AHCCCS Update
Medicaid and ACA Populations

Percentage of costs paid by federal government

- Exchange Subsidies
- Full Expansion
- Healthcare Reform Mandatory
- Prop 204 Expanded Coverage
- State Expanded Coverage (Non-Prop 204)

100-133% FPL Estimated
57,000 to enroll

*Currently frozen

Medicaid and ACA Populations

Infants (0-1) 67%
Children (1-5) 67%
Children (6-19) 67%
Pregnant Women 67%
Parents 67%
Aged, Blind and Disabled 67%
Childless Adults* 85%

30 Years of Medicaid Innovation
Our first care is your health care
Arizona Health Care Cost Containment System

“Reaching across Arizona to provide comprehensive quality health care for those in need”
AHCCCS Coverage History

- Mid 1990s – Governor Symington proposed eligibility increase to 100% - leverage state only spending
- 1996 Initiative approved by voters after lack of support by legislature
- 2000 Initiative passed by voters after state unable to implement 1996 initiative
- 2001 – coverage up to 100% implemented
- 2010 – ACA passes with coverage up to 133%
- 2011 – State imposes freeze – insufficient resources
- 2012 – US Supreme Court ruling on ACA
Childless Adult Population

“Reaching across Arizona to provide comprehensive quality health care for those in need”
“Reaching across Arizona to provide comprehensive quality health care for those in need"
AHCCCS Coverage

- In her State of the State Governor Brewer called for the legislature to restore Proposition 204 coverage and provide coverage up to 133%
- This would provide coverage for about 300,000 statewide
- Proposal would provide about $1.7 billion in federal funds to support healthcare in AZ
- Circuit Breaker – proposal includes requirement that if federal funding decrease below 80% for childless adults coverage terminates
- Funding Source – Executive proposal includes hospital assessment to cover state costs associated with Prop 204 – Replace City of Phoenix assessment
Childless Adult Expenditure Data

<table>
<thead>
<tr>
<th>Diagnosis</th>
<th>Members</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injuries/Trauma</td>
<td>65,095</td>
<td>$163 m</td>
</tr>
<tr>
<td>Heart - circulatory</td>
<td>53,087</td>
<td>$147 m</td>
</tr>
<tr>
<td>Digestive system disease</td>
<td>52,921</td>
<td>$112 m</td>
</tr>
<tr>
<td>Cancer</td>
<td>18,766</td>
<td>$76 m</td>
</tr>
<tr>
<td>Diabetes and kidney disease</td>
<td>28,981</td>
<td>$49 m</td>
</tr>
<tr>
<td>Respiratory Disease</td>
<td>73,047</td>
<td>$85 m</td>
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</tbody>
</table>
Impact of Prop 204 Coverage Elimination

Based on FFY 2011 Spend (3 months of freeze) - $1.7 B

- Hospitals $720 million – 38 Non Maricopa/Pima Hospitals - $160 m (See handout for details) – I.H.S – 638 > $70 m
- Physicians/Clinicians - $283 million - $50 m greater AZ
- Behavioral Health - $125 million - $27 m greater AZ
- Emergency and Non-Emergency Transportation - $80 m
- Radiology and Lab - $72 m

Waiver Authority Expiring 1-1-14

- Hospital Uncompensated Care Funding – I.H.S Funding
- Authority to cover Childless Adults
See Hospital Handout
Relatively Minor Tweak to Populations Already Covered by Arizona Voters

If Arizona does not expand, it may have to eliminate

Difference - 57,000 People

Full Expansion to 133%

Prop 204 Population

If Arizona does not expand, it may have to eliminate
Expanding will Maintain Arizona’s Economic Competitiveness

- Almost all of Arizona’s neighboring states are expanding
- Not expanding will expose Arizona to uncompensated care costs that will impact the cost and quality of care
- This cost will hurt Arizona in economic competition with other states
- Taxes from non-expanding states will fund Medicaid growth in expanding states creating a wealth shift
Medicaid Expansion Funding Impacts

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Match Increase</td>
<td>$27 million</td>
<td>$154 million</td>
<td>$105 million</td>
</tr>
<tr>
<td>Provider Assessment</td>
<td>($82 million)</td>
<td>($256 million)</td>
<td>($224 million)</td>
</tr>
<tr>
<td>Increase in Existing Premium Tax</td>
<td>($7 million)</td>
<td>($34 million)</td>
<td>($36 million)</td>
</tr>
<tr>
<td>Net Impact on GF</td>
<td>($62 million)</td>
<td>($136 million)</td>
<td>($155 million)</td>
</tr>
<tr>
<td>Federal Match</td>
<td>$337 million</td>
<td>$1.556 billion</td>
<td>$1.712 billion</td>
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</tbody>
</table>
Impact to Arizonans

- Working Childless Adult age 55 – “I was born and raised in Arizona, lived here all my 55 years. I have worked and raised a family. I have come down with Hep C and if I don’t get treatment I will die. I can’t work full time any longer because of my illness. I can’t afford treatment. I guess I don’t have a choice but to die thanks to this state I have called home all my life. Still working part time paying into the system, just waiting to die.”

- 14 County Sheriffs sent a letter on Feb 11th – “Deputies in the field are also seeing the impacts of the untreated mental health conditions among those who no longer qualify for AHCCCS/Medicaid. Formerly stable people with mild to moderate mental health disorders are taxing the resources of deputies, often unnecessarily… “Making AHCCCS/Medicaid services more accessible to more Arizonans who are struggling economically will benefit the communities as a whole, as well as public safety in general. Thus we support your proposal…”
AHCCCS Prop 204 Restoration and Medicaid Coverage

- **Honor the will of the Voters** – twice have approved coverage for low income Arizonans – up to 100%
- **Keeps Arizona Economically competitive** – Arizona families and businesses have to support uncompensated care – states that expand Medicaid have competitive advantage
- **Protect rural, safety net and healthcare infrastructure** - AHCCCS is an integrated system and the impact of a continued freeze will be dramatic on the delivery system all Arizonans enjoy
- **AHCCCS part of sustainability solution** – Healthcare financing is a national policy dilemma that requires a federal solution – AHCCCS is nationally recognized system and similar efficiency levels should be achieved elsewhere
- **Achieve healthier Arizona** – New England Journal of Medicine found AHCCCS expansion saved lives and coverage also supports lower costs of care for patients
AHCCCS is part of the Solution

- Conservative managed care principles based on competition and choice
- “Gold Standard” for managed care
- Error rates well below national average
- Quality performance measures above national averages
- #1 ranking nationally for Medicaid Developmentally Disabled program – United Cerebral Palsy 2012 Report
- High member satisfaction – less than 3% switch plans
- Strong Competition to participate in the program
- One of the highest rates of community placement nationally for those at risk of institutionalization
- National leader in Integrated delivery system for Dual eligible
- Very strong provider participation rates
Waiver Update

- Projected to provide roughly ($100 m) over 21 month period for uncompensated care
- 23,000 American Indian Childless Adults – now less than 7,000
- Provided I.H.S and 638 facilities with 2 options to receive funding
- Paid out $50 million to date statewide
- Some Option 1 Facilities need to be more timely
- Waiver is set to expire on 1-1-14
Growth in National Health Expenditures and Gross Domestic Product (GDP), 1985-2011


"Reaching across Arizona to provide comprehensive quality health care for those in need"
Other ACA Updates

- Proposed Eligibility Rule released
  - Concerns about timing – dates slipping
  - Concerns about benefit packages
- Work on Physician payment for 1-1-13 continues
- Working with DES on staff and consumer training for post 1-1-14 world
Care Management Update

- Starting to review utilization data with specific facilities
- Want to start evaluating getting more data on AIR claims from facilities – NDC data
- Developing care management strategic plan
Triple Crown Procurements

October 1, 2013 start date for potentially 5 years

- Maricopa RBHA – $5 billion plus
- Statewide Acute Care – roughly $33 billion (with expansion)
- CRS Program - $1.0 billion
Triple Crown

- Maricopa RBHA (DHS)
  - All traditional BH services –
    - Children’s and General Mental Health/Substance Abuse
  - Members with Serious Mental Illness
    - All traditional behavioral health services
    - All Medicaid Physical Health Services
    - Must be a Medicare Advantage Special Needs Plan or be willing to participate in Duals Demonstration
  - 5 Responders to RFP – Magellan – United – Cenpatico – Mercy Maricopa Integrated – Partners in Integrated Health
Duals Demonstration Update

- AHCCCS submitted Demonstration Proposal to CMS for:
  - ALTCS EPD – 1-1-14 – Existing Contractors – Statewide
  - Maricopa Members with SMI – 1-1-14
  - Acute Care Members – 1-1-14 – Statewide
  - American Indians in FFS exempt

- GOAL: 1-1-14 - 100,000 dual eligible individuals will be in an integrated plan

- AHCCCS on Dual Track for Duals – If no Demo plans must be SNPs

- Recent Letter on web to CMS stating concerns – decision by April
  - January 1, 2014 cannot slip
  - What happens in 3 years – path forward
  - Capitation Rates
See Handout on Bid Submissions
# RFP Milestone Dates

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
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<tbody>
<tr>
<td>RFP Issued</td>
<td>November 1, 2012</td>
</tr>
<tr>
<td>Prospective Offerors’ Conference and Technical Interface Meeting</td>
<td>November 9, 2012</td>
</tr>
<tr>
<td>First Set of Technical Assistance and RFP Questions Due</td>
<td>November 14, 2012</td>
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<tr>
<td>RFP Amendment Including Responses to RFP Questions Issued On or Before</td>
<td>November 27, 2012</td>
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<tr>
<td>Second Set of Technical Assistance and RFP Questions Due</td>
<td>December 10, 2012</td>
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<tr>
<td>Second Amendment Including Responses to RFP Questions Issued On or Before</td>
<td>December 19, 2012</td>
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<tr>
<td>Proposals Due by 3:00 p.m. Arizona time</td>
<td>January 28, 2013</td>
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<tr>
<td>Contracts Awarded On or Before</td>
<td>March 22, 2013</td>
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<tr>
<td>Readiness Reviews Begin On or After</td>
<td>April 1, 2013</td>
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<tr>
<td>New Contracts Effective</td>
<td>October 1, 2013</td>
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## Contracts to be Awarded

<table>
<thead>
<tr>
<th>GSA #</th>
<th>County or Counties</th>
<th>Number of Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Yuma, La Paz</td>
<td>Maximum of 2</td>
</tr>
<tr>
<td>4</td>
<td>Apache, Coconino, Mohave, and Navajo</td>
<td>Maximum of 2</td>
</tr>
<tr>
<td>6</td>
<td>Yavapai</td>
<td>Maximum of 2</td>
</tr>
<tr>
<td>8</td>
<td>Gila, Pinal</td>
<td>Maximum of 2</td>
</tr>
<tr>
<td>10</td>
<td>Pima, Santa Cruz*</td>
<td>Maximum of 5</td>
</tr>
<tr>
<td>12</td>
<td>Maricopa</td>
<td>Maximum of 7</td>
</tr>
<tr>
<td>14</td>
<td>Graham, Greenlee, Cochise</td>
<td>Maximum of 2</td>
</tr>
</tbody>
</table>

*Two contracts will be awarded in Santa Cruz County from the five Pima contract awardees.*

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