



AHCCCS Waiver Update & Request to Waive Prior Quarter Coverage

January 11, 2018

Section 1115 Defined

- Section 1115 of the Social Security Acts gives states authority to be waived from selected Medicaid requirements in federal law
- Two types of authority may be requested:
 - Waiver of provisions of Section 1902
 - Expenditure of federal funds under Section 1903
- Arizona's waiver is a 5 year contract

Waiver Structure

- Federal authorities are granted to the State and detailed through three major sections:
 1. Waiver List
 2. Expenditure Authority List
 3. Special Terms and Conditions
- Additional Attachments provide more detail on various programs and guidelines

Federal Process

- The Centers for Medicare and Medicaid Services (CMS) is the federal agency responsible for oversight of State Medicaid agencies
- Arizona must obtain final approval of waiver submissions from CMS before implementing
- 1115 Waivers are approved at the discretion of the HHS Secretary

Arizona's 1115 Waiver

- Arizona's last waiver expired September 30, 2016
- Extension of Arizona's 1115 waiver was approved September 30, 2016 for 5 years: October 1, 2016 – September 30, 2021
- Every FFY, AHCCCS is required to give a Waiver Update
- This update covers 10/1/16 to present

Waiver Update

- Approved Waivers:
 - Targeted Investments
 - Safety Net Care Pool
- Pending Waivers:
 - Institutions for Mental Diseases
 - AHCCCS Works
- Prior Quarter Coverage Waiver Amendment Proposal
- Other Flexibilities Proposed in Concept Paper

Approved Waiver Amendments



Targeted Investments

- On January 18, 2017, CMS approved \$300M, 5-year Targeted Investments (TI) Program
- TI Program funds outcomes-based projects aimed at increasing care coordination and integration of physical and behavioral health services for
 - Adults with behavioral health needs;
 - Children with behavioral health needs; and
 - Individuals transitioning from incarceration who are AHCCCS-eligible.

Targeted Investments: Estimated Annual Funding Distribution

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Targeted Investments	\$19 m.	\$66.5 m.	\$85.5 m.	\$66.4 m.	\$47.5 m.	\$285 m.
Administrative Expenses	\$1 m.	\$3.5 m.	\$4.5 m.	\$3.5 m.	\$2.5 m.	\$15 m.
Totals	\$20 m.	\$70 m.	\$90 m.	\$70 m.	\$50 m.	\$300 m.

Safety Net Care Pool

- Safety Net Care Pool expenditure authority expired on Dec. 31, 2017
- CMS approved a technical amendment to allow PCH to make claims after 12/31/17 for expenses incurred during 2017
- This does not include a programmatic extension or any additional SNCP funding

Pending Waiver Amendments



Institutions for Mental Diseases

Background

- CMS managed care regulations from July 2016 prohibit federal funding for stays in IMDs if the stay is more than 15 days in a calendar month
- Applies to adults aged 21-64
- Effectively restricts Arizona's "in lieu of" authority so that stays in IMDs in lieu of more expensive settings are not reimbursed by the federal government if the stay exceeds 15 days

IMD Waiver Request: Focus on Substance Use Disorders

- On April 12, AHCCCS submitted a waiver requesting that Arizona be exempt from the 15 day limit on federal funding for IMD stays, both for managed care and FFS populations
- CMS has indicated a path forward to exempt stays in IMDs that are related to the treatment of a *substance use disorder* from the 15 day limit
- We are in the midst of negotiations with CMS and expect to receive approval in the near future

AHCCCS Works Waiver Submission

- On December 19, 2017, AHCCCS submitted a request to CMS to implement AHCCCS Works
- To qualify for AHCCCS coverage, able-bodied adults 19-55 who are not medically frail and do not qualify for an exemption must, for a total of at least 20 hours per week:
 - Be employed or actively seek employment;
 - Attend school; or
 - Participate in the Employment Support and Development Program.

AHCCCS Works Exemptions

- American Indians
- Pregnant and post-partum women (through the month in which 90th day post partum occurs)
- Former Arizona foster youths up to 26
- Individuals receiving long-term disability benefits
- Individuals diagnosed with a SMI
- Full time high school, college or graduate students
- Victims of domestic violence
- Individuals who are homeless
- Parents, caretakers relatives, and foster parents
- Caregivers of a family member who is enrolled in ALTCS
- Individuals who have recently been directly impacted by a catastrophic event such as a natural disaster or death of a family member living in same household

5 Year Lifetime Limit

- SB 1092: AHCCCS must request approval for a five-year lifetime limit on AHCCCS coverage
- Lifetime limit would apply to able-bodied adults members who are subject to AHCCCS Works requirements.
- If approved, it would become effective on waiver approval date
- The following time would not count toward the lifetime limit:
 - Time during which a person received Medicaid benefits prior to waiver approval
 - Time during which an individual is enrolled in AHCCCS and
 - an AHCCCS Works exemption applies; or
 - the individual is complying with the AHCCCS Works requirements

Prior Quarter Coverage Waiver Amendment Proposal



Prior Quarter Coverage Proposal

- Currently, Arizona covers enrollees three months prior to the month of application if the enrollee would have been eligible at any point during those months.
- AHCCCS proposes limiting retroactive coverage to the month of application, consistent with pre-ACA policy.

Prior Quarter Coverage Proposal Objectives

- This proposal to waive Prior Quarter Coverage promotes the objectives of the Medicaid program by
 - Aligning Medicaid policies with commercial health insurance coverage;
 - Creating efficiencies that ensure Medicaid's sustainability for members over the long term;
 - Encouraging members to obtain and maintain health coverage, even when healthy; and
 - Encouraging members to apply for Medicaid expeditiously when they believe they meet the criteria for eligibility.

The Proposed Retroactive Coverage Example

- On January 1, 2018, Mary receives a routine checkup for her medical condition from a primary care physician (PCP).
- On January 31, 2018, Mary applies for AHCCCS and informs the Agency that she has unpaid medical bills from her PCP visit in January.
- If Mary qualifies for AHCCCS coverage in January, then her AHCCCS eligibility is retroactive to the first day of the month of application—i.e. January 1, 2018.
- If Mary's unpaid medical expenses in January qualify as AHCCCS covered services, then AHCCCS will reimburse Mary's provider for those services.

Prior Quarter Coverage Historical Expenditures

State Fiscal Year (SFY)	Total Expenditures
2014	\$19,809
2015	\$15,743,139
2016	\$21,708,207
2017	\$21,347,704
2018 to date*	\$11,136,736
Total	\$69,955,595

* Includes expenditures from July 1, 2017 to November 30, 2017

Waiver Amendment Webpage

- More information about proposed waiver amendment, including proposed waiver applications, public notices, and information about the public comment process, can be found on the AHCCCS website at:
- <https://www.azahcccs.gov/Resources/Federal/PendingWaivers/priorquartercoveragewaiveramendment.html>

Public Comments

- Comments and questions about the proposed Demonstration application can also be submitted by e-mail to:
PublicInput@azahcccs.gov
- Or by mail to: AHCCCS c/o Office of Intergovernmental Relations; 801 E. Jefferson Street, MD 4200, Phoenix, AZ 85034.
- All comments must be received by **February 25, 2018.**

Other Flexibilities Proposed in Concept Paper



Pharmacy Proposal

- AHCCCS plans to request the flexibility to:
 - Establish a closed formulary that generally covers two drugs per drug category or class;
 - Exclude certain drugs until market prices are reasonable and sufficient cost effectiveness data exists; and
 - Exclude a drug if it does not have a significant (clinically meaningful) advantage over another drug on the State's formulary

NEMT Proposal

- AHCCCS plans to seek the flexibility to restrict NEMT benefits for able-bodied adult members who are not medically frail with incomes between 100-138% FPL and live in an urban area

FQHC Proposals

- AHCCCS is considering various FQHC-related proposals including:
 - Freezing the current FQHC base payment rates and choosing the most appropriate inflation factor for the year at issue
 - Waiving AHCCCS from the requirement to increase FQHC base payment rates when a FQHC demonstrates that an adjustment in the scope of service is not covered by the base rate
 - Decreasing base payment rates if a FQHC reduces its scope of services

Questions and Comments?



Thank You.

