



# AHCCCS Update

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DD Provider Meeting  
AHCCCS Administration  
September 9, 2011



# Topics to Cover

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- Reductions to the AHCCCS Program
- Impact on the DDD Program
- Discussion and Alternative Solutions



# Economic Realities

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- General Fund Revenues have decreased significantly even with new Sales tax
- AHCCCS caseload and costs have risen explosively during past decade.
- For FY 2012 State had to replace \$800 million in federal stimulus funding for Medicaid.
- National conversation about addressing the unprecedented federal debt, raising the debt ceiling and the role of entitlement programs.



# FY 2012 Budget

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- Legislature enacted \$1.0 billion in General Fund reductions to the overall State Budget.
- Medicaid accounted for over half of overall reductions (\$520 million, which is \$1.5 Billion total when including federal dollars).
- That means AHCCCS has been asked to reduce the program by \$1.5 Billion in the coming year.
- These reductions are *in addition* to over \$1 Billion in reductions AHCCCS has made to date.

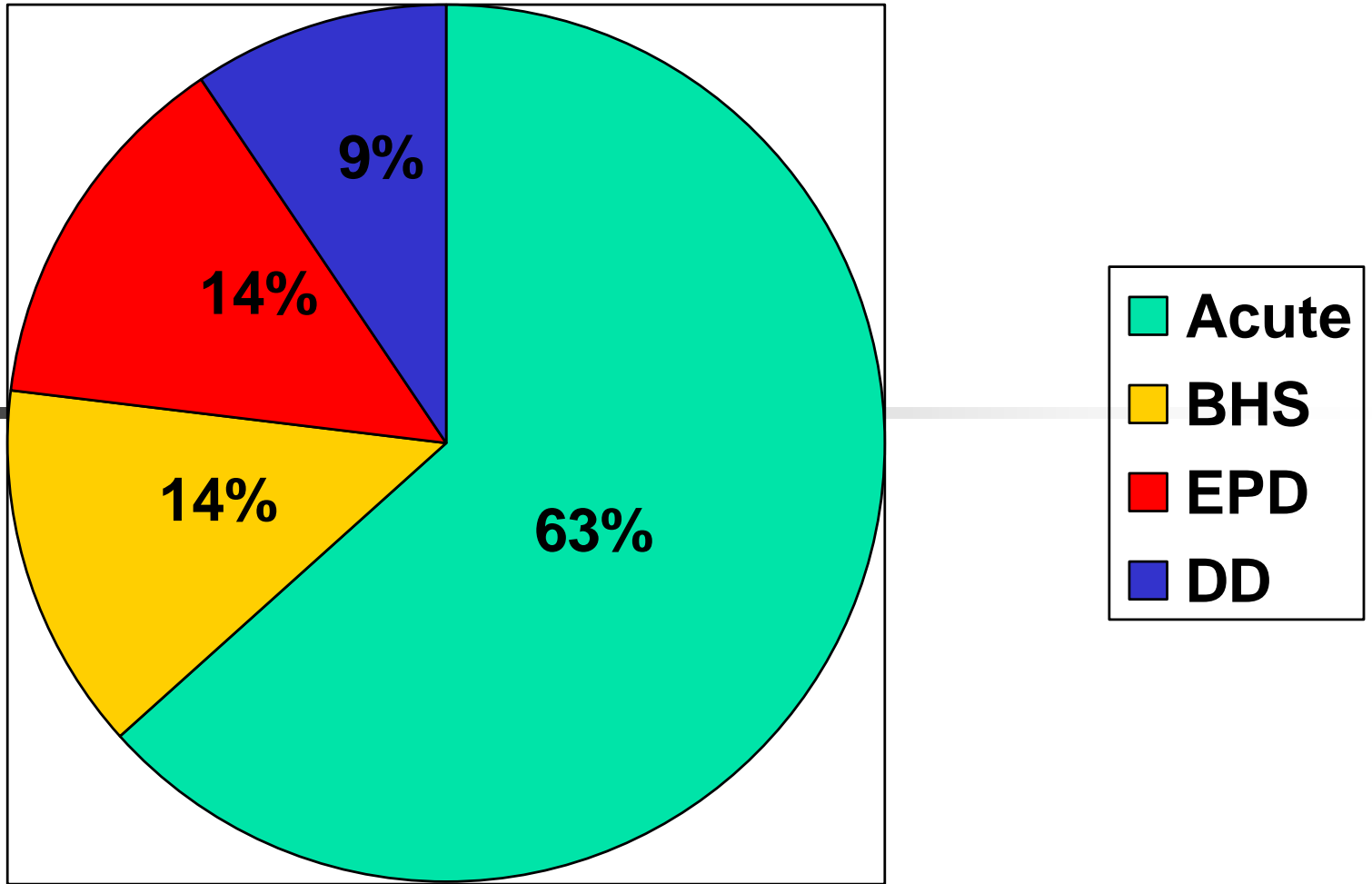


# FY 2012 Budget

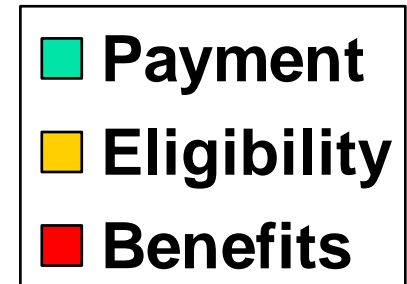
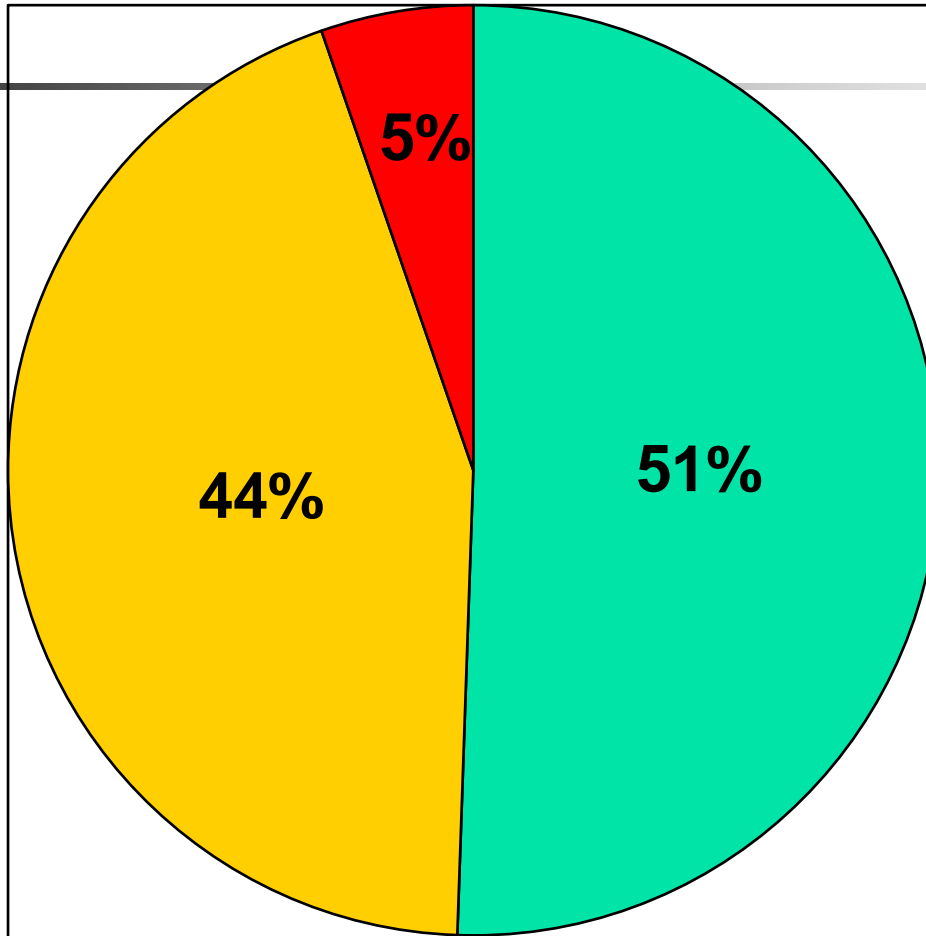
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- Although the Legislature delegated to AHCCCS the authority to make many of these reductions, the legislature did specifically authorize provider rate reductions up to 5% across the board in Section 32 of SB 1619.
- As part of its process, the Legislature held a public hearing on SB 1619 on March 31, 2011. Both the House and Senate offered ample opportunity for public testimony.
- Several provider groups testified about the impact of the 5% rate reduction at that time.
- The Legislature also offers the public the ability to register their support or opposition to any specific measure contained in a bill via their website.
- In order to meet its appropriation, AHCCCS must implement the provider rate reductions as directed by the Legislature.

# AHCCCS Program Distribution by Cost



# AHCCCS Reductions by Category





# AHCCCS Budget Changes

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- AHCCCS Program is over **\$2.6 Billion** less today.
- *Payments.*
  - 51% of all reductions have come through decreases in provider rates and health plan payments.
  - Most providers have seen a 15% reduction in their reimbursement rates.



# AHCCCS Budget Changes

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- ***Eligibility Changes*** account for 44% of all reductions.
  - There are 115,000 children on the KidsCare waiting list since that program was frozen in January 2010.
  - KidsCare parents program was eliminated impacting about 9,000 parents.
  - 250,000 low-income adults now have mandatory copayments in order to receive services.
  - Spend Down program is being phased out October 1, which provided catastrophic coverage to about 6,000 individuals.
  - AHCCCS projects a drop in enrollment for childless adults by approximately 100,000; these are individuals between 0-100% FPL.



# AHCCCS Budget Changes

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- ***Benefits*** account for 5% of total reductions
  - For the acute care program, almost all optional services have been eliminated or limited.
  - Certain transplant types were eliminated and later restored.
  - New benefit reductions include a 25-day inpatient limit, excluding Behavioral Health.



# AHCCCS Budget Changes: Where Does DDD Fit In?

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## Payment Reductions

- Acute: 830,696,200 63.2%
  - EPD: 164,912,100 12.6%
  - BHS: 161,286,700 12.3%
  - DD: 156,920,900 11.9%
  - Total: 1,313,815,900 100.0%
- Notes: This is a breakdown of the total payment reductions, which account for 51% of all reductions in the AHCCCS system. EPD = Elderly and Physically Disabled. Acute and BHS programs impacted by eligibility changes.

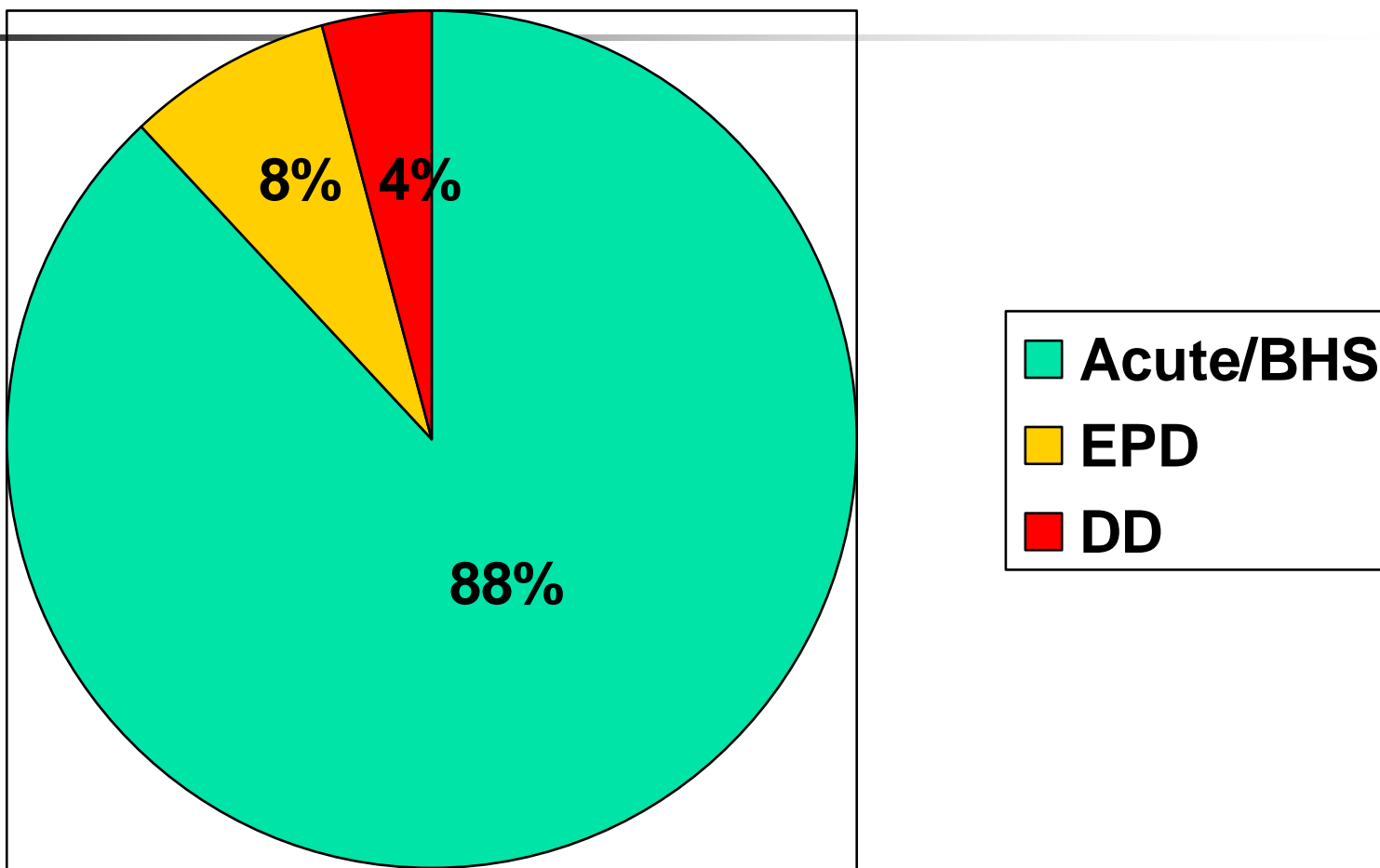


# AHCCCS Budget Changes: Where Does DDD Fit In?

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- The cost of the DDD program is about \$1 Billion.
  - **None** of the eligibility changes impact DDD.
    - The ALTCS DDD program does not count parents' income when determining a child's eligibility. This allows people of all incomes to participate in the ALTCS DDD program. Thus, there are individuals enrolled in DDD whose families have incomes above 400% of the FPL.
    - Because of health care reform, imposing premiums on ALTCS members whose incomes are above 400% FPL would not be permissible.
  - There have only been two modest reductions in benefits impacting DDD – reducing total number of covered hours for respite care from 720 hours per year to 600 hours per year. [Note: the 25-day inpatient limit does affect the ALTCS program, but it only applies to adults 21 and older.]

## Percentage of Benefit Cuts With Respite



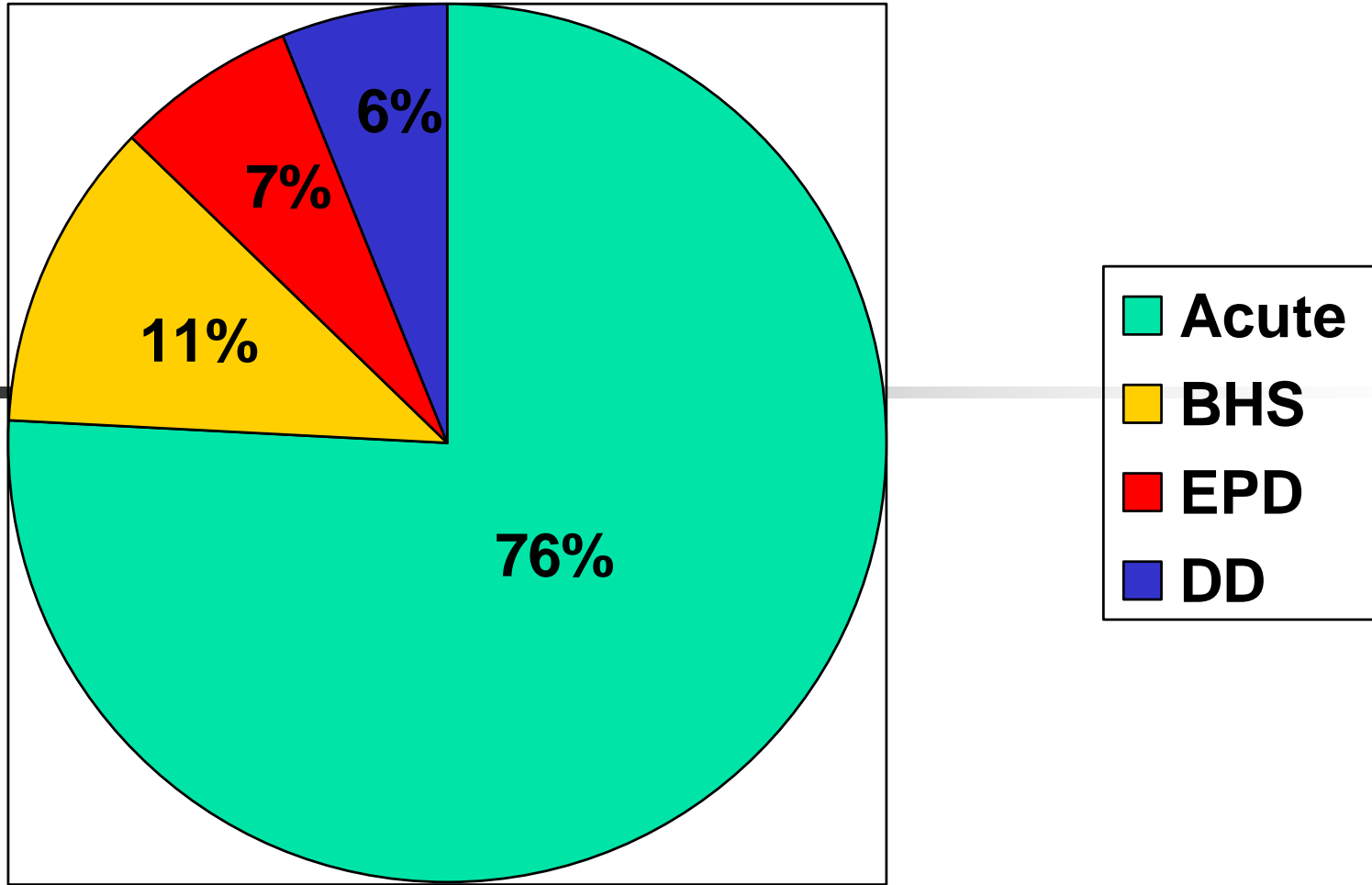


# AHCCCS Budget Changes: Where Does DDD Fit In?

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- The respite reduction, which begins 10-1-11, is \$5.3 million.
- Cumulative provider rate reductions account for \$156 million.
- DDD's share of the total \$2.6 Billion in AHCCCS reductions is \$158 million.

# Total AHCCCS Reductions by Program (With Respite)





# Alternative Solutions

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- AHCCCS welcomes proposals for alternative solutions to achieving the same cost reductions to the AHCCCS program.