

**Janice K. Brewer, Governor**  
**Thomas J. Betlach, Director**

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*Our first care is your health care*  
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

August 13, 2010

Jessica Schubel  
Project Officer, Division of State Demonstrations and Waivers  
Center for Medicare and Medicaid Services  
Mailstop: S2-01-06  
7500 Security Blvd.  
Baltimore, Maryland 21244-1850

Dear Ms. Schubel:

Enclosed is Arizona's formal request to amend its Section 1115 Waiver to waive the requirement to provide non-emergency medical transportation (NEMT) for certain populations as described in more detail in the proposal attached. Specifically, AHCCCS seeks waiver authority from the following requirements: Assurance of Transportation, Statewideness, and Comparability.

Thank you for your assistance in this matter. Do not hesitate to contact Theresa Gonzales at 602-417-4732 should you require additional information.

Sincerely,



Monica Coury  
Assistant Director  
Office of Intergovernmental Relations

Cc: Steven Rubio, CMS Central Office  
Cheryl Young, CMS Regional Office

Attachments 1

# Arizona Section 1115 Waiver Amendment Request

## Non-Emergency Medical Transportation

### I. Overview

In response to significant fiscal challenges facing the State and substantial recent growth in the Medicaid population, AHCCCS will implement several changes to the adult benefit package for optional services. One change, as directed by the Arizona Legislature, requires AHCCCS to seek CMS approval to waive the requirement to provide non-emergency medical transportation (NEMT) for certain populations, as described in more detail below.

The statutory provision regarding NEMT is limited to expansion populations who reside in counties with over five hundred thousand persons. Expansion populations include: 1) childless adults with incomes up to 100% FPL; and 2) individuals who do not qualify for other coverage and have income at or below 40% FPL after deducting allowable medical expenses (MED). Accordingly, AHCCCS seeks the following authority:

- **Assurance of Transportation-** Waiver from §1905(a)(28) and corresponding regulation 42 CFR §431.53, to allow the State to limit transportation to and from providers for certain populations;
- **Statewideness-** Waiver from §1902(a)(1) and corresponding regulation 42 CFR §431.50, to allow the State to provide different benefits to members who live outside of Maricopa and Pima Counties;
- **Comparability-** Waiver from §1902(a)(10)(B) and corresponding regulations at 42 CFR §§440.240 and .230, to allow the State to exempt non-expansion populations and members who receive services provided through the Indian Health Services and 638 facilities from the NEMT limit.

### II. Public Process

AHCCCS began reviewing the adult benefit package in early 2009. Included in its review was a proposal to limit NEMT for certain populations, subject to CMS approval. An Informational Briefing was held on June 15, 2009, where the public was provided the opportunity to provide comments. Written comments were accepted and posted to the AHCCCS website. Discussions about the NEMT benefit were also held at various tribal consultations dating back to 2009, when the benefit changes were first discussed. Most recently, the August 10, 2010 consultation included as an agenda item that AHCCCS would seek a waiver.

To address the 2010 budget shortfall, the Legislature enacted HB 2010 which directs AHCCCS to implement several changes to the adult benefit package, many of which were included in the 2009 review. HB 2010 went through the Appropriations Committee where members of the public were able to provide comments. AHCCCS also filed a Notice of Exempt Proposed Rule making with the Secretary of State. Comments to the proposed rules were accepted until June 22, 2010 on which date AHCCCS held a public hearing. In addition, AHCCCS posted on its public website background information as well as questions and answers regarding the benefit changes, including the NEMT limitations. The website also provides the public with an email address in which to submit questions regarding the proposed benefit changes.

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### III. Data Analysis- “With Waiver” vs. “Without Waiver”

As Arizona attempts to survive one of the most challenging economic downturns in State history, the Medicaid program continues to grow. It is anticipated the limits to NEMT will result in \$4,722,041 in total savings.

### IV. Allotment Neutrality

N/A. The amendment does not impact the XXI HIFA population.

### V. Details

Arizona continues to struggle with a severe budget deficit. In light of the requirements under both the American Recovery and Reinvestment Act and the Patient Protection and Affordable Care Act, benefit changes are one of the few measures available for States to address severe budget shortfalls without violating maintenance of effort requirements. For Arizona to sustain a cost effective Medicaid program, AHCCCS must continuously examine program costs and benefits so that it may continue to serve its growing population and preserve benefits for the more traditional (and more vulnerable) population while responding to the State’s dire fiscal circumstances. The limit on NEMT aligns with this objective.

AHCCCS has conducted a comprehensive analysis of utilization of NEMT services, considering such factors as demographics, diagnosis, delivery system, and provider type. Its findings suggest that eliminating non-emergency transportation among higher income working individuals in urban areas would likely result in significant cost savings. An additional actuarial analysis by an external firm found that eliminating this regulatory burden could yield the greatest impact on reducing per member per month cost.

Arizona’s fundamental goal is to maintain the highest quality of care for its members while containing costs. Limiting NEMT to traditional, low income, vulnerable populations in remote areas of the State allows AHCCCS to do this.

### VI. Evaluation Design

Under development