



ARIZONA

HEALTH CARE COST CONTAINMENT SYSTEM

AHCCCS MCO Update Meeting

July 30, 2025

Director Opening Remarks

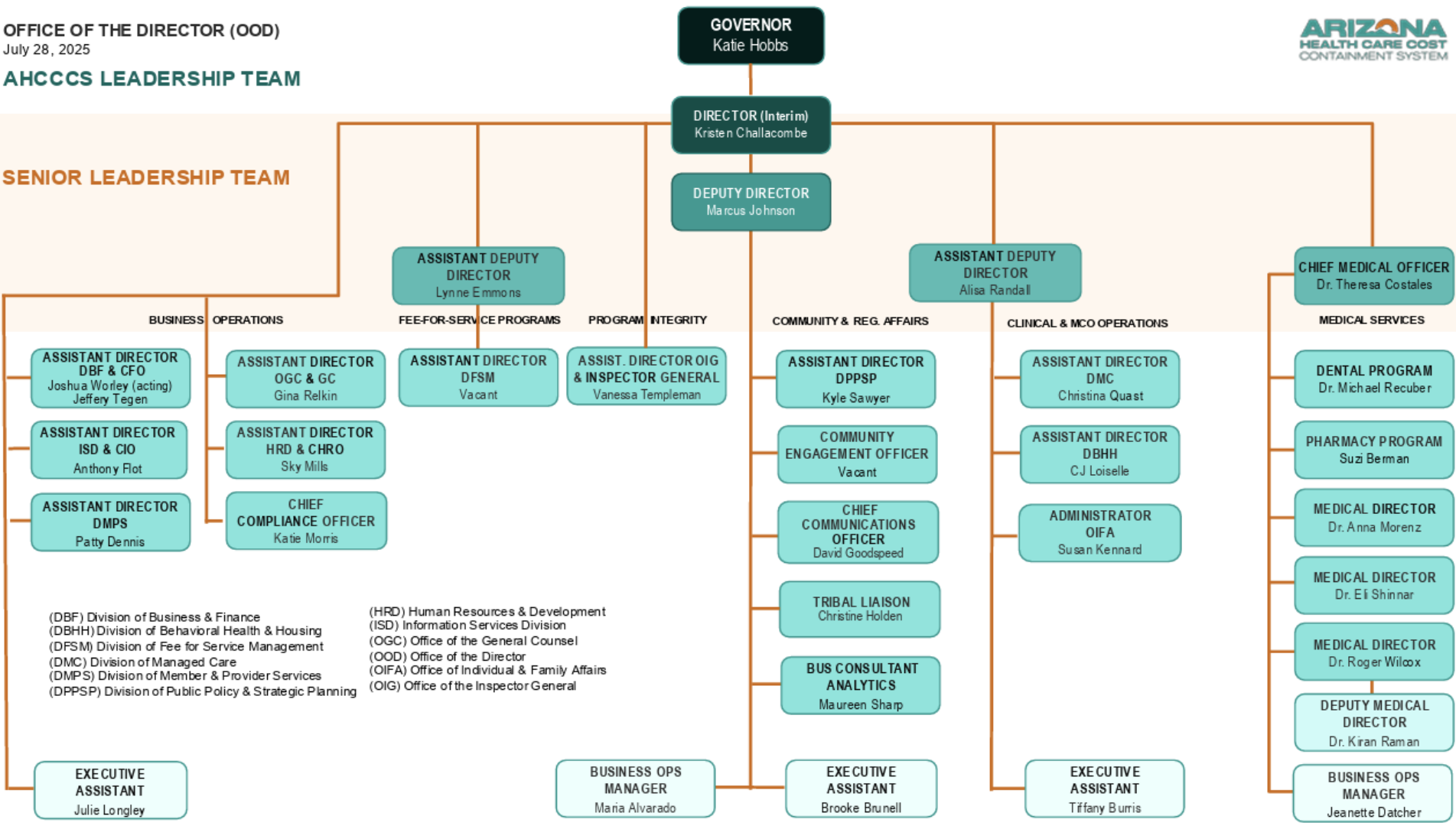
Kristen Challacombe
AHCCCS Interim Director



HAPPY 60th BIRTHDAY MEDICAID!



SENIOR LEADERSHIP TEAM



On the Horizon

- Traditional Healing Go Live - 10/1/25
- Continued system improvements to combat fraudulent billing and member exploitation
- Two Justice Initiatives
 - Consolidated Appropriations Act (CAA): healthcare services for incarcerated youth (10/1/25 w/ ADJC)
 - Reentry Waiver: Reimbursement for services 90 days pre-release: Date TBD

- MES Roadmap
 - MES = Medicaid Enterprise System, continued modernization of 30 yr old system
 - Pre & Post Claims Payment System (post pay goes live 1/2026 and pre pay in 5/2026) CMS certification required
 - EVV Changes - in house data aggregator (SanData contract ends 9/30/25)
- Cochlear Implants and Speech Therapy Coverage Expansion
- Changes stemming from H.R. 1
- AHCCCS Waiver Renewal - 10/1/27
- ACC Contracts - Extending through 9/30/28

Federal Update

Max Seifer



H.R.1 - One Big Beautiful Bill Act

- On July 4th, 2025, President Trump signed *H.R.1 - One Big Beautiful Bill Act* (OBBBA) in law.
 - The U.S. Senate approved the bill with a 51-50 vote on July 1, 2025, with Vice President JD Vance serving as the tie breaking vote.
 - The U.S. House of Representatives passed an identical version on July 3, 2025 with a final vote of 218-214.
- In addition to various tax policies, the legislation makes significant changes to the Medicaid program by imposing changes that impact eligibility standards, Medicaid financing, and impose additional administrative requirements.

H.R.1 - One Big Beautiful Bill Act

- **Community Engagement Requirements (Section 71119)**
 - **Beginning December 31, 2026***, certain individuals between the ages of 19 and 64 will be required to complete community engagement activities to qualify for Medicaid.
 - *States may request an extension of implementation date
 - **Exceptions:** Mandatory exceptions are expressed for certain individuals (pregnant women, foster and former foster youth, Native Americans/Urban Indians, Veterans with rated disabilities, medically frail, Active AUD/SUD Treatment, meet work requirements for TANF/SNAP, parents/caregivers of a dependent child 13 years of age and under or an individual with a disability, incarcerated individuals, and those postpartum)

H.R.1 - One Big Beautiful Bill Act

- **Community Engagement Requirements (Section 71119) Cont.**
 - **Compliance:** Individuals subject to the requirement must complete a qualifying activity for at least 80 hours per month. Activities include employment, community service, work program, > half-time enrollment in educational program, and seasonal workers above an income threshold.
 - **Verification:** States must verify at time of application for at least the preceding month (no more than three preceding months) and then ongoing at least once during ongoing eligibility window.
 - **Additional Requirements:** States are required to use an ex parte process where applicable and will be required to conduct various outreach and education to make members aware of the requirement.
 - **Prohibitions:** Prohibits any state from waiving this requirement through an 1115 and prohibits conflicts of interest when determining compliance.

H.R.1 - One Big Beautiful Bill Act

- **Eligibility Redeterminations (Section 71107)**
 - Beginning December 31, 2026, requires states to conduct eligibility redeterminations for expansion adults every six months (currently once every 12 months)
- **Cost Sharing for Expansion Adults (Section 71120)**
 - Beginning October 1, 2028, requires states to impose cost-sharing on expansion adults with incomes over 100 percent of FPL
 - Must be more than \$0 and cannot exceed \$35 per item or service
 - States can no longer impose premiums, enrollment fees, etc.
 - Certain services/settings are excluded (primary care, prenatal care, pediatric care, emergency care, FQHCs, rural health clinics)

H.R.1 - One Big Beautiful Bill Act

- **Duplicate enrollment and deceased individuals (Section 71103, 71104, and 71105)**
 - Beginning January 1, 2027, states must have a process in place to regularly obtain updated address information for enrolled individuals and contractually require managed care plans to promptly transmit address information
 - Beginning October 1, 2029, Medicaid agencies must submit certain information (including SSN) to HHS
 - Beginning January 1, 2028, state Medicaid agencies must check the Death Master File (DMF) to identify if enrolled individuals or enrolled providers are deceased.

H.R.1 - One Big Beautiful Bill Act

- **Provider Taxes (Section 71115)**

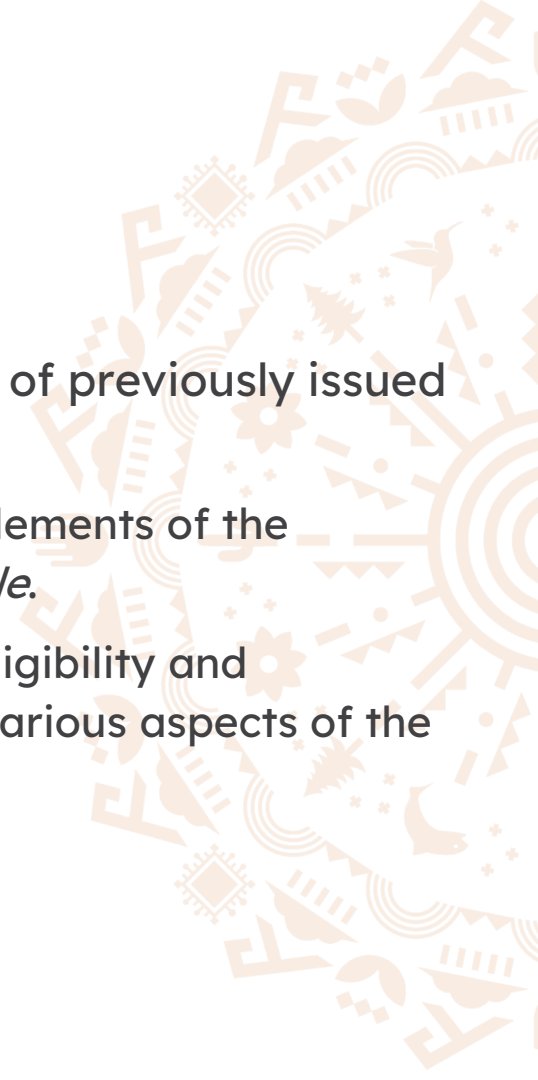
- Provider taxes are state-imposed taxes that are utilized to help fund various Medicaid programs.
- In Arizona, we use a fair portion of these funds to pay the state share of costs for the expansion populations and to increase payment rates to certain provider types.
- The new law will reduce the maximum allowable tax from 6.0 percent to 3.5 percent of net patient revenue.
 - This decrease will be phased-down by 0.5% starting in FY 2028 and reaching 3.5% in FY 2032.
- A more detailed analysis of this provision can be found on the AHCCCS Data Insights Webpage.

H.R.1 - One Big Beautiful Bill Act

- **State Directed Payment (Section 71116)**
 - State directed payments (SDPs) are supplemental payments that many states, including Arizona, utilize to augment low Medicaid reimbursement rates for certain providers.
 - Beginning January 1, 2028, this new legislation will phase down existing SDPs by 10 percentage points each year until the total rate reaches 100% of the Medicare Payment Rate.
 - Certain SDPs may be grandfathered (certain rural hospital payments and certain SDPs that were submitted to CMS prior to 7/4/2025).

H.R.1 - One Big Beautiful Bill Act

- Rule Changes (Sections 71101, 71102, and 71111)
 - Prohibits CMS from implementing certain portions of previously issued CMS rules for the next 10 years.
 - CMS may not implement the minimum staffing elements of the *Nursing Facility Minimum Staffing Standards Rule*.
 - CMS may not implement two previously issued eligibility and enrollment final rules that set out to streamline various aspects of the eligibility and enrollment process.



H.R.1 - One Big Beautiful Bill Act

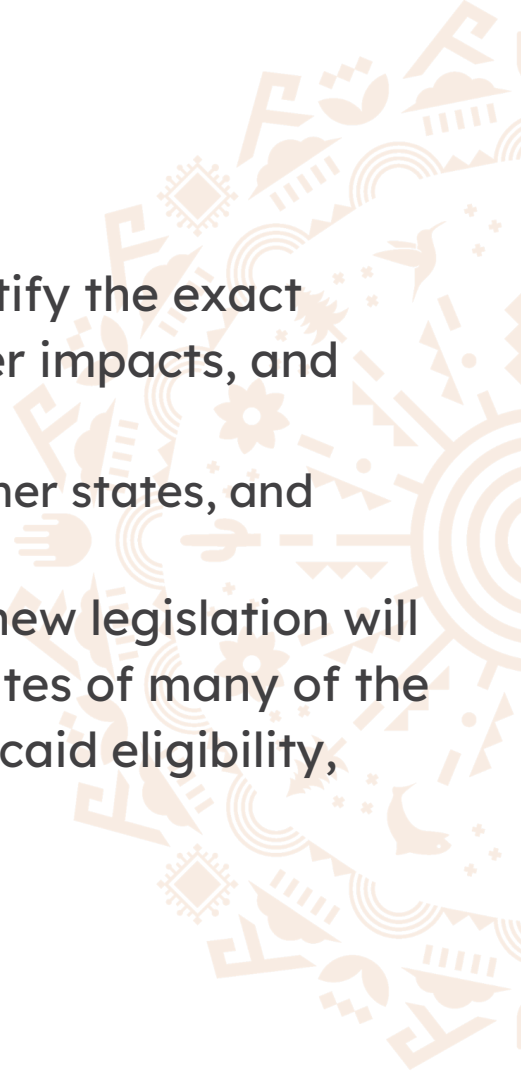
- **Federal Payments to Prohibited Entities (Section 71113)**
 - For one year following enactment of this legislation, this provision prohibits federal payments to entities that are: 501(c)(3) entities, essential community provider engaged in family planning services, provide abortions, and meet other financial and status criteria.
- **Expansion FMAP for Emergency Medicaid (Section 71110)**
 - Beginning October 1, 2026, sets the FMAP (or federal contribution) for emergency Medicaid to the base FMAP for the state shifting additional costs to the state.

H.R.1 - One Big Beautiful Bill Act

- **Rural Health Transformation Program (Section 71401)**
 - Creates a rural health transformation fund in the amount of \$10 billion per year for the next five fiscal years which states may use to promote various rural health initiatives.
 - States must carry out at certain activities to obtain the funds. Examples include:
 - Promote evidence-based interventions to improve prevention and chronic disease management,
 - Provide payments to health care providers for the provision of health care items or services,
 - Recruiting and retaining clinical workforce talent to rural areas,
 - Supporting access to OUD, SUD, and mental health services, and more.

What's Next?

- AHCCCS teams are working to understand and quantify the exact impact of this new legislation (fiscal impacts, member impacts, and operational impacts)
 - This is in collaboration with outside contractors, other states, and various stakeholder groups.
- It's largely too early to know the exact impacts the new legislation will have. It's important to note the delayed effective dates of many of the provisions. There are no immediate changes to Medicaid eligibility, services, rates, etc.



1115 Waiver Evaluation

- The AHCCCS 1115 Demonstration Waiver is the authority under which we in Arizona run a variety of our Medicaid programs.
 - The waiver allows us to automatically enroll members within managed care, offer unique programs and services such as H2O and TI 2.0, and much more.
- CMS requires all 1115 Waiver programs to be evaluated by an independent contractor. In Arizona, much of this evaluation is conducted by Health Services Advisory Group (HSAG).
- We are now in the midst of another evaluation cycle and are preparing for surveys to be sent out to beneficiaries. Administration of surveys will start in early August and will be randomly distributed to certain beneficiaries.

Legislative Update

Steve Berg



2025 Legislative Session Timeline

- **Mon. January 13th-** Start of Legislative Session.
- **January to March** – Regular committees
- **April to June** – Budget negotiations, non-regular committees, floor voting.
- **June 27th-** Legislature Adjourns Sine Die!
- Next session will begin on the second Monday of the calendar year.

Legislative Highlights

- **Agency Bills/Initiatives:**
 - SB 1671 - Traditional healing services; AHCCCS
- **Additional bills of note- signed into law** (not all inclusive)
 - HB 2945 - DD; appropriations; waivers
 - SB1132 - AHCCCS; continuous glucose monitors
 - SB1711 - AHCCCS; obesity treatment; study committee
 - HB2332 - Postpartum health; education; advisory committee

AHCCCS Bills/Budget Provisions (not all inclusive)

SB1735- general appropriations act; 2025-2026

- Continues Funding for Medicaid enterprise system (MES) modernization.
- Continues Graduate Medical Education (GME) and Critical Access Hospital (CAH) funding.
- Directs AHCCCS to produce an implementation plan that contains recommendations for Secure Behavioral Health facilities (SBHRFs) and issue a request for proposals (RFP) for SBHRF funding.

SB1741- health care; 2025-2026

- Adds cochlear implants and speech therapy services for adults covered by AHCCCS.
- Adds Duchenne Muscular Dystrophy to the State's newborn screening panel.
- Authorizes and funds Traditional Healing services through or by IHS or tribal facility as a covered service to AHCCCS members who qualify.
- Authorizes limited prerelease services as AHCCCS-covered benefits for incarcerated individuals.

Finance/Rates Update

Jeff Tegen



AHCCCS Online Provider Directory

Samantha Williams



AHCCCS Provider Directory

- Overview of the new directory
<https://www.azahcccs.gov/Members/ProgramsAndCoveredServices/ProviderListings/>,
- Planned updates for the directory reflecting health plan(s) the provider is contracted with



ROPA 8/1/2025 Go-Live

Marcus Johnson



ROPA Overview

- On August 1st AHCCCS will be going live with ROA (Referring, Ordering, and Attending) for Fee For Service providers. Prescribing will be rolled out at a later date for Prescribing Providers.
- ROPA stands for Referring, Ordering, Prescribing, and Attending providers.
- The Patient Protection and Affordable Care Act and the 21st Century Cures Act require that all health care providers who refer AHCCCS members for an item or service be registered with AHCCCS.
- Providers were previously only required to have an NPI but now formal AHCCCS registration is required even if they do not intend to bill AHCCCS for services.
- Failure to register (or qualify as an accepted provider) results in denial of fee-for-service claims involving those providers.

DON'T BE THE WEAK LINK IN THE CLAIM



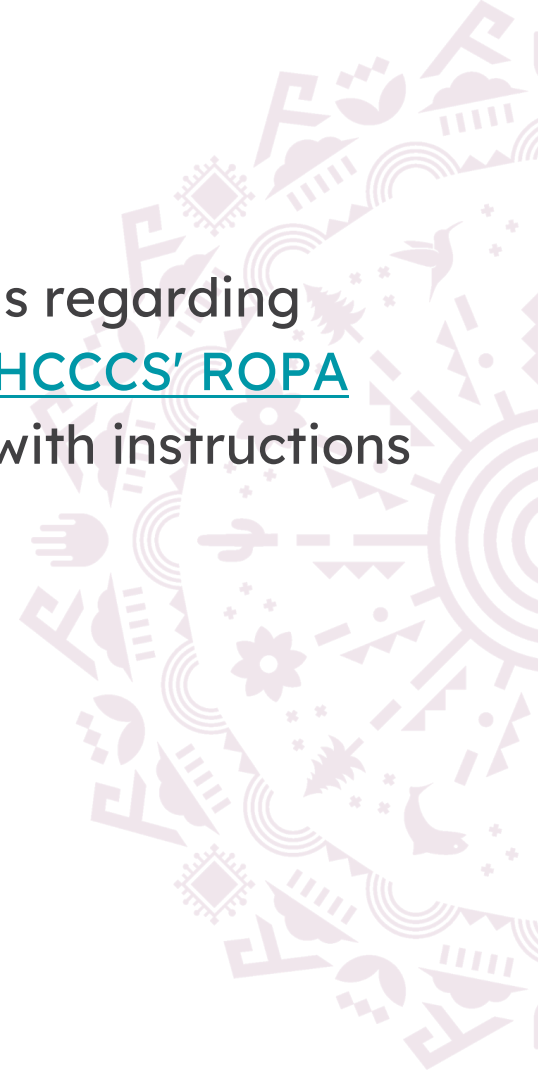
Even if you don't submit Medicaid claims, providers who are not registered with AHCCCS, but who may be the Referring, Ordering, Prescribing, or Attending (ROPA) provider, *may keep members from getting needed health care.*

ROPA - Streamlined Registration Process

- A streamlined ROPA registration is available for providers who:
 - Already have an NPI
 - Are enrolled in Medicare or another state's Medicaid
 - Don't intend to bill AHCCCS
- AHCCCS has established a process for exception providers that cannot follow regular registration processes such as pharmacists, residents, and interns.
- Even if a provider does not plan to bill AHCCCS, failing to register can cause claim denials for other billing providers who list them as referring, ordering, prescribing, or attending on claims.

Where to Point Providers

- Providers who raise concerns or have questions regarding ROPA/ROA requirements can be referred to [AHCCCS' ROPA webpage](#) which features multiple FAQs along with instructions about how to get registered.



Provider Concerns

Alisa Randall



Provider Concerns

- Service terminations and provider closures
- Updates to AHCCCS when changes occur
- Overall network adequacy





Open Discussion



Thank you