INTRODUCTION
Arizona Health Care Cost Containment System (AHCCCS), the State’s Medicaid Agency, uses federal, state, and county funds to provide health care coverage to the State’s acute and long-term care Medicaid population, low income groups, and small businesses. Unlike programs in other states that rely solely on fee-for-service reimbursement, AHCCCS makes prospective capitation payments to contracted health plans responsible for the delivery of care. In State Fiscal Year (SFY) 2010, AHCCCS provided health care coverage to over 1.3 million Arizonans.

Centers for Medicare and Medicaid (CMS) policy defines Medicaid Program Integrity as the “…planning, prevention, detection, and investigation/recovery activities undertaken to minimize or prevent overpayments due to Medicaid fraud, waste, or abuse.” In keeping with the comprehensive nature of this definition, AHCCCS believes that Program Integrity is an important component of all operational departments.

ENVIRONMENTAL SCAN or SITUATIONAL ASSESSMENT
Given current fiscal challenges, Program Integrity efforts are critical if maximum dollars are to be used to serve individuals in need. The State of Arizona is currently in the midst of an unprecedented budget crisis. While revenue collections for the state have fallen by almost 40% since the start of the recession, enrollment in the AHCCCS program has expanded by 30%. Given these challenges, the AHCCCS Administration felt it was critical to develop an annual agency level plan that focused on Program Integrity. The plan that follows proposes a variety of strategies for addressing such budgetary challenges and ensuring the best possible use of limited resources.

MISSION
Throughout the Agency, promote economy, efficiency, accountability, and integrity in the management and delivery of services in order to ensure that AHCCCS is an effective steward of limited resources.

KEY ACCOMPLISHMENTS
- During State Fiscal Year (SFY) 2010, AHCCCS launched the development of a comprehensive Program Integrity scorecard for tracking and trending Program Integrity performance measures. These measures are supported by:
  - New Managed Care Organization (MCO) reporting requirements,
  - Incorporation of member compliance metrics reported by the Department of Economic Security (DES) and AHCCCS
  - Incorporation of findings reported by the DES Office of Special Investigation (OSI)
- During SFY 2010, AHCCCS developed and disseminated e-learning Program Integrity training modules. Three separate tools were developed including programs for AHCCCS and DES staff, MCOs and providers, and the public.
- During SFY 2010, AHCCCS moved to improve program integrity by issuing a request for proposal and awarding a contract to EDI Watch to purchase data analytic tools with established algorithm capability for conducting better analysis.
- During SFY 2010, AHCCCS expanded opportunities to verify membership, improve compliance, and realize cost savings by:
  - Requesting and receiving, from the Pima County Department of Corrections, daily information that provides for a match of Pima County inmates with AHCCCS to ensure appropriate enrollment segments.
Matching AHCCCS members against all 1.25 million Vital Records death documentation, referring seventeen cases of potential fraud to OIG, and recouping approximately $480,000.

Reconciling AHCCCS members against 83 million Social Security records to save $60,000.

Conducted 3 address verification projects generating $350,000 in savings.

- During SFY 2010, AHCCCS realized approximately $907.7 million in total cost avoidance and recovery (a 7% increase over the previous year) by:
  - Coordinating over $94 million in benefits with commercial payers (a 30% increase over the previous year) and over $781 million with Medicare. Overall the coordination of nearly $876 million represented a 7% increase over the previous year.
  - Recovering or avoiding over $30 million in costs through a combination of provider and member program integrity efforts.

### AHCCCS Recovery and Cost Avoidance

<table>
<thead>
<tr>
<th></th>
<th>SFY 2009</th>
<th>SFY 2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coordination of Benefits (COB)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Commercial COB</td>
<td>$72,934,501</td>
<td>$94,692,775</td>
<td>30%</td>
</tr>
<tr>
<td>Total Medicare COB *</td>
<td>$746,829,672</td>
<td>$781,161,382</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total COB Cost Avoidance</strong></td>
<td>$819,764,173</td>
<td>$875,854,157</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Third Party Liability (TPL)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Recoveries **</td>
<td>$9,425,104</td>
<td>$8,066,128</td>
<td>-14%</td>
</tr>
<tr>
<td>Total Distributions</td>
<td>$7,680,077</td>
<td>$6,644,163</td>
<td>-13%</td>
</tr>
<tr>
<td><strong>Net Recoveries from TPL</strong></td>
<td>$1,745,027</td>
<td>$1,421,965</td>
<td>-18%</td>
</tr>
<tr>
<td><strong>Office of Inspector General (OIG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider Fraud Recoveries***</td>
<td>$5,029,433</td>
<td>$7,469,772</td>
<td>49%</td>
</tr>
<tr>
<td>Member Cost Avoidance****</td>
<td>$19,731,645</td>
<td>$22,963,994</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Total OIG Recoveries</strong></td>
<td>$24,761,078</td>
<td>$30,433,376</td>
<td>23%</td>
</tr>
<tr>
<td><strong>RECOVERY/COST AVOIDANCE TOTAL</strong></td>
<td>$846,270,278</td>
<td>$907,709,888</td>
<td>7%</td>
</tr>
</tbody>
</table>

* Excludes identified reporting errors
** Includes estate, trust, and casualty recoveries for fee-for-service and joint case reinsurance payments
*** Includes Audit recoveries
**** Includes AHCCCS savings resulting from Social Security leads

### PROGRAM INTEGRITY STRATEGIES

1. **Continue reporting and tracking results**
   a. Publish SFY 2010 Performance Measure findings, establish estimates for SFY 2011 and track against estimates.
   b. Receive and review quarterly claims dashboard reports from MCOs and PIHPs, and incorporate into quarterly scorecard.

2. **Develop and disseminate Program Integrity Training throughout Agency and among stakeholders**
   a. Require that all AHCCCS and DES Family Assistance staff participate in the Program Integrity training program offered via e-learning.
   b. Through AHCCCS website messaging, newsletters, meetings, and professional organizations, encourage providers and plan staff to view the Program Integrity training program offered via e-learning.
c. Pursue opportunities to improve and consolidate program integrity information on the AHCCCS web site.
d. Track web utilization of tools

3. Expand use of technology data analytics to improve program integrity
   a. Complete data exchanges, train staff, and implement new algorithms by March 2011 to identify potential new cases.
b. Develop quantifiable measures to track ROI for new tool
c. Ensure feedback loop to track any needed changes required as a result of findings

4. Improve opportunities to confirm Member ID and member compliance
   a. Investigate options to implement required picture ID for Adults
      i. Support current provider office procedures to check IDs
      ii. Pursue opportunity with MVD to add member picture to current ID card and/or to AHCCCS On Line
   b. Ensure use of available inmate data
      i. Integrate Pima inmate match data into scorecard and estimate member days and costs saved
      ii. Implement daily match with Maricopa inmates
      iii. Explore program participation by Yuma
   c. Continue to verify AHCCCS members against Vital Record Death records
d. Continue to implement address verification projects

5. Work with CMS on new mandates and improved operations
   a. Incorporate improved Program Integrity methodologies into the 2011 Waiver process
   b. Implement health care reform requirements including new rules
   c. Participate in next round of PERM and continue to improve results
      i. Educate Providers and limit number of claims denied due to documentation
      ii. Track results internally during process
d. Address/resolve concerns reported in CMS Program Integrity Review
      i. Verify services received by members using a revised report format that includes disposition of cases
      ii. Modify Provider Disclosure form to capture relationship of contractors and sub-contractors
      iii. Evaluate the possibility of modifying provider enrollment forms to require the disclosure of managing employee information for purposes of matching against exclusions

6. Pursue opportunities to collaborate/cooperate with other agencies/organizations to expand information resources
   a. Continue legal pursuit of Pharmacy issue
   b. Reconcile information from the AHCCCS provider database with date-of-death information from the ADHS Office of Vital Records