AHCCCS Update
Enrollment Growth FY 2001 to FY 2010

- Total Pop: 20.2% (1,072,000)
- Corrections: 51.1% (13,677)
- K-12: 23.5% (199,168)
- Universities: 34.3% (31,770)
- Medicaid: 133.4% (778,724)
- Revenue: 4.6% ($285 M)
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 - Childess 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

Actual
AHCCCS Forecast
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

Billions

FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15
Medicare and Medicaid Are the Primary Drivers of Future Federal Spending Growth and Deficits

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.

<table>
<thead>
<tr>
<th></th>
<th>Eligible</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange</td>
<td>621,000</td>
<td>479,000</td>
</tr>
<tr>
<td>AHCCCS</td>
<td>431,000</td>
<td>247,000</td>
</tr>
<tr>
<td>SHOP Exchange</td>
<td>1,822,000</td>
<td>510,000</td>
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</tbody>
</table>
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

![Health E-Arizona Applications Chart]

- FY 2006
- FY 2007
- FY 2008
- FY 2009
- FY 2010
- FY 2011

Chart showing the number of applications and subscribers from FY 2006 to FY 2011, categorized by Public and Subscriber.
Duals are more expensive than average Medicare AND average Medicaid beneficiary.

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

- Medicare FFS Enrollment, 2006 Total: 36 million
  - 21% 79%
  - 36% 64%
- Medicare FFS Spending, 2006 Total: $299 billion
- Medicaid Enrollment, 2007 Total: 58 million
  - 15% 85%
  - 40% 60%
- Medicaid Spending, 2007 Total: $300 billion

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??