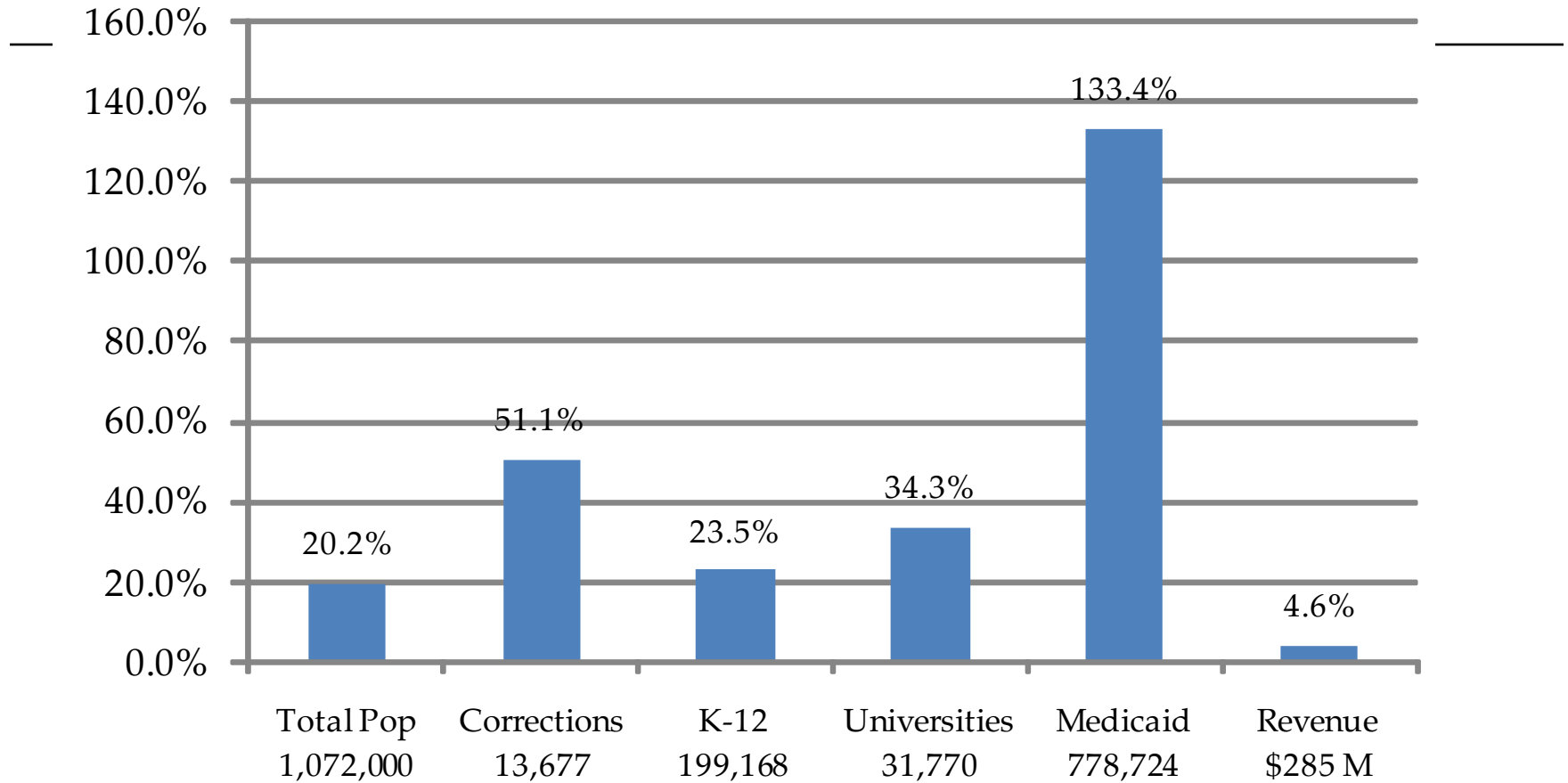


AHCCCS Update

Enrollment Growth FY 2001 to FY 2010





AHCCCS Budget

- 3 Short Term Options for Policy Makers when dealing with AHCCCS budget reductions
 - Eligibility – Limit - Health Care Reform
 - Payment Rates – Limit–Network & Access to Care
 - Benefits – Limit – Federal Requirements
- Each has limitations but to date all have been utilized
- January 2011 – Legislature authorizes pursuit of MOE waiver from Secretary HHS
- FY 2012 Budget - \$1.5 Billion AHCCCS reduction – “Notwithstanding...”



Governor's Medicaid Reform Status

Implemented/In Process

- 5-1-11 - MED Freeze – 10-1 Term
- 7-8-11 - Childless Adults Freeze - 27,000 Native Americans
- 5% Provider Rate Cuts - 10-1-11 – CMS Approved State Plan – Lawsuit Filed
- Benefit Limits –
 - IP 25 day limit (exempt BH) – Awaiting SPA Approval
 - Respite (720 hours reduced to 600) – Implemented 10-1
 - No ED reductions
- Optional Missed Office Visits Fee – *Approved*



Governor's Medicaid Reform Status

Other Waiver Items

- ❑ Parents >75% Freeze – *Not approved*
- ❑ 6 Month Redetermination – *Not approved*
- ❑ Additional Cost Sharing – *NEMT Only*
- ❑ Medicare Liability – CMS – No Authority
- ❑ FES Elimination – *Not approved*



Outstanding Waiver Items

- Tribal Eligibility/Benefit exemption – 638/I.H.S – Issues
 - *State Match – proxy consideration*
 - *Medicaid Comparability Requirement verse I.H.S mandate – concern regarding “influx” of Non-Tribal members – Quarterly Survey Tool*
 - *Non-Tribal Member Visits*
 - *Percent Emergency verse non-emergency visits*
 - *Childless Adult Eligibility Process*



Outstanding Waiver Issues

- Hospital Uncompensated Funds –
 - Two Year Funding Pool
 - Local funding serves as match for provider uncompensated care
 - Local match for KidsCare slots
 - Process for filling slots

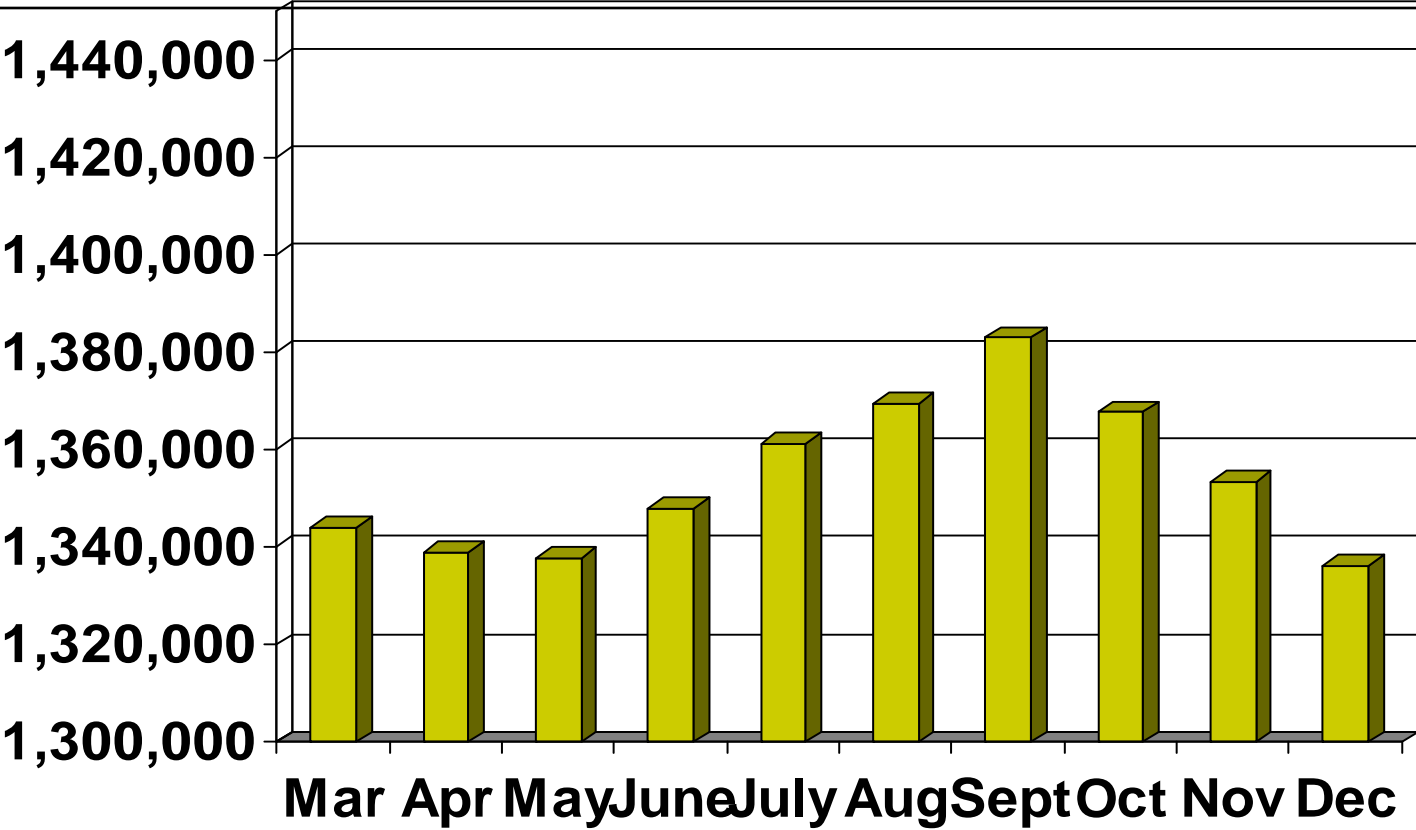


Lawsuit Update

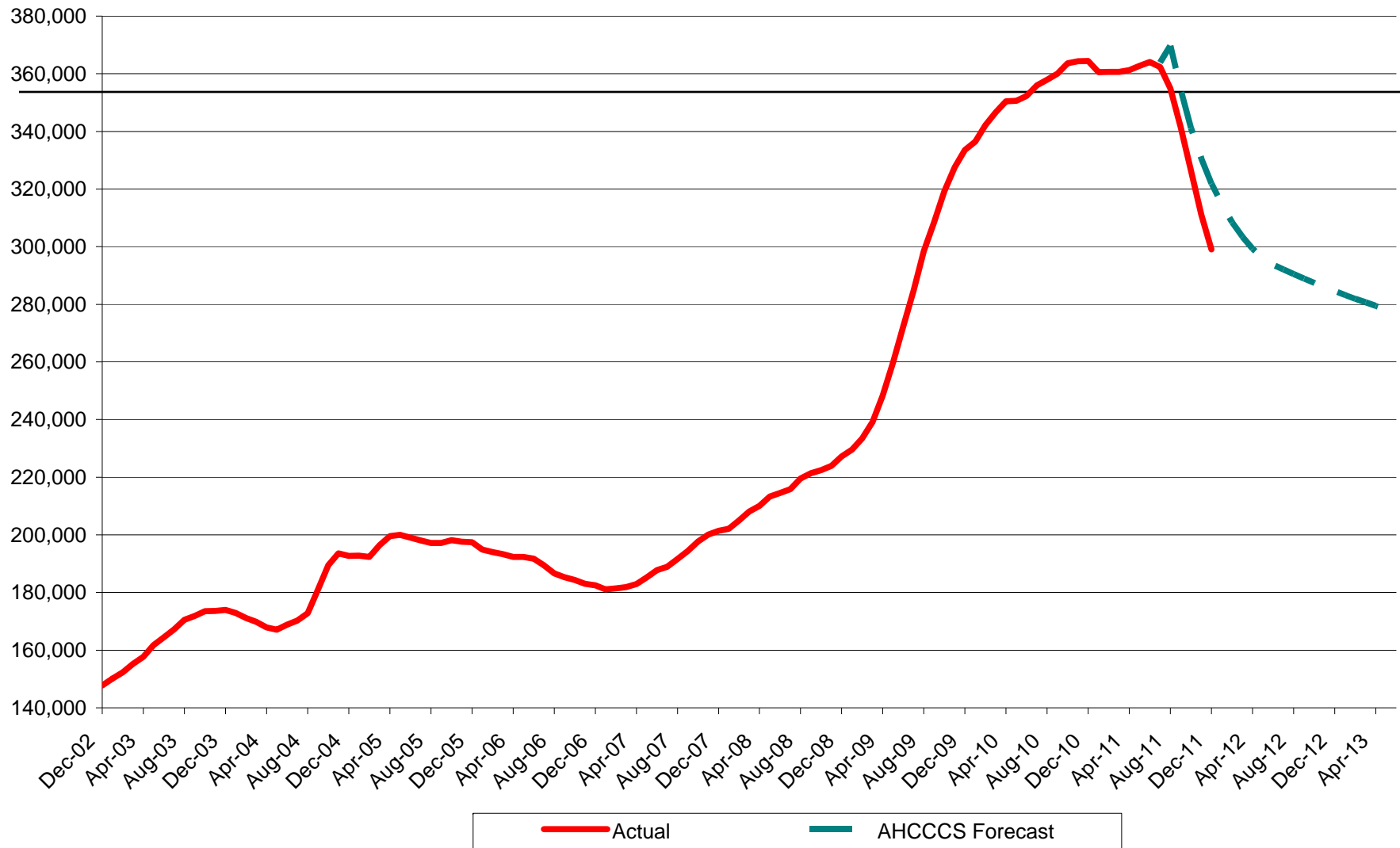
- Prop 204 Waiver Population
 - Supreme Court denied injunction
 - Superior Court decision in favor of State –
 - Court of Appeals ruled in favor of State

- Hospital Litigation
 - Lawsuit filed by association in federal court
 - State response due 12-19-11

2011 Total AHCCCS Population

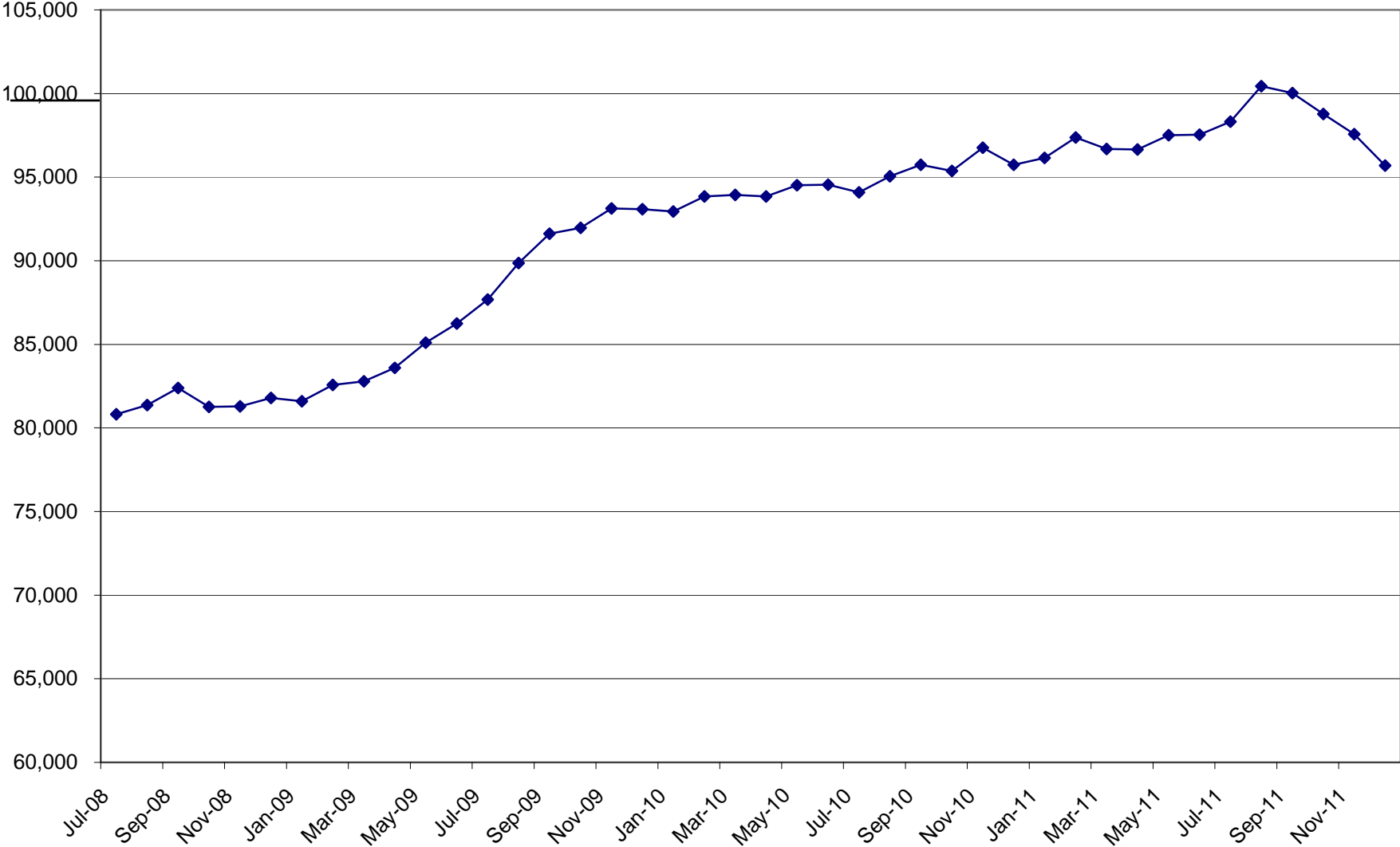


Combined Proposition 204 Member Month Forecast

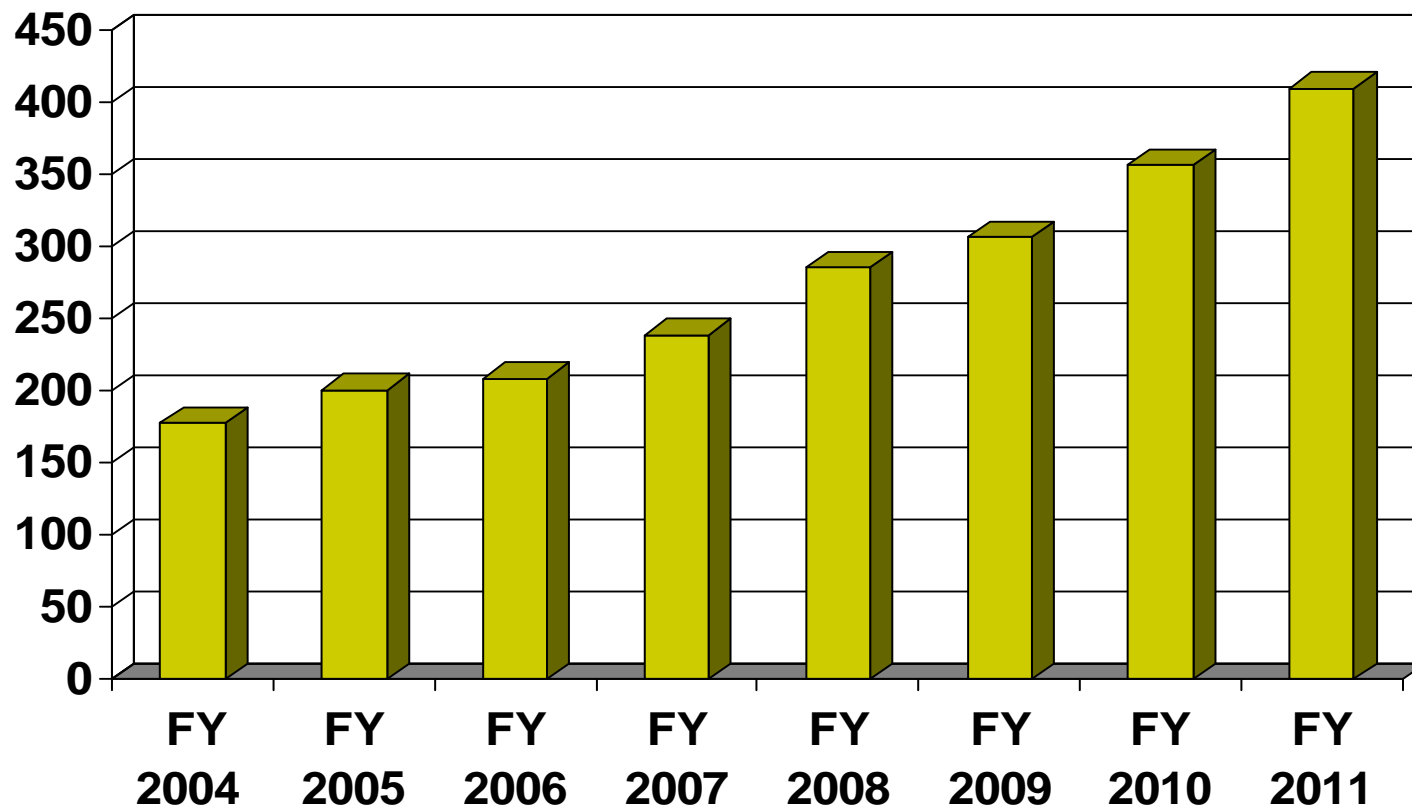




AHCCCS AIHP Enrollment



100% Federal Indian Health Services & Tribal Facility Payments (In Millions)





State Budget Status

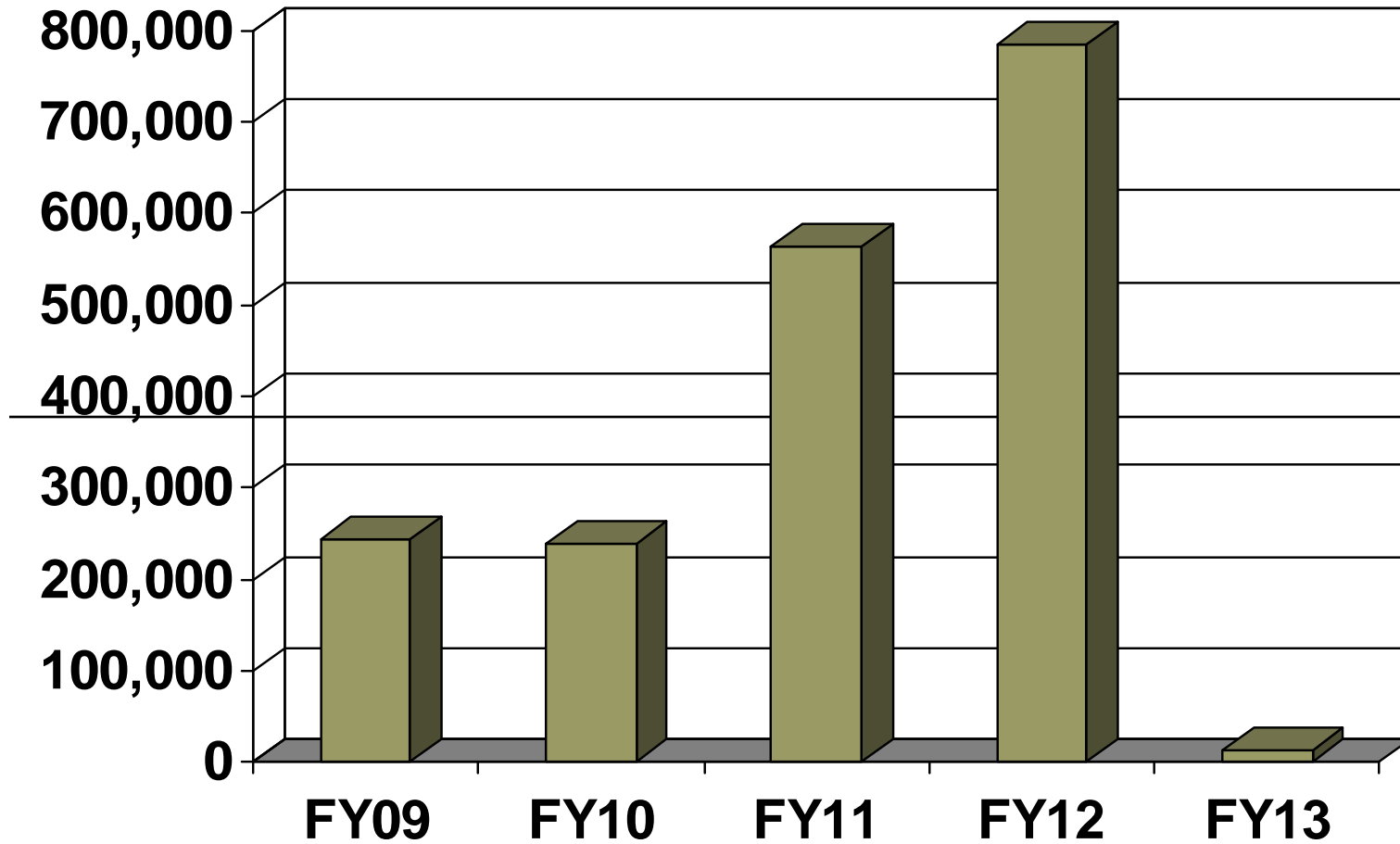
FY 2012 Estimate

- ❑ Medicaid System balanced
- ❑ Need \$ moved between agencies
- ❑ Need authority to spend \$87 m drug funds

FY 2013 Request

- ❑ AHCCCS \$13.5 – System \$50 m – No new Cuts
- ❑ New Matching percentage - \$100 m
- ❑ Assumed continued freeze on Childless Adults
- ❑ Comparison – FY 2012 - \$775 m – FY 2011 - \$560m

AHCCCS Budget Request Increases





Budget Risks

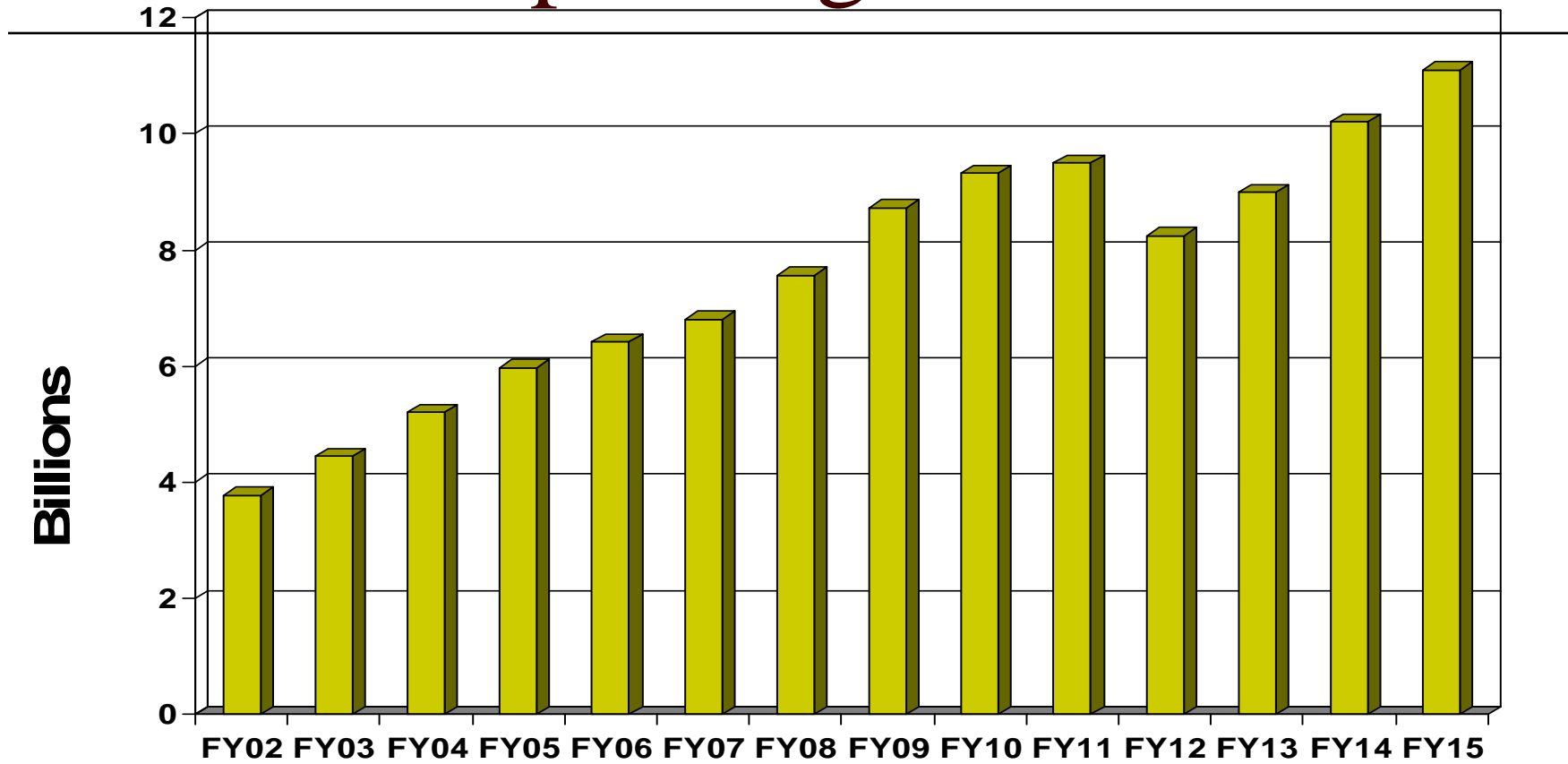
□ Short Term

- Litigation – Prop 204 – Rate Reductions
- Limited levers to make changes –

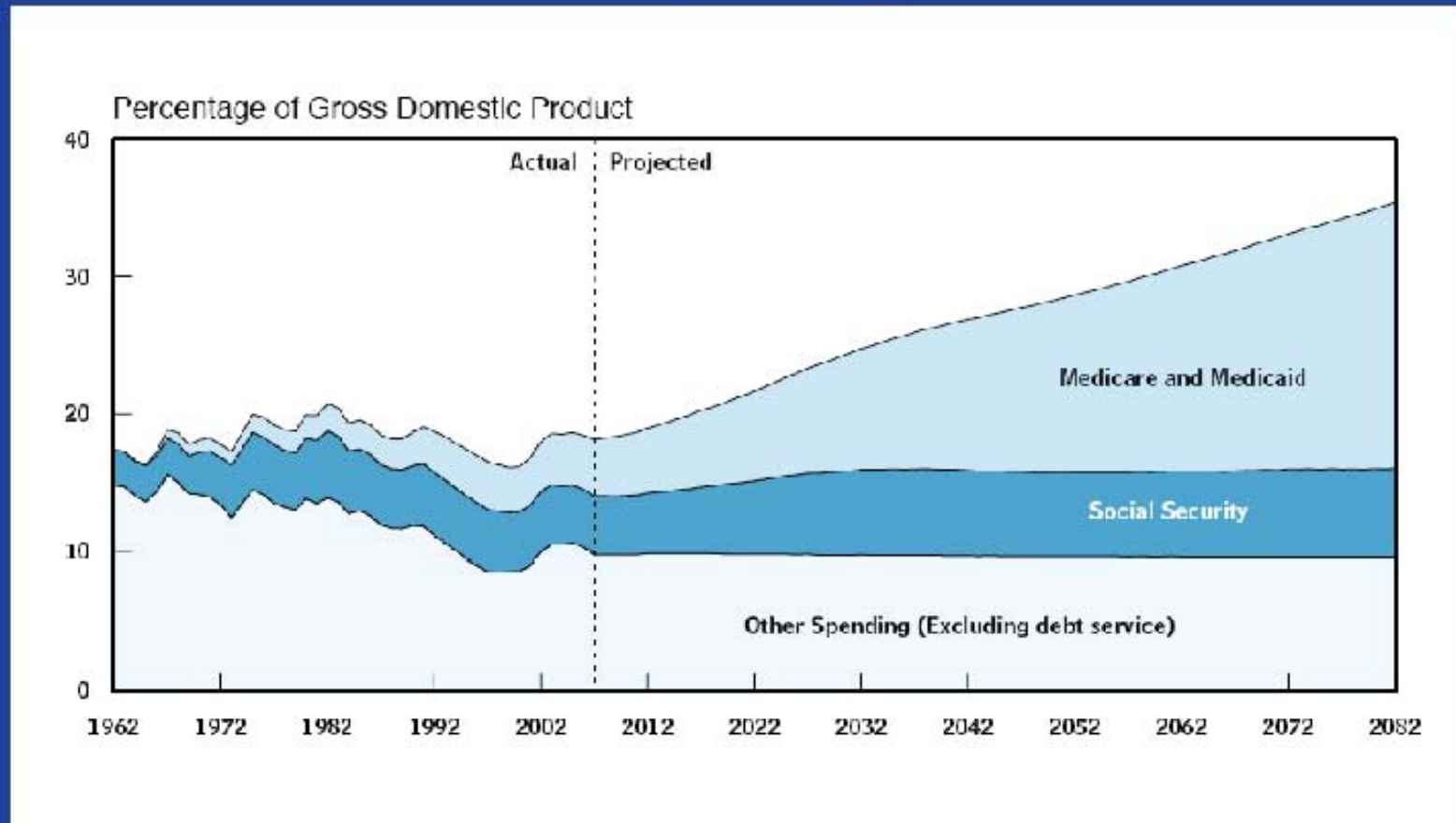
□ Long Term

- Health Care Reform Expansion – Starting in FY 2014
- How many people will present? – What is impact of eligibility changes?

AHCCCS Spending



Medicare and Medicaid Are the Primary Drivers of Future Federal Spending Growth and Deficits



Source: CBO, "Key Issues in Analyzing Major Health Insurance Proposals," December 2008.



Long Term – Improve Care & Bend the Curve

- Expansion-Exchange Coordination
- 10-1-13 Triple Crown of Contracting
 - Integration and Modernization
 - Acute – Maricopa RBHA – CRS – Duals Strategy
- Payment Reform – Seeking Demo
- Program Integrity
- HIT
- Pursuing Improvements for Tribal Members

Health Care Reform Est.

	Eligible	Participants
Exchange	621,000	479,000
AHCCCS	431,000	247,000
SHOP Exchange	1,822,000	510,000

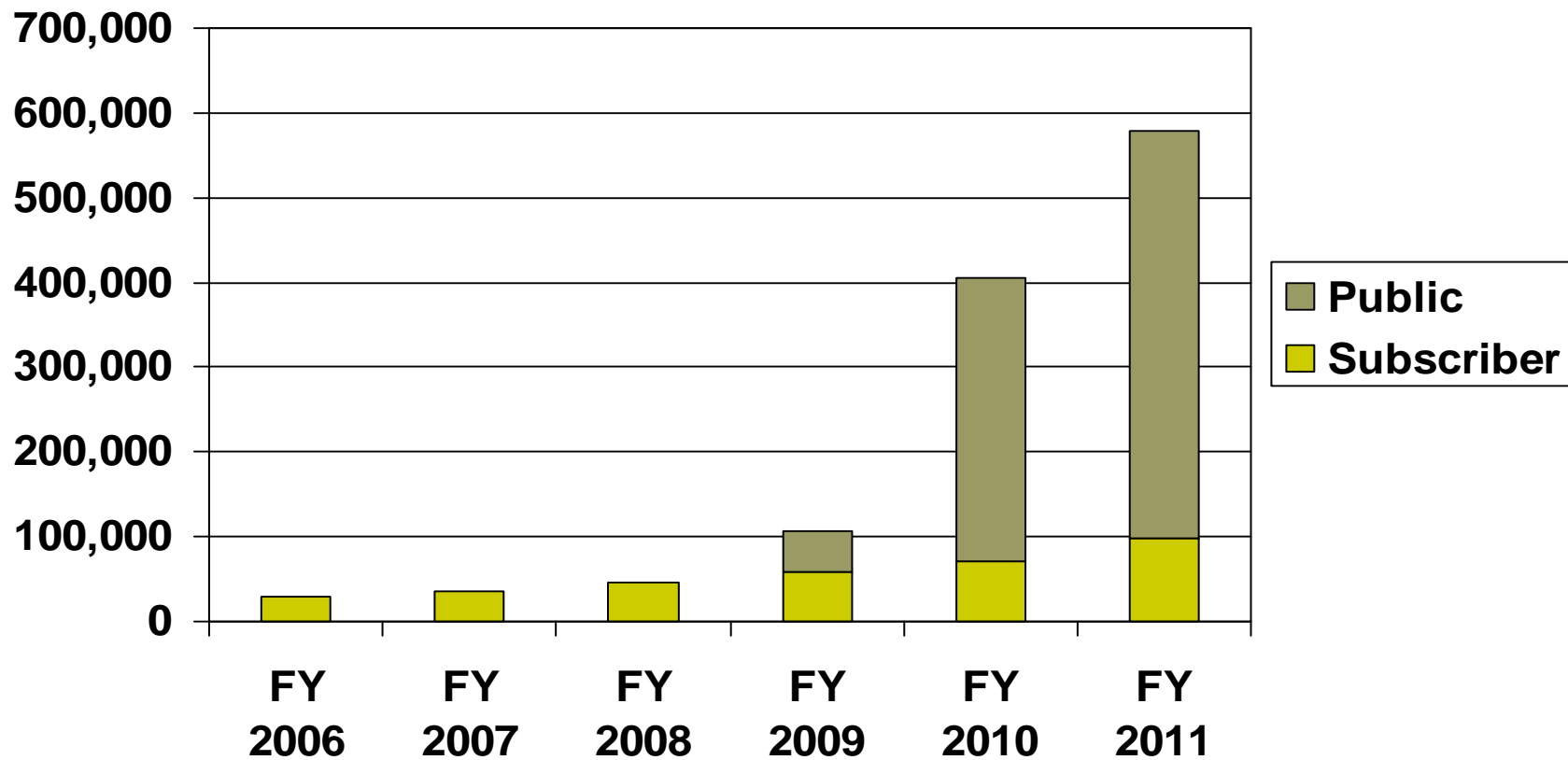


Health Care Reform Update

□ Exchange

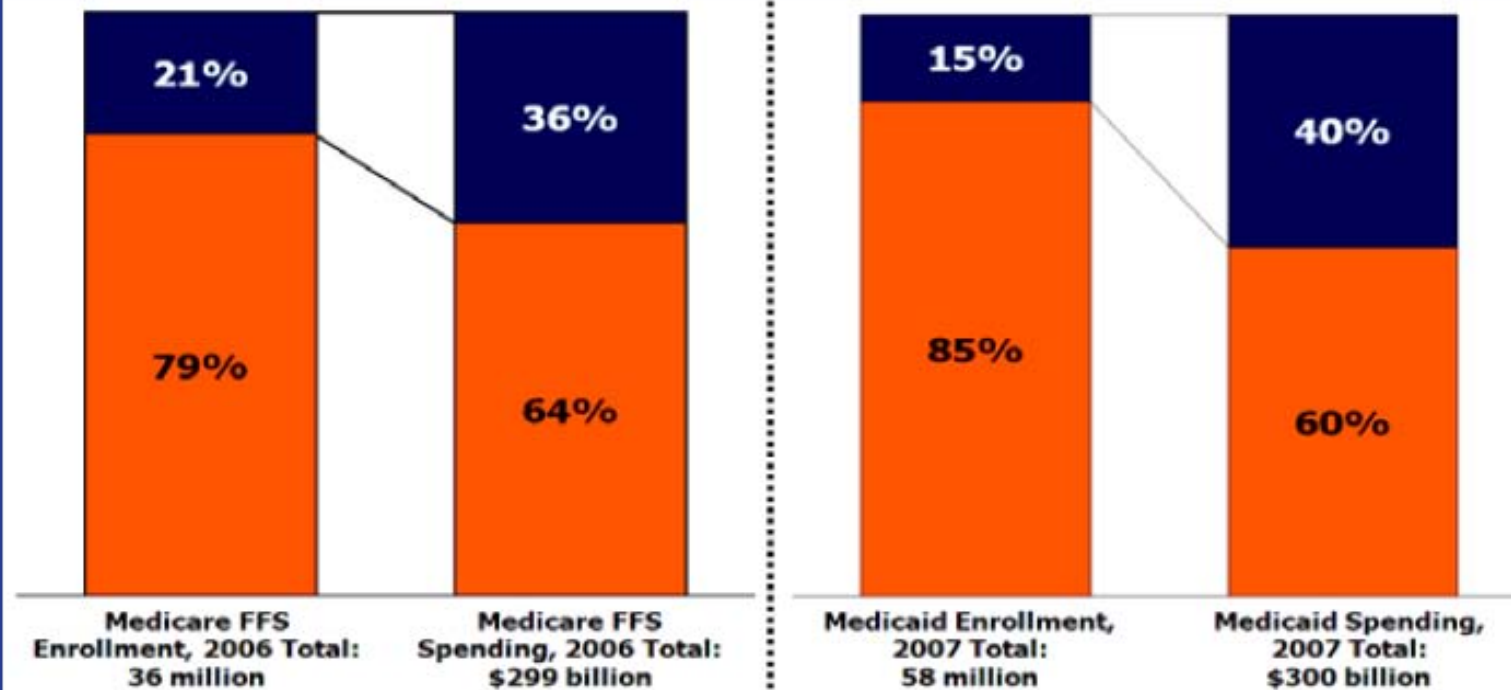
- State awarded \$29 m for Exchange Establishment Grant for next year – includes funding for continued tribal consultation and planning
- State moving forward with IT planning and Qualified Health Plan Development
 - Developing Health E AZ as part of infrastructure
- Governor's Office, AHCCCS, DOI, DES, DHS all sit on Steering Committee
- Seeking Care Coordination between Medicaid and Exchange

Health E-Arizona Applications



Duals are more expensive than average Medicare AND average Medicaid beneficiary.

Dual eligibles as a percent of Medicare and Medicaid enrollment and spending



NOTES: FFS is fee-for-service. Estimates for Medicare include non-institutionalized and institutionalized beneficiaries, excluding Medicare Advantage enrollees.
 SOURCE: Medicare spending and enrollment estimates from Kaiser Family Foundation analysis of the CMS Medicare Current Beneficiary Survey Cost and Use File, 2006; Medicaid spending and enrollment estimates from Urban Institute analysis of data from MSIS and CMS Form 64, prepared for the Kaiser Commission on Medicaid and the Uninsured, 2010.



Questions??
