977
									86,014,710
									<u>\$ 1,648,915,687</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

Medicaid Enrollment Group	DY 02 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/02	QE 3/03	QE 6/03	QE 9/03		FFY 2003
AFDC/SOBRA	300.00	71.11%	213.32	1,774,471	1,844,378	1,939,270	2,028,389	7,586,508	\$ 1,618,373,189
SSI	540.60	70.58%	381.58	310,940	317,975	325,766	333,568	1,288,249	491,576,005
									\$ 2,109,949,194
									82,215,000
									<u>\$ 2,192,164,194</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

Medicaid Enrollment Group	DY 03 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/03	QE 3/04	QE 6/04	QE 9/04		FFY 2004
AFDC/SOBRA	328.48	71.42%	234.59	2,041,311	2,016,765	2,014,972	2,094,493	8,167,541	\$ 1,916,062,019
SSI	577.80	70.72%	408.60	343,772	347,635	354,609	361,521	1,407,537	575,119,243
									\$ 2,491,181,262
									95,369,400
									<u>\$ 2,586,550,662</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

Medicaid Enrollment Group	DY 04 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/04	QE 3/05	QE 6/05	QE 9/05		FFY 2005
AFDC/SOBRA	359.67	69.52%	250.04	2,199,721	2,179,398	2,207,143	2,211,090	8,797,352	\$ 2,199,718,292
SSI	617.55	68.74%	424.49	371,444	377,446	382,381	384,441	1,515,712	643,411,638
									\$ 2,843,129,930
									95,369,400
									<u>\$ 2,938,499,330</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

Medicaid Enrollment Group	DY 05 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/05	QE 3/06	QE 6/06	QE 9/06		FFY 2006
AFDC/SOBRA	393.82	69.13%	272.26	2,210,617				2,210,617	\$ 601,872,277
SSI	660.04	68.42%	451.62	386,527				386,527	174,565,216
AFDC/SOBRA	392.97	69.13%	271.68		2,171,002	2,163,967	2,151,479	6,486,448	1,762,217,119
SSI	590.02	68.42%	403.71		386,144	383,025	383,074	1,152,243	465,177,062
									\$ 3,003,831,674
									95,369,400
									<u>\$ 3,099,201,074</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2011**

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

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				Total	Federal Share Budget Neutrality Limit
						QE 12/06	QE 3/07	QE 6/07	QE 9/07		FFY 2007
AFDC/SOBRA	392.97	1.072	421.27	68.80%	289.82	2,149,480	2,143,122	2,170,204	2,215,438	8,678,244	\$ 2,515,115,084
SSI	590.02	1.072	632.50	68.10%	430.72	383,306	383,904	387,826	390,646	1,545,682	665,755,287
ALTCS-DD		1.072	3516.33	66.58%	2341.04	55,517	56,312	57,250	58,197	227,276	532,062,454
ALTCS-EPD		1.072	3409.91	66.64%	2272.25	74,669	74,311	74,737	75,743	299,460	680,446,510
											\$ 4,393,379,335
											95,369,400
											\$ 4,488,748,735

MAP Subtotal
Add DSH Allotment
Total BN Limit

	DY 07 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/07	QE 3/08	QE 6/08	QE 9/08		FFY 2008
AFDC/SOBRA	451.60	68.65%	310.04	2,253,051	2,263,598	2,299,323	2,343,644	9,159,616	2,839,809,822
SSI	678.04	67.95%	460.74	393,393	395,600	396,756	398,659	1,584,408	729,999,082
ALTCS-DD	3769.51	66.33%	2500.26	59,157	60,069	61,093	62,023	242,342	605,916,832
ALTCS-EPD	3655.42	66.51%	2431.21	76,703	77,297	78,218	79,783	312,001	758,539,545
									\$ 4,934,265,282
									95,369,400
									\$ 5,029,634,682

MAP Subtotal
Add DSH Allotment
Total BN Limit

	DY 08 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/08	QE 3/09	QE 6/09	QE 9/09		FFY 2009
AFDC/SOBRA	484.12	77.13%	373.38	2,405,168	2,485,055	2,625,895	2,778,224	10,294,342	3,843,698,027
SSI	726.86	76.68%	557.37	401,191	405,083	407,191	411,712	1,625,177	905,827,245
ALTCS-DD	4040.91	75.55%	3053.06	62,977	64,124	65,330	66,216	258,647	789,663,865
ALTCS-EPD	3918.61	75.65%	2964.36	80,849	81,831	82,376	83,203	328,259	973,076,570
									\$ 6,512,265,707
									102,054,795
									\$ 6,614,320,502

MAP Subtotal
Add DSH Allotment
Total BN Limit

	DY 09 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/09	QE 3/10	QE 6/10	QE 9/10		FFY 2010
AFDC/SOBRA	518.97	77.58%	402.61	2,881,642	2,871,239	2,860,904	2,843,012	11,456,797	4,612,580,115
SSI	779.19	77.11%	600.82	416,722	420,736	425,330	430,404	1,693,192	1,017,306,639
ALTCS-DD	4343.86	76.00%	3292.26	66,802	67,442	68,297	69,054	271,595	894,162,184
ALTCS-EPD	4200.75	76.07%	3195.63	83,850	83,983	84,474	85,041	337,348	1,078,038,914
									\$ 7,602,087,851
									104,606,165
									\$ 7,706,694,016

MAP Subtotal
Add DSH Allotment
Total BN Limit

	DY 10 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/10	QE 3/11	QE 6/11	QE 9/11		FFY 2011
AFDC/SOBRA	556.34	75.09%	417.76	2,830,805	2,797,334	2,812,389		8,440,528	3,526,141,893
SSI	835.29	74.53%	622.55	435,008	438,551	441,472		1,315,031	818,667,678
ALTCS-DD	4643.75	73.84%	3428.78	69,715	70,368	70,894		210,977	723,394,714
ALTCS-EPD	4503.21	73.50%	3309.94	85,115	84,909	84,035		254,059	840,919,361
									\$ 5,909,123,646
									101,357,836
									\$ 6,010,481,482

MAP Subtotal
Add DSH Allotment
Total BN Limit

Based on CMS-64 certification date of 8/1/11

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2011**

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

Budget Neutrality Limit - Federal Share				Expenditures from CMS-64, Schedule B - Federal Share								
WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:												
	MAP	DSH	Total	AFDC/SOBRA	SSI	AC/MED		DSH	Total	VARIANCE		
QE 6/01	\$ 284,377,549	\$ -	\$ 284,377,549	\$ 141,986,847	\$ 59,681,038	\$ 31,346,872	\$ -	\$ -	\$ -	\$ 49,741,851	\$ 294,745,993	\$ (10,368,444)
QE 9/01	310,227,390	75,946,612	386,174,002	190,394,084	89,174,119	35,440,263	-	-	-	9,964,155	319,071,317	67,102,685
QE 12/01	364,065,575	-	364,065,575	212,600,041	91,278,326	54,069,757	-	-	-	-	357,948,124	6,117,451
QE 3/02	383,160,100	-	383,160,100	279,700,520	129,324,172	69,531,395	-	-	(59,706,006)	-	412,762,000	(29,601,900)
QE 6/02	398,387,784	-	398,387,784	251,569,392	119,396,617	69,516,073	-	-	-	-	440,482,082	(42,094,298)
QE 9/02	417,287,518	86,014,710	503,302,228	254,526,472	100,795,403	72,123,681	-	-	-	-	427,445,556	75,856,672
QE 12/02	497,184,590	-	497,184,590	283,042,237	112,605,459	81,611,127	-	-	-	-	477,258,823	19,925,767
QE 3/03	514,781,777	-	514,781,777	307,833,501	124,015,853	83,135,076	-	-	-	-	514,984,430	(29,601,900)
QE 6/03	537,997,306	-	537,997,306	335,897,265	153,636,989	103,921,589	-	-	-	-	593,455,843	(55,458,537)
QE 9/03	559,985,521	82,215,000	642,200,521	326,904,740	130,779,492	99,910,965	-	-	-	-	557,595,197	84,605,324
QE 12/03	619,345,936	-	619,345,936	342,194,130	141,669,588	117,472,377	-	-	-	-	601,336,095	18,009,841
QE 3/04	615,165,995	-	615,165,995	356,575,718	144,541,374	121,487,252	-	-	-	-	622,604,344	(7,438,349)
QE 6/04	617,594,941	-	617,594,941	378,397,587	178,126,369	119,699,074	-	-	-	-	676,223,030	(58,628,089)
QE 9/04	639,074,389	95,369,400	734,443,789	357,025,418	145,285,954	127,097,490	-	-	-	-	629,408,862	105,034,927
QE 12/04	707,701,331	-	707,701,331	374,496,706	153,711,596	134,379,346	-	-	-	-	662,587,648	45,113,683
QE 3/05	705,167,519	-	705,167,519	389,097,040	171,977,149	152,130,280	-	-	-	-	713,204,469	(8,036,950)
QE 6/05	714,199,850	-	714,199,850	400,547,496	165,585,571	167,446,873	-	-	-	-	733,579,940	(19,380,090)
QE 9/05	716,061,230	95,369,400	811,430,630	413,657,520	174,077,443	162,560,598	-	-	-	-	750,295,561	61,135,069
QE 12/05	776,437,493	-	776,437,493	404,061,498	191,370,840	160,614,226	-	-	-	-	756,046,564	20,390,929
QE 3/06	745,702,653	-	745,702,653	405,005,129	235,354,779	118,877,866	-	-	-	-	759,237,774	(13,535,121)
QE 6/06	742,532,222	-	742,532,222	411,514,299	(35,409,090)	184,960,886	-	-	-	509,691,703	800,757,798	(58,225,576)
QE 9/06	739,159,305	95,369,400	834,528,705	400,869,032	166,963,246	193,842,243	-	-	-	17,513,729	779,188,250	55,340,455
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	1,087,690,118	-	1,087,690,118	433,715,853	176,371,015	190,249,157	124,180,959	154,103,335	270,452	-	1,078,890,771	8,799,347
QE 3/07	1,087,152,687	-	1,087,152,687	420,960,087	175,385,343	175,652,301	128,103,178	160,067,805	265,323	15,570,598	1,076,004,635	11,148,052
QE 6/07	1,099,854,704	-	1,099,854,704	430,645,025	181,860,134	160,414,980	109,129,722	164,184,289	267,338	63,265,880	1,109,767,368	(9,912,664)
QE 9/07	1,118,681,825	95,369,400	1,214,051,225	451,362,225	183,298,829	206,505,026	131,045,943	172,571,072	251,682	17,380,376	1,162,415,153	51,636,072
QE 12/07	1,214,166,924	-	1,214,166,924	441,087,082	158,955,002	172,368,837	141,711,614	179,249,253	217,152	281,350	1,093,870,290	120,296,634
QE 3/08	1,222,178,095	-	1,222,178,095	474,365,681	187,556,226	209,641,419	141,151,012	180,491,321	897,152	281,350	1,194,384,161	27,793,934
QE 6/08	1,238,586,147	-	1,238,586,147	482,388,876	199,304,269	212,059,299	155,838,638	182,521,867	280,379	76,673,242	1,309,066,570	(70,480,423)
QE 9/08	1,259,334,114	95,369,400	1,354,703,514	541,335,374	211,292,752	261,662,599	152,639,539	195,919,083	229,663	281,350	1,363,360,360	(8,656,846)
QE 12/08	1,553,590,798	-	1,553,590,798	525,677,827	202,250,698	274,725,051	148,096,235	196,824,526	226,470	17,589,300	1,365,390,107	188,200,691
QE 3/09	1,592,001,122	-	1,592,001,122	524,965,413	200,642,044	282,940,670	163,216,095	195,589,822	215,314	279,523	1,367,848,881	224,152,241
QE 6/09	1,651,060,414	-	1,651,060,414	751,742,559	275,925,200	420,276,136	183,857,956	277,501,770	205,805	72,613,790	1,982,123,216	(331,062,802)
QE 9/09	1,715,613,373	102,054,795	1,817,668,168	739,870,928	264,570,277	353,050,273	228,393,380	239,839,814	219,000	17,084,907	1,843,028,579	(25,360,411)
QE 12/09	1,898,426,461	-	1,898,426,461	697,955,153	247,041,712	415,432,097	186,043,975	232,351,612	172,615	-	1,778,997,164	119,429,297
QE 3/10	1,899,181,912	-	1,899,181,912	682,440,767	244,483,923	423,983,433	166,666,907	230,817,483	170,172	645,405	1,749,208,090	149,973,822
QE 6/10	1,902,165,089	-	1,902,165,089	562,367,036	212,083,758	352,829,405	102,570,911	233,568,310	124,938	18,722,247	1,482,266,605	419,898,484
QE 9/10	1,902,314,389	104,606,165	2,006,920,554	825,091,140	293,963,090	557,588,599	263,426,740	237,238,816	208,188	645,405	2,178,161,978	(171,241,424)
QE 12/10	1,974,181,783	-	1,974,181,783	718,021,505	276,629,615	389,922,965	185,596,533	238,247,373	149,281	31,674,069	1,840,241,341	133,940,442
QE 3/11	1,963,961,662	-	1,963,961,662	664,664,680	253,247,588	414,558,807	180,628,980	221,407,808	170,739	7,265,167	1,741,943,769	222,017,893
QE 6/11	1,970,980,200	101,357,836	2,072,338,036	653,163,269	258,027,233	256,585,680	104,541,836	208,706,299	188,661	65,239,948	1,546,452,926	525,885,110
QE 9/11												
\$ 41,956,719,796 \$ 1,029,042,118 \$ 42,985,761,914 \$ 17,969,717,152 \$ 7,146,830,995 \$ 8,191,622,043 \$ 2,996,840,153 \$ 3,901,201,658 \$ 4,730,324 \$ 932,699,339 \$ 41,143,641,664 \$ 1,842,120,250												

Last Updated: 8/11/2011

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2011**

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	\$ 2,319,467,238	\$ 2,409,331,645	\$ (89,864,407)	-3.87%				
DY 02	2,192,164,194	2,107,902,779	84,261,415	3.84%				
DY 03	2,586,550,662	2,480,575,933	105,974,729	4.10%				
DY 04	2,938,499,330	2,854,425,341	84,073,989	2.86%				
DY 05	3,099,201,074	3,135,005,418	(35,804,344)	-1.16%	\$ 13,135,882,498	\$ 12,987,241,116	\$ 148,641,382	1.13%
DY 06	4,488,748,735	4,513,671,792	(24,923,057)	-0.56%				
DY 07	5,029,634,682	5,089,316,422	(59,681,740)	-1.19%				
DY08	6,614,320,502	6,383,337,021	230,983,481	3.49%				
DY09	7,706,694,016	7,194,585,333	512,108,683	6.64%				
DY10	6,010,481,482	4,975,489,980	1,034,991,502	17.22%	29,849,879,416	28,156,400,548	1,693,478,868	5.67%
	<u>\$ 42,985,761,914</u>	<u>\$ 41,143,641,664</u>	<u>\$ 1,842,120,250</u>		<u>\$ 42,985,761,914</u>	<u>\$ 41,143,641,664</u>	<u>\$ 1,842,120,250</u>	4.29%

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2011**

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	525,828,303	543,416,684	622,377,913	834,281,948	1,060,170,192	1,096,385,780	1,337,382,564	1,598,692,845	2,148,730,500	1,567,503,303	11,334,770,032
AFDC/SOBRA	1,940,270,015	1,651,563,065	1,898,305,390	2,183,739,125	2,360,569,278	2,539,732,013	2,885,707,174	3,259,902,907	3,615,266,797	2,563,659,176	24,898,714,940
SSI	853,831,706	659,614,287	830,515,240	968,025,048	1,002,197,195	1,053,833,746	1,163,717,884	1,230,333,592	1,306,969,508	950,470,288	10,019,508,494
ALTCS-DD	-	-	-	-	-	784,982,863	874,093,287	930,708,467	953,312,342	632,128,320	4,175,225,279
ALTCS-EPD	-	-	-	-	-	1,022,301,655	1,108,270,338	1,201,929,901	1,231,854,992	866,001,589	5,430,358,475
Family Planning Extension	-	-	-	-	-	1,746,613	1,208,586	936,282	745,852	543,206	5,180,539
DSH/CAHP	-	-	-	-	-	145,177,300	135,042,088	131,573,904	96,707,494	105,001,193	613,501,979
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-	-	-	-	789,015,636
Total	3,565,163,418	2,976,836,994	3,492,990,693	4,127,438,856	4,561,291,064	6,644,159,970	7,505,421,921	8,354,077,898	9,353,587,485	6,685,307,075	57,266,275,374

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	354,898,030	385,719,310	442,174,887	575,528,084	724,651,243	747,219,755	910,419,952	1,225,788,577	1,656,133,561	1,169,088,644	8,191,622,043
AFDC/SOBRA	1,318,111,191	1,174,387,735	1,355,718,811	1,518,122,673	1,631,940,465	1,746,875,355	1,980,859,930	2,514,118,466	2,804,558,554	1,925,023,972	17,969,717,152
SSI	574,733,958	465,587,345	587,312,835	665,405,184	685,743,933	717,645,204	790,770,195	943,452,095	1,007,787,305	708,392,941	7,146,830,995
ALTCS-DD	-	-	-	-	-	522,612,250	579,772,622	703,184,498	724,528,981	466,741,802	2,996,840,153
ALTCS-EPD	-	-	-	-	-	681,226,161	737,106,513	909,236,844	937,105,773	636,526,367	3,901,201,658
Family Planning Extension	-	-	-	-	-	1,594,863	1,101,783	855,483	681,684	496,511	4,730,324
DSH/CAHP	-	-	-	-	-	96,498,204	89,285,427	86,701,058	63,789,475	69,219,743	405,493,907
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-	-	-	-	527,205,432
Total	2,409,331,645	2,107,902,779	2,480,575,933	2,854,425,341	3,135,005,418	4,513,671,792	5,089,316,422	6,383,337,021	7,194,585,333	4,975,489,980	41,143,641,664

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	796,963	454,959	2,612,012
AFDC/SOBRA	-	-	-	-	-	2,666,908	1,886,717	1,797,428	1,763,505	1,159,451	9,274,009
SSI	-	-	-	-	-	333,412	237,872	284,054	310,384	203,785	1,369,507
ALTCS-DD (Cost Sharing) ¹	-	-	-	-	-	-	-	-	-	-	-
Family Planning Extension ²	-	-	-	-	-	(1,746,613)	(1,208,586)	(936,282)	(745,852)	(543,206)	(5,180,539)
CAHP ³	-	-	-	-	-	(1,700,000)	(1,275,000)	(1,700,000)	(2,125,000)	(1,274,989)	(8,074,989)
Total	-	-	-	-	-	-	-	-	-	-	-

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	296,345	237,656	421,131	600,482	326,932	1,882,546
AFDC/SOBRA	-	-	-	-	-	2,205,962	1,550,706	1,503,951	1,448,740	939,240	7,648,599
SSI	-	-	-	-	-	221,399	157,471	213,392	233,947	146,376	972,585
ALTCS-DD (Cost Sharing) ¹	-	-	-	-	-	-	-	-	-	-	-
Family Planning Extension ²	-	-	-	-	-	(1,594,863)	(1,101,783)	(855,483)	(681,684)	(496,511)	(4,730,324)
CAHP ³	-	-	-	-	-	(1,128,843)	(844,050)	(1,282,991)	(1,601,485)	(916,037)	(5,773,406)
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.

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2011**

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

Revised Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	525,828,303	543,416,684	622,377,913	834,281,948	1,060,170,192	1,096,832,073	1,337,741,561	1,599,247,645	2,149,527,463	1,567,958,262	11,337,382,044
AFDC/SOBRA	1,940,270,015	1,651,563,065	1,898,305,390	2,183,739,125	2,360,569,278	2,542,398,921	2,887,593,891	3,261,700,335	3,617,030,302	2,564,818,627	24,907,988,949
SSI	853,831,706	659,614,287	830,515,240	968,025,048	1,002,197,195	1,054,167,158	1,163,955,756	1,230,617,646	1,307,279,892	950,674,073	10,020,878,001
ALTCS-DD	-	-	-	-	-	784,982,863	874,093,287	930,708,467	953,312,342	632,128,320	4,175,225,279
ALTCS-EPD	-	-	-	-	-	1,022,301,655	1,108,270,338	1,201,929,901	1,231,854,992	866,001,589	5,430,358,475
Family Planning Extension	-	-	-	-	-	-	-	-	-	-	-
DSH/CAHP	-	-	-	-	-	143,477,300	133,767,088	129,873,904	94,582,494	103,726,204	605,426,990
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-	-	-	-	789,015,636
Total	3,565,163,418	2,976,836,994	3,492,990,693	4,127,438,856	4,561,291,064	6,644,159,970	7,505,421,921	8,354,077,898	9,353,587,485	6,685,307,075	57,266,275,374

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	354,898,030	385,719,310	442,174,887	575,528,084	724,651,243	747,516,100	910,657,608	1,226,209,708	1,656,734,043	1,169,415,576	8,193,504,589
AFDC/SOBRA	1,318,111,191	1,174,387,735	1,355,718,811	1,518,122,673	1,631,940,465	1,749,081,317	1,982,410,636	2,515,622,417	2,806,007,294	1,925,963,212	17,977,365,751
SSI	574,733,958	465,587,345	587,312,835	665,405,184	685,743,933	717,866,603	790,927,666	943,665,487	1,008,021,252	708,539,317	7,147,803,580
ALTCS-DD	-	-	-	-	-	522,612,250	579,772,622	703,184,498	724,528,981	466,741,802	2,996,840,153
ALTCS-EPD	-	-	-	-	-	681,226,161	737,106,513	909,236,844	937,105,773	636,526,367	3,901,201,658
Family Planning Extension	-	-	-	-	-	-	-	-	-	-	-
DSH/CAHP	-	-	-	-	-	95,369,361	88,441,377	85,418,067	62,187,990	68,303,706	399,720,501
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-	-	-	-	527,205,432
Total	2,409,331,645	2,107,902,779	2,480,575,933	2,854,425,341	3,135,005,418	4,513,671,792	5,089,316,422	6,383,337,021	7,194,585,333	4,975,489,980	41,143,641,664

Calculation of Effective FMAP:

AFDC/SOBRA

Federal	1,318,111,191	1,174,387,735	1,355,718,811	1,518,122,673	1,631,940,465	1,749,081,317	1,982,410,636	2,515,622,417	2,806,007,294	1,925,963,212
Total	1,940,270,015	1,651,563,065	1,898,305,390	2,183,739,125	2,360,569,278	2,542,398,921	2,887,593,891	3,261,700,335	3,617,030,302	2,564,818,627
Effective FMAP	0.679344205	0.711076531	0.714173187	0.695194154	0.691333434	0.687964938	0.686526815	0.771261047	0.775776551	0.750915948

SSI

Federal	574,733,958	465,587,345	587,312,835	665,405,184	685,743,933	717,866,603	790,927,666	943,665,487	1,008,021,252	708,539,317
Total	853,831,706	659,614,287	830,515,240	968,025,048	1,002,197,195	1,054,167,158	1,163,955,756	1,230,617,646	1,307,279,892	950,674,073
Effective FMAP	0.673123233	0.705847878	0.707166837	0.687384263	0.684240523	0.680979859	0.679516951	0.766822652	0.771082963	0.745302031

ALTCS-DD

Federal	-	-	-	-	-	522,612,250	579,772,622	703,184,498	724,528,981	466,741,802
Total	-	-	-	-	-	784,982,863	874,093,287	930,708,467	953,312,342	632,128,320
Effective FMAP	-	-	-	-	-	0.665762623	0.663284607	0.755536801	0.760012169	0.738365593

ALTCS-EPD

Federal	-	-	-	-	-	681,226,161	737,106,513	909,236,844	937,105,773	636,526,367
Total	-	-	-	-	-	1,022,301,655	1,108,270,338	1,201,929,901	1,231,854,992	866,001,589
Effective FMAP	-	-	-	-	-	0.666365116	0.665096311	0.756480759	0.760727341	0.735017551

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V. Budget Neutrality Member Months and Cost Sharing Premium Collections

Budget Neutrality Member Months:	AFDC/SOBRA	SSI	ALTCS-DD	ALTCS-EPD	AC/MED
Quarter Ended June 30, 2001	1,173,984	266,244			57,192
Quarter Ended September 30, 2001	1,308,826	275,436			64,782
Quarter Ended December 31, 2001	1,435,142	284,733			125,543
Quarter Ended March 31, 2002	1,525,532	291,401			192,003
Quarter Ended June 30, 2002	1,595,458	297,899			230,474
Quarter Ended September 30, 2002	1,684,860	304,535			258,089
Quarter Ended December 31, 2002	1,774,471	310,940			284,811
Quarter Ended March 31, 2003	1,844,378	317,975			304,123
Quarter Ended June 30, 2003	1,939,270	325,766			320,621
Quarter Ended September 30, 2003	2,028,389	333,568			333,935
Quarter Ended December 31, 2003	2,041,311	343,772			334,944
Quarter Ended March 31, 2004	2,016,765	347,635			328,919
Quarter Ended June 30, 2004	2,014,972	354,609			316,279
Quarter Ended September 30, 2004	2,094,493	361,521			325,666
Quarter Ended December 31, 2004	2,199,721	371,444			363,041
Quarter Ended March 31, 2005	2,179,398	377,446			367,453
Quarter Ended June 30, 2005	2,207,143	382,381			374,836
Quarter Ended September 30, 2005	2,211,090	384,441			369,299
Quarter Ended December 31, 2005	2,210,617	386,527			370,681
Quarter Ended March 31, 2006	2,171,002	386,144			364,204
Quarter Ended June 30, 2006	2,163,967	383,025			359,963
Quarter Ended September 30, 2006	2,151,479	383,074			348,801
Quarter Ended December 31, 2006	2,149,480	383,306	55,517	74,669	339,579
Quarter Ended March 31, 2007	2,143,122	383,904	56,312	74,311	336,245
Quarter Ended June 30, 2007	2,170,204	387,826	57,250	74,737	342,070
Quarter Ended September 30, 2007	2,215,438	390,646	58,197	75,743	354,166
Quarter Ended December 31, 2007	2,253,051	393,393	59,157	76,703	372,901
Quarter Ended March 31, 2008	2,263,598	395,600	60,069	77,297	386,192
Quarter Ended June 30, 2008	2,299,323	396,756	61,093	78,218	401,028
Quarter Ended September 30, 2008	2,343,644	398,659	62,023	79,783	416,129
Quarter Ended December 31, 2008	2,405,168	401,191	62,977	80,849	424,328
Quarter Ended March 31, 2009	2,485,055	405,083	64,124	81,831	438,545
Quarter Ended June 30, 2009	2,625,895	407,191	65,330	82,376	484,761
Quarter Ended September 30, 2009	2,778,224	411,712	66,216	83,203	562,916
Quarter Ended December 31, 2009	2,881,642	416,722	66,802	83,850	625,332
Quarter Ended March 31, 2010	2,871,239	420,736	67,442	83,983	654,595
Quarter Ended June 30, 2010	2,860,904	425,330	68,297	84,474	675,539
Quarter Ended September 30, 2010	2,843,012	430,404	69,054	85,041	698,905
Quarter Ended December 31, 2010	2,830,805	435,008	69,715	85,115	716,128
Quarter Ended March 31, 2011	2,797,334	438,551	70,368	84,909	713,116
Quarter Ended June 30, 2011	2,812,389	441,472	70,894	84,035	717,209

Cost Sharing Premium Collections:	ALTCS Developmentally Disabled	
	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	-	-
Quarter Ended September 30, 2009	-	-
Quarter Ended December 31, 2009	-	-
Quarter Ended March 31, 2010	-	-
Quarter Ended June 30, 2010	-	-
Quarter Ended September 30, 2010	-	-
Quarter Ended December 31, 2010	-	-
Quarter Ended March 31, 2011	-	-
Quarter Ended June 30, 2011	-	-

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VI. Allocation of Disproportionate Share Hospital Payments

Federal Share

	FFY 2001 *	FFY 2002	FFY 2003	FFY 2004	FFY 2005	FFY 2006	FFY 2007	FFY 2008	FFY 2009	FFY 2010	FFY 2011	
Regular 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	99,565,654	99,565,654	101,357,836	
ARRA Allotment	-	-	-	-	-	-	-	-	2,489,141	5,040,511	-	
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	104,606,165	101,357,836	1,029,042,118
Reported in QE												
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
Sep-09	-	-	-	-	-	-	-	(112,435)	17,197,342	-	-	17,084,907
Dec-09	-	-	-	-	-	-	-	-	-	-	-	-
Mar-10	-	-	-	-	-	-	-	-	-	-	-	-
Jun-10	-	-	-	-	-	-	-	-	-	18,722,247	-	18,722,247
Sep-10	-	-	-	-	-	-	-	-	-	-	-	-
Dec-10	-	-	-	-	-	-	-	(5,147,857)	-	36,821,926	-	31,674,069
Mar-11	-	-	-	-	-	-	-	-	-	6,643,817	-	6,643,817
Jun-11	-	-	-	-	-	-	-	-	(3,669,120)	-	68,303,706	64,634,586
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	88,441,377	85,418,067	62,187,990	68,303,706	926,925,932
Unused Allotment	1	372,855	6,611	1	-	2,699,623	39	6,928,023	16,636,728	42,418,175	33,054,130	102,116,186

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