AHCCCS Waiver Update and SB 1092 Directive

Arizona’s Section 1115 Demonstration Waiver
AHCCCS Today

- Largest Insurer in the State of Arizona
- $12.0 billion program
- Mandatory Managed Care; Public-Private Partnership
- Integrated delivery system—over 66,000 providers
- Covers two-thirds of nursing facility days
- Covers nearly as many adults as traditionally eligible populations, such as pregnant women, children, elderly, persons with disabilities

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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 obtained final approval from CMS
• The Office of Management and Budget and the Department of Health and Human Services also review waiver proposals
• 1115 Waivers are approved at the discretion of the HHS Secretary
Arizona’s 1115 Waiver

- Arizona’s waiver expired September 30, 2016
- Arizona submitted its letter of intent to apply for a new Demonstration September 30, 2015
- Extension of Arizona’s 1115 waiver was approved September 30, 2016 for 5 years: October 1, 2016 – September 30, 2021
Waiver Update

- DSRIP and AI Medical Home
- Traditional Healing
- SB 1092
New Authorities: The AHCCCS CARE Program

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The AHCCCS CARE Program

- **Required participation**: Adults over 100% FPL in the New Adult Group

- **Exceptions**:
  - Persons with Serious Mental Illness
  - American Indian/Alaska Native
  - Medically Frail
  - Short-term hardship exemptions for members experiencing out-of-pocket expense
The AHCCCS CARE Program

• **Voluntary participation:**
  - Adults over 100% FPL otherwise exempted
  - Adults at or below 100% FPL

• **Co-Insurance:**
  - Up to 3% of annual household income
  - Members make monthly AHCCCS CARE payments reflecting co-insurance for services already obtained
  - Co-insurance goes to AHCCCS as cost offset
Strategic Co-Insurance

No Co-Insurance

- Preventive Services
- Wellness
- Chronic illness
- Persons with Serious Mental Illness
- Services obtained at your Primary Care Physician or OB-GYN

Co-Insurance Required

- Opioids, except cancer and terminal illness ($4)
- Non-Emergency use of ED ($8)
- Specialist services without PCP referral ($5-10)
- Brand name drugs when generic available unless physician determines generic ineffective ($4)
AHCCCS CARE Premiums

• Members make monthly AHCCCS CARE premium payment
• Set at 2% of household income or $25, whichever is lesser
• Premiums serve as contributions into member’s AHCCCS CARE Account – funds belong to members in good standing
Penalty for Failure to Pay

• Members have a two month grace period to make premium payments
• Failure to pay results in disenrollment
• There is no lockout period
• Members may re-enroll at any time
The AHCCCS CARE Account

• Functions like a flexible spending account

• Employers and the Philanthropic community can make AHCCCS CARE Account contributions

• Members must be in good standing to be eligible for the AHCCCS CARE Account by
  o Making timely co-insurance and premium payments
  o Meeting a Healthy Arizona target

• Members in good standing can use funds for non-covered services or to offset copays

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AHCCCS Works

• Supporting Work Opportunities:
  o All AHCCCS CARE members will be enrolled in Arizona Department of Economic Security (DES) AZ Job Connection program, part of the DES Arizona @ Work initiative

• AHCCCS eligibility is not conditioned upon participating in AHCCCS Works

• **AHCCCS CARE Account balance is returned to members that transition out of AHCCCS and into private coverage**
AHCCCS Care Implementation

• Significant policy discussion at federal level surrounding future of Affordable Care Act and Medicaid Expansion
• Implementation on AHCCCS Care provisions on hold until federal policy decisions resolved
• AHCCCS will provide public notice of implementation activities
New Authorities: ALTCS Dental
ALTCS Dental

- Adult dental benefit for ALTCS members
- Limit is up to $1,000 per year per member
- Effective October 1, 2016
- Members receive the benefit through their ALTCS health plan and can talk to their case manager for more information
Extensions and Amendments
Extensions of Existing Authorities

• Mandatory managed care
• Statewide integrated CRS program
• Integrated RBHAs providing behavioral and physical health for members with SMI
• HCBS for ALTCS members
• Statewide DDD and CMDP programs
• Spouses as paid caregivers in ALTCS
• Higher ALTCS income threshold (300% FBR)
Extensions of Existing Authorities

• Payments to IHS and Tribal 638 facilities for emergency dental to adults
• Direct payment to IHS and Tribal 638 facilities by AHCCCS for MCO enrolled AI/AN rather than requiring MCO payment
• Critical Access Hospital payments
• Case management for behavioral health
Amendments to Existing Authorities

- Phase down of Safety Net Care Pool for PCH; program sunsets Dec. 31, 2017
- Amendments reflecting merger with DBHS
- DSH to move to State Plan in one year (not a substantive change to methodology)
HCBS Implementation

• HCBS Assessment and Transition plan to comply with Final Rule released by CMS 1-16-14
• Rule defined what qualifies as HCBS setting
• Arizona largely complies; modest changes
• HCBS program lives in 1115 Waiver; thus, Assessment and Transition Plan are part of this broader process
• Because of specificity to this topic, see http://www.azahcccs.gov/hcbs/default.aspx
Other Pending Items

For Amendment Requests and New Authorities
Pending Items – New Requests

- Delivery System Reform Incentive Payment (DSRIP)
- American Indian Medical Home
- Traditional Healing
- AHCCCS in active discussion with CMS on these pending items
SB 1092 Overview

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The Requirements: SB 1092

• SB 1092 requires AHCCCS to request from CMS by March 30 of each year only the waivers or amendments to the current Section 1115 Waiver that have not been approved and are not in effect

• Similar authorities were requested as part of the October 1, 2016 waiver and were not approved
The Requirements: SB 1092

- All able-bodied adult* members are required to meet one of the following employment criteria to qualify for AHCCCS:

  - Be employed
  - Actively seek employment, which would be verified by AHCCCS
  - Attend school or a job training program, or both, at least 20 hours per week

*Able-bodied adults are individuals who are at least 19 years of age, and are physically and mentally capable of working.
SB 1092 Work Requirement – Exemptions

- Exemption for individuals meeting any of the following
  - Is at least 19 years of age but is still attending high school as a full-time student
  - Is the sole caregiver of a family member who is under 6 years of age
  - Is currently receiving temporary or permanent long-term disability benefits from a private insurer or the government
  - Has been determined to be physically or mentally unfit for employment by a health care professional in accordance with rules adopted by the agency
SB 1092 Lifetime Limit

- Limit lifetime enrollment to five years
  - Begins on effective date of waiver change
  - Does not include time during which person is
    - Pregnant
    - Sole caregiver of family member under 6
    - Receiving long-term disability benefits
    - At least 19 and still attending high school full time
    - Employed full time, meets AHCCCS income eligibility
    - Enrolled before age 19
    - Former foster child under 26 years of age
- Applies to adults age 19 and older “physically and mentally capable of working”
- No exemption for American Indian Members
SB 1092 Other

• Develop cost sharing requirements to deter:
  o Use of ambulance services for non-emergency transportation when not medically necessary

• Requires persons to verify compliance with work requirements monthly

• One year ban for making false statements regarding compliance with work requirements or knowingly failing to report change in income
Estimated impact

- Current potentially-affected population with enrollment over 5 years: 242,000
  - Number could be lower because AHCCCS does not currently collect data to allow us to identify the following excluded periods of enrollment:
    - Long-term disability benefits
    - Employed full-time
    - Sole caregiver of child under age 6
  - Number could be higher because current figure does not account for recent enrollment growth
- Working on data run for impact of work requirement
Questions and Public Comments

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Waiver Amendment Webpage

• More information about the proposed waiver amendment, including the proposed waiver application and the full public notice and public input process, can be found on the AHCCCS website at:

• https://azahcccs.gov/Resources/Federal/sb1092legislativedirectivewaiverproposal.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 28, 2017.
Thank You.

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