

Impact of Proposed *Benefit* Changes to AIs and IHS/638 Facilities

On March 15, 2011 Governor Brewer announced a plan to preserve Arizona's Medicaid Program through reforms designed to reduce costs by an estimated \$500 million in the State's General Fund. Most proposed changes are subject to approval by CMS.

A request for broad waiver authority to exempt services provided by IHS and 638 facilities which are claimable by the state at 100% FFP from AHCCCS benefit and eligibility reductions has been submitted to the Centers for Medicare and Medicaid Services (CMS) as a part of the revised waiver proposal. If CMS does not grant the approval to exempt services provided by IHS and 638 facilities which are claimable by the state at 100% FFP by the effective date of the benefit changes, these IHS and 638 services will be impacted. If CMS grants the approval to exempt services provided by IHS and 638 facilities which are claimable by the state at 100% FFP from the benefit changes, the exemption will be prospective upon approval.

The following summary of estimated impacts is based on utilization from State Fiscal Year 2010 (July 1, 2009 to June 30, 2010) by American Indians who were: (1) Fee-for-Service (FFS) members enrolled in the AHCCCS American Indian Health Program and Tribal ALTCS FFS programs; (2) FFS members enrolled in other programs which were identified based on a self-reported race indicator of "Native American;" and (3) Managed Care Organization (MCO) members which were identified based on a self-reported race indicator of "Native American." Please note that the estimates do not factor in any projected growth impacts, changes in payment rates, or other changes to the population. However, a estimated reduction has been factored in to account for the elimination of the MED program and the AHCCCS Care enrollment freeze.

Twenty-Five Day Limit on Inpatient Days

A 25-day inpatient hospital limit will apply to all adult AHCCCS members each contract year (beginning October 1st and ending on September 30th). There are limited scenarios that would not apply toward the inpatient day limit. Some of those areas include days that are a part of a transplant stay and days for which one is in the hospital for services reimbursed at the psychiatric tier or services paid by the Arizona Department of Health Services. Inpatient days related to burn treatment that are rendered at Maricopa Medical Center Burn Unit also would not apply toward the inpatient day limit.

If CMS approves the exemption of IHS and 638 services claimable at 100% FFP prior to implementation:

American Indian (AI) AHCCCS Members Potentially Impacted: 338 members

Total Value of Services to AI Beyond 25-Day Limit (Based on SFY 2010 Costs): Approximately \$11.9 million

Impact to IHS & 638 Facilities: No impact to direct services *if* CMS approves the exemption of IHS and 638 services for which the state can claim 100% FFP. However, if an AI AHCCCS Member reaches the 25-day limit and is hospitalized at a non-IHS/638 facility, the member potentially may seek coverage from Contract Health Service for hospital days beyond the 25-day limit.

If CMS does *not* approve the exemption of IHS and 638 services claimable at 100% FFP:

American Indian (AI) AHCCCS Members Potentially Impacted: 432 members

Total Value of Services to AI Beyond 25-Day Limit (Based on SFY 2010 Costs): Approximately \$14.2 million

Impact to IHS & 638 Facilities (Based on SFY 2010 Costs): Approximately \$2.2 million

Additionally, if an AI AHCCCS Member reaches the 25-day limit and is hospitalized at a non-IHS/638 facility, the member potentially may seek coverage from Contract Health Service for hospital days beyond the 25-day limit.

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Authority Needed: State Plan and Rule

Effective Date: October 1, 2011

Three-Hundred Sixty Hour Limit on Respite Services

A 360-hour limit will apply to all adults and children enrolled in the Arizona Long Term Care System (ALTCS) and to all adults and children receiving behavioral health services each contract year.

American Indian (AI) AHCCCS Members Potentially Impacted: 291 members

Total Value of Services to AI Beyond Limit (Based on SFY 2010 Costs): Approximately \$1.2 million

Impact to IHS & 638 Facilities: No impact to direct services *if* CMS approves the exemption of IHS and 638 services for which the state can claim 100% FFP. The IHS and 638 facilities do not claim for respite services and may not generally provide respite as a direct service.

Authority Needed: Policy and Rule

Effective Date: October 1, 2011

Twelve Visit Limit on Visits to Emergency Department

A 12-visit limit to the emergency department will apply to all adult AHCCCS members each contract year. Visits to the emergency department (ED) which result in admission to the hospital will not be counted toward the 12-day limit.

If CMS approves the exemption of IHS and 638 services claimable at 100% FFP prior to implementation:

American Indian (AI) AHCCCS Members Potentially Impacted: 186 members

Total Value of Services to AI Beyond Limit (Based on SFY 2010 Costs): \$684,000

Impact to IHS & 638 Facilities: No impact to direct services *if* CMS approves the exemption of IHS and 638 services for which the state can claim 100% FFP. However, if an AI AHCCCS Member reaches the 12-visit ED limit, the AI AHCCCS Member may seek service(s) at the EDs of IHS and 638 facilities.

If CMS does *not* approve the exemption of IHS and 638 services claimable at 100% FFP:

American Indian (AI) AHCCCS Members Potentially Impacted: AHCCCS does not receive detailed claims data from IHS and 638 facilities to determine the estimated impact that would include this utilization. The number of members impacted would be higher than the figure above.

Total Value of Services to AI Beyond Limit (Based on SFY 2010 Costs): AHCCCS does not receive detailed claims data from IHS and 638 facilities to determine the estimated financial impact.

Impact to IHS & 638 Facilities: This amount cannot be determined. Additionally, if an AI AHCCCS Member reaches the 12-visit ED limit, the AI AHCCCS Member may seek service(s) at the EDs of IHS and 638 facilities.

Authority Needed: State Plan and Rule

Effective Date: October 1, 2011

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Restrictions on Coverage for Non-Emergency Transportation

Non-emergency transportation will be eliminated for non-disabled childless adults and parents in the expansion population which reside in Maricopa and Pima Counties. Children and ALTCS members will not be impacted. Waiver authority is needed from CMS to make this benefit change. Should CMS grant waiver authority to make this change to non-emergency transportation, the change will be prospective upon approval.

If CMS approves the exemption of IHS and 638 services claimable at 100% FFP prior to implementation:

American Indian (AI) AHCCCS Members Potentially Impacted: 1,853 members

Total Value of Services to AI Beyond Limit (Based on SFY 2010 Costs): Approximately \$1.3 million

Impact to IHS & 638 Facilities: No impact to direct services *if* CMS approves the exemption of IHS and 638 services for which the state can claim 100% FFP. However, if an AI AHCCCS Member does not have non-emergency transportation (NEMT) as a covered benefit and previously received NEMT from non-IHS/638 providers; the member may seek NEMT from the IHS and 638 facilities.

If CMS does *not* approve the exemption of IHS and 638 services claimable at 100% FFP:

American Indian (AI) AHCCCS Members Potentially Impacted: 2,263 members

Total Value of Services to AI Beyond Limit (Based on SFY 2010 Costs): Approximately \$1.5 million

Impact to IHS & 638 Facilities: \$234,636 for approximately 410 members. Additionally, if an AI AHCCCS Member does not have non-emergency transportation (NEMT) as a covered benefit and previously received NEMT from non-IHS/638 providers; the member may seek NEMT from the IHS and 638 providers.

Authority Needed: Waiver

Effective Date: Sometime after October 1, 2011