

The Renewal of Arizona's Section 1115 Research and Demonstration Waiver (the Waiver)

On September 30, 2011, the Waiver is scheduled to expire. Information about how the Waiver allows Arizona to run its efficient and innovative program as well as next steps AHCCCS is taking is provided below.

Overview of the Waiver and Budget Neutrality:

- The Waiver allows Arizona to run its unique and successful managed care model and exempts Arizona from certain provisions of the Social Security Act. It includes expenditure authority for costs not otherwise matched by the federal government.
- Specifically, the Waiver allows Arizona to:
 - o Mandate managed care;
 - o Extend coverage to expanded populations;
 - o Provide Long Term Care Services in home and community-based settings rather than more costly institutions; and
 - o Implement administrative simplifications.
- Waiver programs are required to be budget neutral for the federal government – not cost more federal dollars than without a waiver.

The Renewal Process:

- AHCCCS will work with the Centers for Medicare and Medicaid Services to negotiate the terms of the next Waiver.
- The public will have the opportunity to review and comment on the proposal.
- AHCCCS will request authority to continue current programs, and will seek additional authority to implement the new programs and processes described below.

New Authority Requested:

Since its inception, AHCCCS has served as a national model for the efficient and effective use of resources in the delivery of health care. The proposals below are designed to carry that momentum forward to meet future challenges and respond to current economic realities:

- Innovative Reimbursement Strategies- Restructure reimbursement to more appropriately align incentives with providers who will share in gains made to improve health outcomes for members while lowering costs.
- Cost Effectiveness Reimbursement- Reimburse home and community-based services using a cost effective methodology consistent with the concepts of Money Follows the Person.
- Program Integrity Demonstration- Streamline program integrity efforts under a managed care model within the Medicaid program.
- Other requests to promote administrative efficiencies and technical changes.