# State Medicaid Advisory Committee (SMAC)

**Wednesday, April 8, 2015**  
**AHCCCS**  
**Gold Room - 3rd Floor**  
**701 E. Jefferson Street**  
**1 p.m. – 3 p.m.**

## Agenda

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>I. Welcome</td>
<td>Director Thomas Betlach</td>
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<tr>
<td>II. Introductions of Members</td>
<td>ALL</td>
</tr>
<tr>
<td>III. Approval of January 20, 2015 meeting summary</td>
<td>ALL</td>
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</tbody>
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## Agency Updates

| IV. AHCCCS Update | Director Thomas Betlach  
|                   | Deputy Director Beth Kohler |
|                   |   Administrative Simplification, Enrollment and Other |
|                   |   Budget, Provider Rates, Cost Sharing, Waiver Renewal |
| V. CMS Update | Theresa Gonzales  
|               | Office of Intergovernmental Relations |
| VI. Payment Modernization, Value Based Purchasing, SIM Grant Updates | George Jacobson  
|               | Project Coordinator |
| VII. HIT/HIE Update | Lorie Mayer  
|                 | Executive Consultant |
| VIII. DSH Waiver Update | Amy Upston  
|                   | Hospital Finance Administrator |
| IX. Membership (Nomination Process) | All |

## Discussion

| X. Call to the Public | Director Thomas Betlach |
|XI. Adjourn at 3:00 p.m. | ALL |

## 2015 SMAC Meetings

Per SMAC Bylaws, meetings are to be held the 2nd Wednesday of January, April, July and October. All meetings will be held from 1 p.m.- 3 p.m. unless otherwise announced at the AHCCCS Administration 701 E. Jefferson, Phoenix, AZ 85034, 3rd Floor in the Gold Room:

- **January 20, 2015**
- **April 8, 2015**
- **July 8, 2015**
- **October 7, 2015**

For more information or assistance, please contact Theresa Gonzales at (602) 417-4732 or theresa.gonzales@azahcccs.gov
January 2015 Meeting Summary
### State Medicaid Advisory Committee (SMAC) Meeting Summary

**Tuesday, January 20, 2015, AHCCCS, 701 E. Jefferson, Gold Room**
**10:00 a.m. – 12:00 p.m.**

<table>
<thead>
<tr>
<th>Members in attendance:</th>
<th>Members Absent: Vernice Sampson, Will Humble, Tomas Leon</th>
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<tbody>
<tr>
<td>Tom Betlach</td>
<td></td>
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<tr>
<td>Kathy Waite</td>
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<td>Tara McCollum Plese</td>
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<td>Kevin Earle</td>
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<td>Phil Pangrazio</td>
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<td>Peggy Stemmler</td>
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<td>Kim VanPelt</td>
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<td>Steve Jennings</td>
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<tr>
<td>Amanda Aguirre</td>
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<td>Kathleen Collins Pagels</td>
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<tr>
<td>Leonard Kirschner</td>
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<tr>
<td>Kathy Byrne by phone</td>
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<table>
<thead>
<tr>
<th>Staff and public in attendance:</th>
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<tbody>
<tr>
<td>Theresa Gonzales, Exe Const. III, AHCCCS</td>
<td>Lovell Robinson, MCAM, ABBVIE</td>
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<tr>
<td>Marcus Wilson, Policy &amp; Planning, DES</td>
<td>Laura Strickland, Frame Shift Group</td>
</tr>
<tr>
<td>Michelle Pabis, Director, SHC</td>
<td>Scott Larson, BMS</td>
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<tr>
<td>Melissa Higgins, Attorney, CLS</td>
<td>Matt Jewett, Grants Mgr. MPHC</td>
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<tr>
<td>Kate Kealy, Grants Mgr., MPHC</td>
<td>Jane Stephen, Policy, Allergan</td>
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<tr>
<td>Darrin Best, MCE, Bio Reference</td>
<td>Bob Gustafson, SAM, Lundbeck</td>
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<tr>
<td>Kim Jacoby, RAM, Lundbeck</td>
<td>Judie Walker, Ombudsman, United Health</td>
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### AGENDA

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<thead>
<tr>
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<tr>
<td>II. Introductions of Members</td>
<td>All</td>
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<tr>
<td>III. Approval of October 22, 2014 Meeting Summary/Minutes</td>
<td>Unanimous</td>
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### AGENCY UPDATES

<table>
<thead>
<tr>
<th>IV. AHCCCS Updates</th>
<th>Tom Betlach</th>
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<tbody>
<tr>
<td>AHCCCS Care Delivery System</td>
<td></td>
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<tr>
<td>Medicaid Restoration</td>
<td></td>
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<tr>
<td>AHCCCS Enrollment Growth</td>
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**AHCCCS Update Q&A’s**

Q: Any data on the drop in November?
A: DES has code - over income, non-responsive, other; can provide at next meeting

| - Restoration/Expansion Actual to 2013 Estimates |
| - AHCCCS/DES Call Volume |
| - Total FFM Approvals for AHCCCS |
AHCCCS Updates (continued)

- FY15 & FY16 Executive Budget

AHCCCS Update Q&A’s
  Q: What is the timeframe?
  A: April 1st; requires lots of work with CMS.
  Q: What is included in the AHCCCS analysis?
  A: Federal requirements for access to care and other issues.

Comments:
  o Assumes K-12 $100 million included.

- AHCCCS Budget Recommendation
- Impact of Enhanced Match

AHCCCS Update Q&A’s
  Q: How many people are covered?
  A: Assumes same coverage but without expansion.
  Q: How did Legislators respond?
  A: Lots of information to take in.

- Spending by Provider Type
- ED Utilization: % of Total Paid Amount
- Hospital Uncompensated Care and Net Operating Profits, 2011-2013
- Federal Emergency Expenses
- Growth in National Health Expenditures and Gross Domestic Product
- AHCCCS Staffing Levels
- Potential Retirees
- Delivery System Transformation Initiatives

AHCCCS Update Q&A’s
  Q: What is the number of members in Justice System?
  A: 5,000 with hepatitis c in DOC. If receiving treatment for cancer/hepatitis c
getting information. Includes some chronic illness. Looking at how to
utilize technology to share data.

- Other Items
- AHCCCS Procurements

AHCCCS Update Q&A’s
  Q: What is the dual eligible status?
  A: AZ has dual SNPs as a way to provide robust coordination with Medicare.
     Very challenging with CMS leadership transition.
  Q: What was the high point of provider reimbursement?
  A: We were at Medicare levels; today at 82%.
  Q: How has that impacted access to care?
  A: Little impact to date. Some concern going forward with population growth
     and provider types especially those whose primary payer are Medicaid.

V. CMS Update

- AZ Medicaid State Plan Amendments
- Waiver Activity

Theresa Gonzales
VI. Reports

- Hospital Reports Recently Submitted to the State Legislature
- Uncompensated Hospital Costs & Profitability Report
- Hospital Uncompensated Care & Net Operating Profits, 2011-2013
- Emergency Department Utilization Report
- ED Utilization: % of Total Visits
  Q: What are the third and fourth levels?
  A: As you move up levels they become more severe.
- ED Utilization: % of Total Paid Amount
  o Levels four and five equal 90% expenses.
- Continued efforts of AHCCCS and its contracted MCOs
  Q: Why did uncompensated care go up $150 million in 2013?
  A: Child Adult freeze.

Comments:
  o Concern regarding high deductible plans.
    o Q: How it will impact uncompensated care?
    o A: Not sure at this time. Still see small number.
  o Hospitals have done a great job with NFs to collaborate on strategies to reduce readmissions.
  o In Yuma, county task force with mental health law enforcement and hospitals; all used to respond to mental illness cases by taking them to the emergency room, but why? In the 70’s a judge mandated. So county attorney talked to judges to change and it lifted weight from hospitals.

VII. Other State Initiatives

- Medicaid Adult Coverage Current
- Alternative Medicaid Expansion
- Where the States Stand on Medicaid Expansion
- Key Themes
- Program Design Features
- Delivery System
- Exempt Population
- Premiums
- Copays
- Health Savings Account (HAS)

Other State Initiatives Q&A’s
  Q: Does cost sharing go to Medicaid?
  A: Yes.
- Ability to Disenroll
- Non-Compliance
- Consumer Incentive Program

Other State Initiatives Q&A’s
  Q: How does Michigan monitor healthy behaviors?
  A: Claims data are updated annually.
VII. Other State Initiatives (continued) Tom Betlach

- Work Requirements
- Questions?
  Q&A’s
  Q: Anything from new administration about looking at other States?
  A: Have discussed, but Governor’s office is getting adjusted. 1115 renewal coming up and this gives opportunities to look at AHCCCS.

VIII. Membership All

- Bylaws and Federal Regulations
  Comments:
  o More American Indians and rural areas.

DISCUSSION

IX. Call to the Public Tom Betlach

- Leonard Kirschner
  o 2015 Happy Anniversary Handout

X. Adjourn at 12:00 p.m. All
AHCCCS Update
Federal Marketplace

• Total enrollees marketplace – 11.7 m
• Total federal marketplace
  o 8.8 m – 53% increase
  o 87% subsidies – avg. subsidy $263 month
• Arizona –
  o 205,000 – 48% increase
  o 75% subsidies – avg subsidy $155 month
  o 23% children – 23% 18-34 – 31% 35-54 – 23% 55-64
ACA Related Litigation

• King v Burwell
  ○ ACA Tax Credits – 155,000 Arizonans

• Biggs v Betlach
  ○ Hospital Assessment - Medicaid Restoration & Expansion 330,000
Health Sector Profit Margins

- Drug Manufacturers: 20.8%
- Industry Average: 15.4%
- Medical Instruments and Supplies: 12.5%
- Medical Appliances and Equipment: 9.5%
- Hospitals: 3.7%
- Health Plans: 3.2%

Source: Yahoo Business

Reaching across Arizona to provide comprehensive quality health care for those in need.
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Reaching across Arizona to provide comprehensive quality health care for those in need
AHCCCS Strategic Plan

Reaching Across Arizona to Provide Comprehensive, Quality Health Care for Those in Need

- Bend the cost curve while improving the member's health outcomes
- Pursue continuous quality improvement
- Reduce fragmentation in healthcare delivery to develop an integrated system of healthcare
- Maintain core organizational capacity, infrastructure and workforce.
Payment Modernization

- Value Based Purchasing Requirements for Plans
  - 2014 - 10% moving to 50% by 2017
- New Inpatient payment structure that can better tie to quality based payments
- Requirement for plans to pay FQHC PPS
- Value Based Plan Payments tied to Quality
  - Access Measures – ED visits - Readmissions
- Developing Learning Culture

Reaching across Arizona to provide comprehensive quality health care for those in need
Administrative Simplification

Current Configuration:
- Providers
- Health Plan (physical health)
- RBHA
- ADHS/DBHS (behavioral health)
- AHCCCS

Streamlined Configuration:
- Providers
- Health Plan/RBHA (physical & behavioral health)
- AHCCCS

Reaching across Arizona to provide comprehensive quality health care for those in need
Formalizing the Partnership

• The mind cannot be separated from the body.

• AHCCCS and DBHS have recognized this and the need to form a closer partnership to evolve the system of care.

• This partnership resulted in the first integrated RBHA nationwide to bring physical and behavioral health together in one plan for persons with Serious Mental Illness.

• Greater Arizona will also benefit when this model goes statewide 10-1.

• The goal is to simplify the system of care for over 30,000 Arizonans with Serious Mental Illness.
Guiding Principles

• *A seamless transition.*
  - Certainly, a lot of work needs to be done to bring the two agencies together.
  - This merger **will not impact** what **services** are offered or how services are delivered.
  - This merger does not change the delivery system - i.e. how members access care.
  - This change will be *seamless* for the members and families we serve.

Reaching across Arizona to provide comprehensive quality health care for those in need
Guiding Principles

- **Focus on member services will continue.**
  - All functionality that is in place to serve members today will continue as part of the new organization.
  - This includes employment and housing supports as well as the Office of Individual and Family Affairs.
Guiding Principles

• We will be ready for the Greater Arizona transition.
  o We are focused on the 10-1-15 Greater Arizona Transition.
  o We will not let the complexities of the Administrative Simplification distract us from the important work that needs to get done to complete a smooth transition for Greater Arizona.
Guiding Principles

- **Transparency is critical.**
  - This change will be transparent.
  - We are committing to staff, members, families, stakeholders and policymakers that we will work to over-communicate the status of this effort.
Guiding Principles

- *Open door policy.*
  - We want to be inclusive and ensure all parties have the appropriate opportunity to provide insight and input into this transition.
  - We will use the time we have over the next year to 15 months to be thoughtful regarding this implementation.
Achieving a Successful Transition

• DBHS and AHCCCS leadership working on the operational issues related to achieving a successful transition.

• There are a few scenarios that will play out:
  
  o **Filling a void.** There are units or positions within DBHS that perform a functionality that currently does not exist at AHCCCS. These units will be moved over to be part of the new organization.
Achieving a Successful Transition

- Scenarios (cont.)
  - **Filling a need.** There are units or positions that perform functions that are similar to those that exist already in AHCCCS but the resources are necessary to address workload.
  - **Eliminating duplication.** There are units or positions that are duplicative and will not be needed in the new organization.
  - **New employment opportunities.** Within AHCCCS and ADHS.
Achieving a Successful Transition

- Workgroups to deal with the myriad of operational issues associated with this transition.
  - Information Technology
  - Facilities
  - Legal
What Stays at ADHS

• Arizona State Hospital.
  o ADHS and AHCCCS leadership agreed it was best to have ASH remain with ADHS

• Public Health and Behavioral Health.
  o Long term discussion about public health type functions like suicide awareness or tobacco cessation that should stay within ADHS.
Commitment to Staff/Stakeholders

• Ensure we work through this process quickly and thoughtfully
• Share information as soon as possible
• Give people extensive lead time on where they stand in the new organization.
## FY 2015 State Ongoing GF Expenditures

<table>
<thead>
<tr>
<th>Budget Unit</th>
<th>(Millions)</th>
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<tbody>
<tr>
<td>Education (K-12)</td>
<td>$3,808.4</td>
</tr>
<tr>
<td>Medicaid</td>
<td>2,026.5</td>
</tr>
<tr>
<td>Universities</td>
<td>733.8</td>
</tr>
<tr>
<td>Child Safety</td>
<td>361.0</td>
</tr>
<tr>
<td>Prisons</td>
<td>996.8</td>
</tr>
<tr>
<td>Debt Service</td>
<td>342.0</td>
</tr>
<tr>
<td>Other</td>
<td>1,002.9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9,271.4</strong></td>
</tr>
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![Pie chart showing budget distribution]

- **Education** 41%
- **Medicaid** 22%
- **Universities** 8%
- **Corrections** 11%
- **Other** 11%
- **Debt Service** 3%

[Source: Arizona Health Care Cost Containment System (AHCCCS)]
AHCCCS Total Spending

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FY 2016 Funding Distribution

- Federal: 74%
- General Fund: 16%
- County: 3%
- GF-PIT: 1%
- Tobacco: 2%
- Assessments: 2%
- Drug Rebate: 1%

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Spending by Provider Type

- Physician: 20%
- Hospital IP: 16%
- Hospital OP: 15%
- Behavioral Health: 15%
- HCBS: 14%
- Pharmacy: 9%
- Nursing Facilities: 6%
- Transportation: 3%
- Dental: 3%

Reaching across Arizona to provide comprehensive quality health care for those in need
## Provider Rate Changes (2009-15)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Change</th>
<th>Provider</th>
<th>Change</th>
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<tbody>
<tr>
<td>Hospital IP</td>
<td>-9.8%</td>
<td>Emergency</td>
<td>29.5%</td>
</tr>
<tr>
<td>Hospital OP</td>
<td>-8.7%</td>
<td>NEMT</td>
<td>-14.3%</td>
</tr>
<tr>
<td>NF (EPD)</td>
<td>-1.6%</td>
<td>ASC</td>
<td>5.6%</td>
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<tr>
<td>Behavioral Health OP</td>
<td>-8.1%</td>
<td>Dental</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Physician</td>
<td>-12.9%</td>
<td>FQHC</td>
<td>35.8%</td>
</tr>
<tr>
<td>PCP Parity</td>
<td>13.8%</td>
<td>Hospice</td>
<td>12.3%</td>
</tr>
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Reaching across Arizona to provide comprehensive quality health care for those in need.
Provider Rates

- $37 million in program reductions
- Aggregate 5% rate reductions
  - NF, DD and HCBS exempt
  - Target 10/1 implementation
  - Access to care evaluation
- May be lower if cost/utilization trends low
Public Input

• AHCCCS taking public comments
  o Comment period closes May 15
  o Focus on:
    ▪ Medicaid population(s) served
    ▪ Operating margins
    ▪ Factors driving provider costs
    ▪ Impacts of rate reductions

• Will inform Access to Care analysis
Budget Cost Sharing Requirements

• Prop 204 population:
  o 2% premium
  o Non Emergency Use of ED
    ▪ $8/$25
    ▪ $25/$25 if CHC, RHC or urgent care w/i 25 miles
• Newly Eligible >106%
  o 2% premium
  o Non Emergency Use of ED - $25
  o No Non-Emergency Medical Transportation Services for 10/1/2015 - 9/30/2016
Waiver Renewal

- Current AHCCCS Waiver expires 9/30/2016.
- Waiver renewal submitted by 10/1/2015
  - 30-day public comment period – Summer 2015
  - Public Forums – Summer 2015
- Will include:
  - Legislative cost sharing requirements
  - SB 1092:
    - Work requirements for able bodied adults
    - Monthly income verification
    - Five year limit, with exemptions
  - Any potential Gubernatorial initiatives
CMS Update
CMS Update

State Plan Activity

The State Plan is a comprehensive written contract between AHCCCS and the Centers for Medicare and Medicaid Services (CMS) that describes the nature and scope of Arizona’s Medicaid program and assures that Arizona will administer its programs according to federal requirements under the provisions of the Social Security Act (SSA). The State Plan also provides a basis for Federal Financial Participation (FFP).

AHCCCS submits State Plan Amendments (SPAs) for CMS approval to reflect changes in federal and state laws, regulations, policy, or court decisions. The following is a summary of Arizona’s SPA activity over the past few years:

2015: 2 SPAs submitted; 0 approved; 2 pending
2014: 17 SPAs submitted; 9 approved; 8 pending
2013: 19 SPAs submitted; 19 approved; 0 pending;
2012: 15 SPAs submitted; 12 approved; 1 pending; 2 withdrawn
2011: 25 SPAs submitted; 24 approved; 0 pending; 1 withdrawn
2010: 17 SPAs submitted; 16 approved; 1 withdrawn
2009: 6 SPAs submitted; 5 approved; 1 denied

More information can be found at: http://www.azahcccs.gov/reporting/PoliciesPlans/StatePlanAmendments.aspx

Waiver Activity

The 1115 Waiver refers to section 1115 of the Social Security Act. AHCCCS has been exempt from specific provisions of the SSA, under an 1115 Waiver since Arizona first began participating in Medicaid on October 1, 1982. Arizona’s 1115 Waiver includes provisions in the SSA and corresponding regulations AHCCCS is exempt from; terms and conditions that AHCCCS must fulfill; approved federal budget amounts. AHCCCS submits waiver amendments to reflect changes in federal and state laws, regulations, policy, and court decisions. The following is a summary of Arizona’s Waiver activity:

On December 15, 2014, CMS approved Arizona’s 1115 Waiver amendment request to:

1. Expand integration of physical and behavioral health services for adults with serious mental illness throughout the State;
2. Extend the Safety Net Care Pool for the Phoenix Children’s Hospital;
3. Extend uncompensated care payments to Indian Health Services and 638 Tribal facilities; and
4. Cover all Medicaid services for pregnant women during their hospital presumptive eligibility period.

AHCCCS continues to work with CMS on its request to use federal matching funds for services provided by Tuba City Regional Health Care for inmates of the Navajo Detention Center and to charge premiums to individuals with income above 100% FPL. CMS did not approve Arizona’s request to require $200 co-pays for non-emergency use of the emergency room for individuals with income above 100% FPL.

More information about waivers can be found at: http://www.azahcccs.gov/reporting/federal/waiver.aspx
2015 Amendments

SPA 15-002 – Nursing Facility Assessment
Updates the Nursing Facility assessment dollar amounts in State Plan
Submitted 3/19/15 [PDF]

SPA 15-001 – Supplemental Drug Rebates
Updates the State Plan to include supplemental drug rebates effective January 1, 2015.
Submitted 2/5/15 [PDF]

2014 Amendments

SPA 14-014 – ABP Cost-Sharing
Updates the State Plan to include cost-sharing for individuals with income over 100% FPL.
Submitted 12/3/14 [PDF]

SPA 14-013-D – Nursing Facility Rates
Updates reimbursement rates for Nursing Facilities for the period October 1, 2014 to September 30, 2015.
Submitted 10/31/14 [PDF]

SPA 14-013-C – Other Provider Rates
Updates reimbursement rates for other providers for the period October 1, 2014 to September 30, 2015.
Submitted 10/31/14 [PDF]

SPA 14-013-B – Outpatient Rates
Continues current outpatient hospital reimbursement rates for the period October 1, 2014 to September 30, 2015.
Submitted 10/31/14 [PDF]

SPA 14-013-A – Freestanding Psychiatric Hospital Rates
Continues rates for freestanding psychiatric hospitals for the period October 1, 2014 to September 30, 2015.
Submitted 10/31/14 [PDF]

SPA 14-012 - GME
Updates GME funding for the service period July 1, 2014 through June 30, 2015 for programs with submitted IGAs.
Submitted 9/30/14 [PDF]

SPA 14-008 – Presumptive Eligibility
Describes Presumptive Eligibility by Hospitals in Arizona.
Submitted 3/28/14
Presumptive Eligibility in Arizona

SPA 14-001 – ADHS Licensure Changes
Revises the State Plan to reflect updates to the licensing of health programs.
Submitted 1/10/14
Payment Modernization, Value Based Purchasing, SIM Grant Update
National Health Expenditure Data-2013

- NHE grew 3.6% to $2.9 trillion in 2013
- $9,255 per person
- 17.4% of Gross Domestic Product (GDP).
Good News

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Bad News

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Sources of National Health Spending

Sources of National Health Spending, 2008

- Consumer out-of-pocket: 12%
- Private health insurance: 34%
- Medicare: 20%
- Other private funds: 7%
- Medicaid (federal and state): 15%
- Other federal: 6%
- Other state and local: 6%


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Cost-Outcomes


StatLink  ➤ http://dx.doi.org/10.1787/888932916040

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What is Value in Health Care?

“Health outcomes achieved that matter to patients relative to the cost of achieving those outcomes”

-Michael Porter
Value

“Value in health care is measured by the outcomes achieved, not the volume of services delivered, and shifting focus from volume to value is a central challenge.”
- Michael Porter

“Value can be defined as patient outcomes divided by total cost per patient over time.”
- Institute of Medicine
AHCCCS Strategic Goals

**Goal 1.** AHCCCS must pursue and implement long-term strategies that bend the cost curve while improving member health outcomes.

**Goal 2.** AHCCCS must pursue continuous quality improvement.

**Goal 3.** AHCCCS must reduce the systematic fragmentation that exists in healthcare delivery to develop an integrated system of healthcare.

**Goal 4.** AHCCCS must maintain core organizational capacity, infrastructure and workforce planning that effectively serves AHCCCS operations.
AHCCCS Payment Modernization

• Build on the established managed care delivery model to improve members’ health outcomes and reduce growth in per capita expenditures.

• Innovate through a learning culture with providers and MCO partners.
Payment Modernization Initiatives

• Dually eligible individuals with aligned health plans for Medicare & Medicaid
• Electronic Prescribing Provider Participation
• Behavioral Health-Physical Health Integration
• AHCCCS Payment Reform Initiative
Transition to Value Based Purchasing - VBP

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AHCCCS Payment Reform Initiative

- Align Payer & Provider Incentives
- Payment and Care Delivery Transformation
- Innovate through Competition

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Traditional Model

- **Fee for Service/ Pay for Volume**: The traditional and prevalent health care payment and delivery model
Triple Aim…Transitioning to Value

• Improving the patient experience of care (including quality and satisfaction)
• Improving the health of populations; and
• Reducing the per capita cost of health care.
Payment Transformation

• **VBP**: Health Care payment and care delivery models which focus on outcomes instead volume

Reaching across Arizona to provide comprehensive quality health care for those in need
Payment Reform Initiative Basics

• Implemented October 2013
• Contracted MCOs must have a % of provider payments in “value based arrangements”
• If the value based payment requirement met, the MCO is eligible for a quality distribution-1% of their capitation
Payment Reform Initiative Basics

- The Quality Distribution is based on both the performance measured against performance standards and their ranking against other MCOs.
- % of provider payments in a VBP arrangement started at 5% in 1st year—goes to 50% by 2018.
PRI Quality Measures

- ED Utilization
- Readmissions within 30 Days
- Well Child Visits 15 Months
- Well Child Visits 3-6 Years
- Adolescent Well Child Visits 12-21 Years
- Children’s Dental Visits
Arizona’s SIM Initiative

State Innovation Models Initiative

- Financial and technical support to states
- Development and testing of state-led, multi-payer health care payment and service delivery models
- Health system performance improvement, increased quality of care, and decreased costs for Medicare, Medicaid and Children’s Health Insurance Program (CHIP) beneficiaries—and for all residents of participating states.

AHCCCS

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Arizona’s SIM Initiative

• CMS awarded 21 states with Model Design Awards and 11 states with Model Test Awards (Round 2)
• Arizona awarded $2.5 million Model Design
Model Design Award

• Engage a diverse group of stakeholders, including public and commercial payers, providers and consumers, to develop a State Health Care Innovation Plan.

• Twelve months to submit the State Health System Innovation Plan to CMS
The State Health System Innovation Plan

Arizona’s Overarching Delivery System Strategies

• Facilitate Integration & Decrease System Fragmentation
• Improve Care Coordination
• Drive Payment Reform

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Innovation Plan Components

- Behavioral Health-Physical Health Integration
- AHCCCS, Medicare, & Commercial Value Based Payment Model
- AIHP Care Coordination Model Enhancement
- Justice System Transitions HIT
Behavioral Health-Physical Health Integration

• Provide a roadmap and framework to accelerate the integration of care between and among behavioral health and physical health providers

• Catalyze data integration and interoperability among providers and with payers
AHCCCS, Medicare, & Commercial Value Based Payment Model

• Propose payment and delivery models which align the incentives of behavioral health providers, physical health providers, and payers
• With a stakeholder driven process, evidence based, and leveraging existing Arizona models, select value based models with system level care integration.

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AIHP Care Coordination Model
Enhancement

• Identify and evaluate systems gaps and barriers to care, and propose models which align with care coordination features
• Enable effective data sharing and actionable information in support of care coordination

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Justice System Transitions HIT

• Establish care coordination strategies for acute plans and RBHAs to connect with the justice system to share information and link members with acute needs upon their release

• Leverage and accelerate IT infrastructure and interface development to allow for data exchange critical to care coordination
Key Plan Deliverables

- Stakeholder Engagement
- Population Health Plan
- Value Based Care Delivery and Payment Transformation Plan
- Health Information Technology Plan
- State Health System Innovation Plan
Questions?
Thank You.
HIT/HIE Update
AHCCCS
Arizona Health Care Cost Containment System

Electronic Health Record (EHR) Incentive Program Update

State Medicaid Advisory Committee Meeting
April 8, 2015
Why are Electronic Health Records Important?
ONC National Stages of Meaningful Use

- 2012: Data capture and sharing
- 2014: Advanced clinical processes
- 2016: Improved outcomes

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Why are Health IT (EHRS) and HIE important?

• Leading national strategy to support Triple Aim:
  • Reduce Costs
  • Improve care delivery and improve outcomes
• Providers and Payers are needing more real time access to sophisticated clinical data to be able to participate in new payment programs (ACOs, Accountable Care Networks, at risk contracts, etc)
• Many Consumers are trying to engage more with providers and payers to self-monitor treatments, conditions, and health care expenses.
Total CMS Payments to EHs and EPs through January 2015

• More than $18.1 billion in Medicare and Medicaid EHR Incentive Program payments have been made to Eligible Hospitals and CAH’s between May 2011 and January 2015.

• More than $10.4 billion in Medicare and Medicaid EHR Incentive Program payments have been made to Eligible Professionals between January 2011 and January 2015.
Growth in AZ Physician EHR Adoption

• **Physician EHR adoption is expected to be almost 100% by 2018**
  - In 2012-2013, approximately **81%** of Arizona physicians who responded to the survey used some form of electronic medical record storage (EMR)
    - EHRS adoption in 2007 - 2009 was **45%**.

• **81%** of all Arizona Short Term Acute Hospitals are currently eligible and receiving Medicare/Medicaid Payments

AHCCCS

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**Arizona Medicare to Medicaid Registration/ Payment Comparison**

Medicare and Medicaid Registration to Payment Comparison - 2014

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<thead>
<tr>
<th>Provider Registrations</th>
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</tbody>
</table>

Data Source: CMS EHR Data Resources, December 2014

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EMR Use by County, 2012-2013 (N = 9,351)

Source: AMB, ABOE Survey Data, 2012-2013.
Note: Table does not include retired physicians. Additionally, 1,906 respondents did not identify a method of storing medical records and 607 were of unknown county. Pima and Maricopa Counties (red) represent the urban areas. All other counties in blue represent the rural areas.
AZ EHR Incentive Payment Totals*

- Medicaid EP Payments: $67,439,015
- Medicare EP Payments: $114,218,003
- Total AZ EP Payments: $181,657,018

- Dually Eligible EH Payments: $325,173,763
- Medicare EH Payments: $1,050,695
- Medicaid Only EH Payments: $8,959,532
- Total AZ EH Payments: $335,183,990

TOTAL AZ EHR Program Payments: $516,841,008

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Health Information Exchange (HIE)

is the electronic movement of health-related information among organizations according to nationally recognized standards.

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One door for all HIT/HIE needs...

Arizona Health-e Connection

- The Network (Statewide HIE)
- The REC (EHR Adoption Support)
- Other AzHeC Programs
The Network is the statewide HIE in Arizona

- The Network provides a secure system that allows:
  - patient health records to be accessed electronically by health care providers at health care facilities and health plans throughout AZ while ensuring protection of personal health information and privacy

- Standard data set currently exchanged and available:
  - ADT transactions (problem lists, allergies, procedures, insurance, etc.)
  - Medications
  - Lab results
  - Transcribed reports
  - Radiology reports
46 Network Participants
(**11 new participants in 2015)

HOSPITALS

FQHC/RHC

HEALTH PLANS

OTHER PROVIDERS

Arizona Health-e Connection
The Network

Tuba City Regional Health Care Corporation
Summit Healthcare
Mount Graham Regional Medical Center
Kingman Regional Medical Center
Benson Hospital
Little Colorado Medical Center
Adelante Healthcare
El Rio Community Health Center
Mariposa Community Health Center
Sunset Community Health Center, Inc.
Mountain Park Health Center

Copper Omen Community Health
Northern Arizona Healthcare

Banner Health
Yuma Regional Medical Center
Tucson Medical Center
MIHS
Maricopa County Department of Public Health
MHC Healthcare

Wickenburg Community Hospital

Health Choice
Maricopa Health Plan
BlueCross BlueShield of Arizona
Sonora Quest Laboratories
DMG District Medical Group
Springdale Village

Health Net
Maricopa Integrated Health System
The University of Arizona Health Plans
Bridgeway Health Solutions
Villa Maria Care Center
Genesis

Mercy Care Plan
CARE 1ST Health Plan Arizona
United Healthcare
MD24 House Call

LabCorp
Behavioral Health Information Network of Arizona

Arizona Poison and Drug Information Center
Children's Clinics

CVC Cardiovascular Consultants, Ltd.
46 Network Participants
(**11 new participants in 2015)**

- Adelante Healthcare **
- AHCCCS
- Arizona Poison & Drug Information Ctr
- Banner Health
- Benson Hospital
- Behavioral Health Info. Network of Az
- Blue Cross Blue Shield of Arizona
- Bridgeway Health Solutions**
- Care1st Arizona
- Cardiovascular Consultants
- Carondelet Health Network
- Children's Clinics (Tucson)
- Copper Queen Community Hospital
- District Medical Group**
- El Rio Health Center
- Genesis Ob/Gyn
- HealthChoice Arizona
- HealthNet
- Kingman Regional Medical Center**
- LabCorp
- Little Colorado Medical Center
- Marana Health Center
- Maricopa County
- Maricopa Health Plan
- Maricopa Integrated Health System
- Mariposa Community Health Center
- MD24 House Call**
- Mercy Care Health Plan**
- Mountain Park Health Center**
- Mt. Graham Regional Medical Center**
- Northern Arizona Healthcare
- Pima County Administration (corrections)
- San Luis Walk-In Clinic/Regional Center for Border Health**
- Sonora Quest Laboratories
- Springdale Village
- Summit Healthcare Regional Medical Center**
- Sunshine Child & Adolescent Care
- Sunset Community Health Center**
- Symphony of Mesa
- Tuba City Regional Health Care Corp.
- Tucson Medical Center
- UnitedHealthcare
- University of Arizona Health Plans
- Villa Maria Care Center
- Wickenburg Community Hospital
- Yuma Regional Medical Center
Statewide HIE Benefits & Value

• One connection saves time & resources
• Clinical information for new patients/beneficiaries
• Timely information to coordinate care
• Medical histories for winter visitors and others
• Secure communication
• Innovative future functionality
Data Migration & MIRTH Go-Live Timeline

- **Dec 2014** • Mirth contracts • Migration initiated
- **Jan 2015** • New funding model starts
- **April 2015** • Migration complete • New services available
- **July 2015** • eHealth Exchange • Public health reporting

**Key Priority – Delivering Value**

- More complete patient information is paramount to deliver value
  - Meet and exceed recruitment targets for hospitals, plans and providers
  - Complete new interfaces to increase amount of patient information
AHCCCS wants to accelerate HIT/HIE Adoption by:

• Recruiting and enrolling EPS that are eligible but not active in EHR Program by Dec. 2016
• Support appropriate health plan access to data at the Network
• Use 90/10 money to defray HIE onboarding costs for EHS and FQHCs.
• Collaborate with other agency HIT/HIE efforts (like e-prescribing, SIM)
HITECH Act and Meaningful Use
2009 – 2021

CMS/ AHCCCS Payoff

Advanced clinical processes

Improved outcomes

Data capture and sharing

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Questions?

Reaching across Arizona to provide comprehensive quality health care for those in need
DSH Waiver Update
Disproportionate Share Hospital (DSH) Waiver Changes

April 8, 2015
DSH Changes Enacted in Budget

- Increases amount allocated to Maricopa Integrated Health System (MIHS) in SFYs 2015 and 2016 (except for $4.2 million which is paid to MIHS, these monies are transferred to the General Fund)
- Decreases the amount allocated to Pool 5 in SFYs 2015 and 2016 (the voluntary pool in which a hospital must partner with a political subdivision in order to obtain state match funding)
- Gives rural hospitals priority in Pool 5 in SFYs 2015 and 2016
- Allows MIHS to access Pool 5 in SFYs 2015 and 2016
- Reduces funding for Pools 1&2 from $9.3 million to $900,000 in SFY 2016. Shifts the difference to Pool 5
2 sets of DSH Waiver Changes

- Technical – Need CMS approval by end of June 2015
- Substantive- Need CMS approval by November 2015
  - Conform language to reflect budget passed by the Legislature
  - Additional clarification changes
Technical Changes

- Annually required update which specifies amounts allocated to each pool (private pools, governmental pool, voluntary pools)
- Update language to reflect references from the Medicare Cost Report Form 2552-10 instead of form 2552-96
  - Have already been using data from form 2552-10 for several years
  - Would not have any substantive impact
- Other technical changes which will not impact calculation
Substantive/Clarification Changes

• Update waiver to reflect Legislative budget changes
• Remove duplicative language
• Clarify items to be consistent with current practice
• Redefine “rural” hospital as a hospital which is outside of Phoenix or Tucson Metropolitan Statistical Area to be consistent with state law
• Allow adjustment to historical data (used in DSH calculations) to reflect AHCCCS population growth and the expiration of certain supplemental payments
• Will go through the formal Waiver amendment process

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