

Arizona Health Care Cost Containment System (AHCCCS)

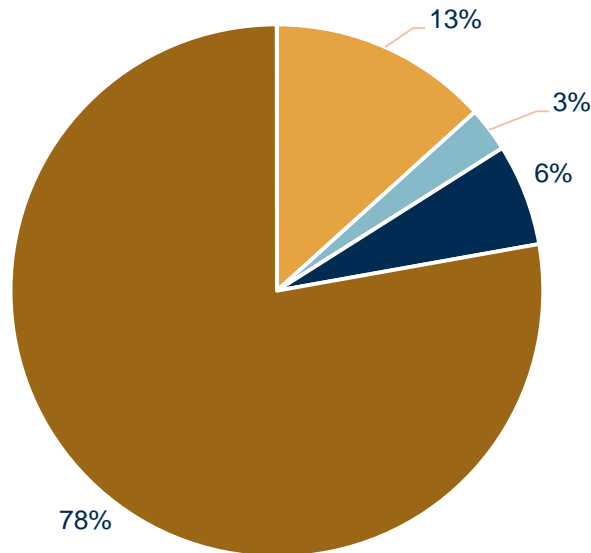
Presentation for the Appropriations Committee

Presented February 13, 2018

Department Overview

The Arizona Health Care Cost Containment System (AHCCCS), the State's Medicaid Agency, uses federal, state and county funds to provide acute, behavioral health and long term care services and supports to the State's Medicaid population and low income groups.

FY 2018 Budget



- General Fund
- Other Appropriated Funds
- Non-Appropriated State Funds
- Federal Funds

Fund Source	Amount
General Fund	\$1,775,264,100
Other Appropriated Funds	\$361,527,400
Non-Appropriated State Funds	\$822,432,500
Federal Funds	\$10,377,299,600
Total Funds	\$13,336,523,600

FY 2019 Executive Budget Overview - Appropriated Funds

FY 2019 Recommendation

	General Fund	Other Funds
FY 2018 Base Appropriations	\$1,775,264,100	\$361,527,400
*Transfer DD CRS Funding to DES	(15,212,700)	
*AIHP Base Modification	(197,600)	
Consolidate Agency Special-Line Items	-	
*Reallocate Prop 204 Protection and MSA to BHS	(35,154,400)	
*End Prior Quarter Coverage	(2,511,300)	
*Out of Contract BHS Inpatient Facilities	(1,001,800)	
ADOA Data Center	-	
Enrollment Growth and Fund Offsets	71,013,500	(4,899,800)
Back Out Prop 206 Report Funding	-	(200,000)
FY 2019 Recommended:	\$1,792,199,800	\$356,427,600

* GF Savings items above are included as Executive Efficiency Savings initiatives.

FY 2019 Executive Budget – General Fund

- FY 2018 Changes
 - None
- FY 2019 Baseline Changes
- FY 2019 Initiatives
 - Transfer DD CRS Funding to DES: (\$15,212,700)*
 - Decrease to AHCCCS and corresponding increase to DES to integrate behavioral health and Children's Rehabilitative Services' (CRS) funding for individuals with developmental disabilities served by DES who are also eligible for CRS
 - Includes transfer of non-appropriated federal match of (\$35,177,400)
 - AIHP Base Modification: (\$197,600)*
 - American Indians may choose to receive their physical health care through (a) the AHCCCS American Indian Health Program (AIHP), (b) direct fee-for-service payments to providers, or (c) an AHCCCS-contracted health plan
 - Currently, their behavioral health services are provided through a Regional Behavioral Health Authority (RBHA) or, for members who meet certain criteria and choose this option, a tribal RBHA
 - As of 10/1/18, AHCCCS is offering American Indians who receive their acute care through AIHP the option of receiving integrated behavioral and acute care through the AIHP
 - Results in savings in administrative costs

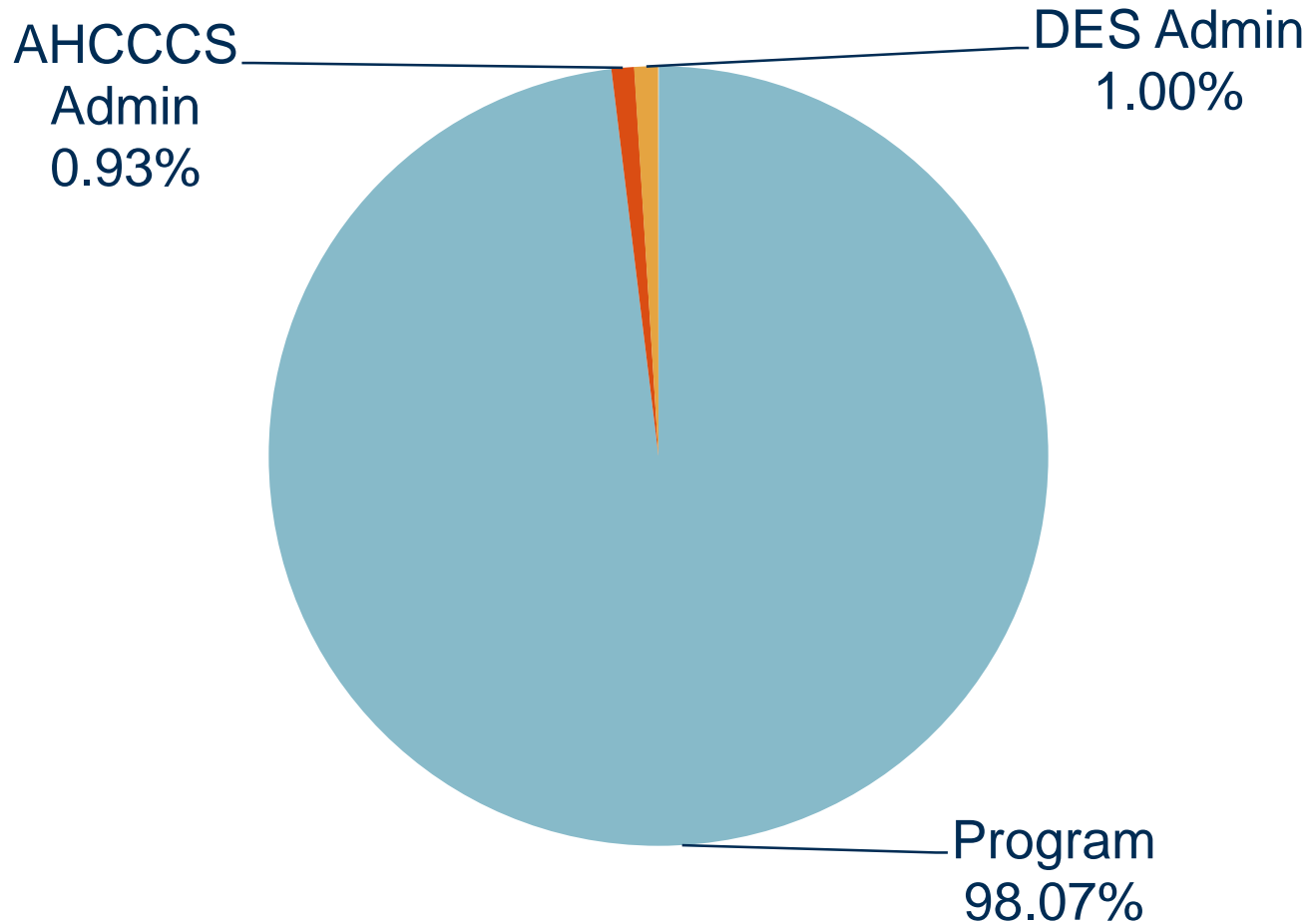
* Item is an Executive Efficiency Savings initiative.

FY 2019 Executive Budget – General Fund (cont.)

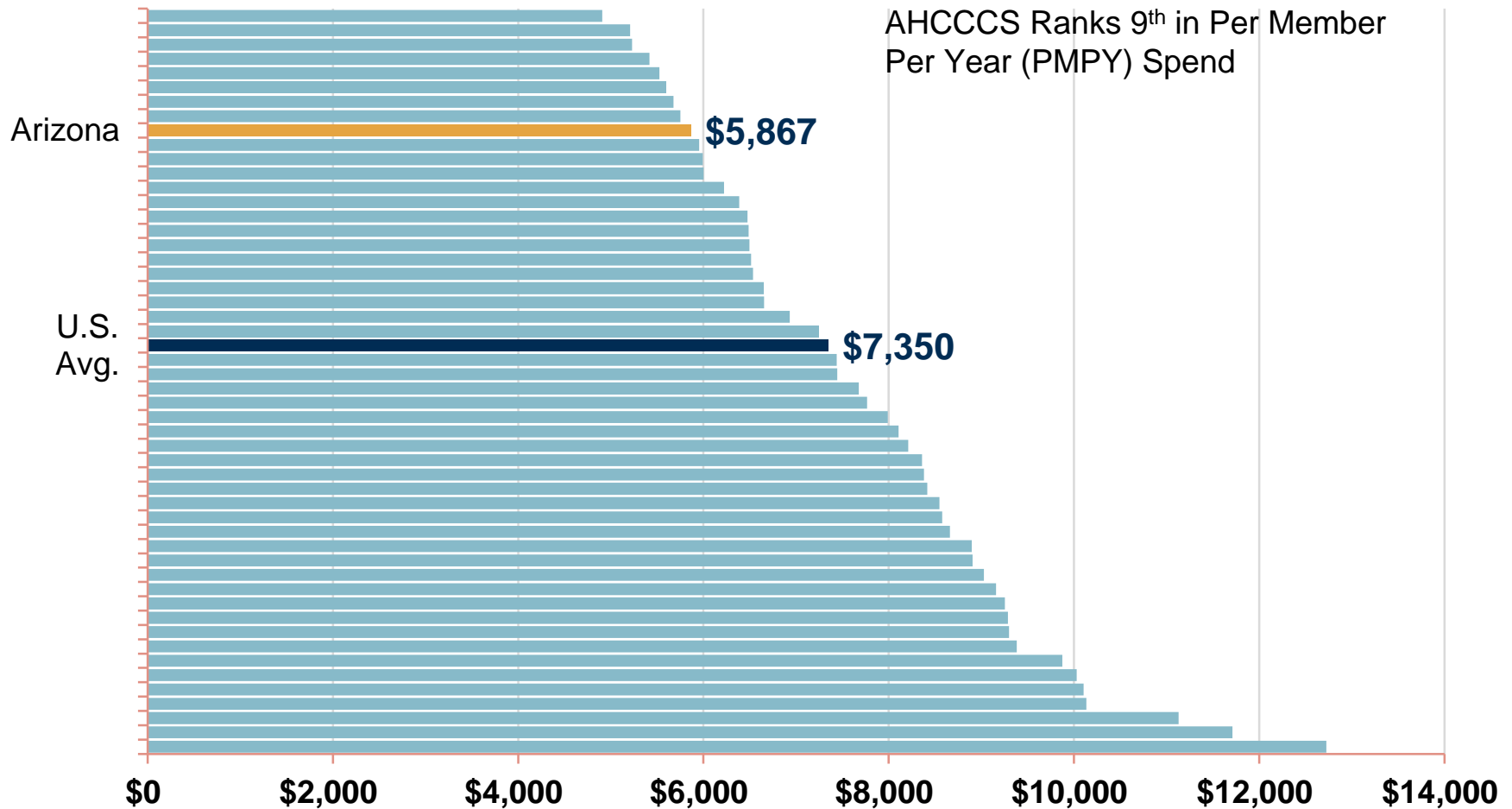
- FY 2019 Initiatives (cont.)
 - Consolidate Agency Special-line items: \$0
 - Reallocate Prop 204 Protection and MSA to BHS: (\$35,154,400)*
 - The Executive Budget reallocates 28% of two tobacco funds from Proposition 204 acute care to Proposition 204 behavioral health services
 - Results in (\$35) million in GF savings and a 12% increase in hospital assessment
 - End Prior Quarter Coverage: (\$2,511,300)*
 - Decreases funding for health services provider reimbursement in anticipation of federal waiver approval, eliminating coverage for members eligible and receiving services in the quarter previous to eligibility determination and limiting coverage to the beginning of the month of eligibility determination
 - Out of Contract BHS Inpatient Facilities: (\$1,001,800)*
 - When members receive services at inpatient behavioral health facilities that do not contract with a health plan or RBHA, AHCCCS currently reimburses providers at 100% of fee-for-service rates
 - Reducing reimbursement to 90% saves (\$1.0) million
 - ADOA Data Center: \$0
 - The Executive proposes rightsizing the AHCCCS ADOA Data Center line by moving program monies to the Data Center SLI

* Item is an Executive Efficiency Savings initiative.

FY 2018 Administrative Budget

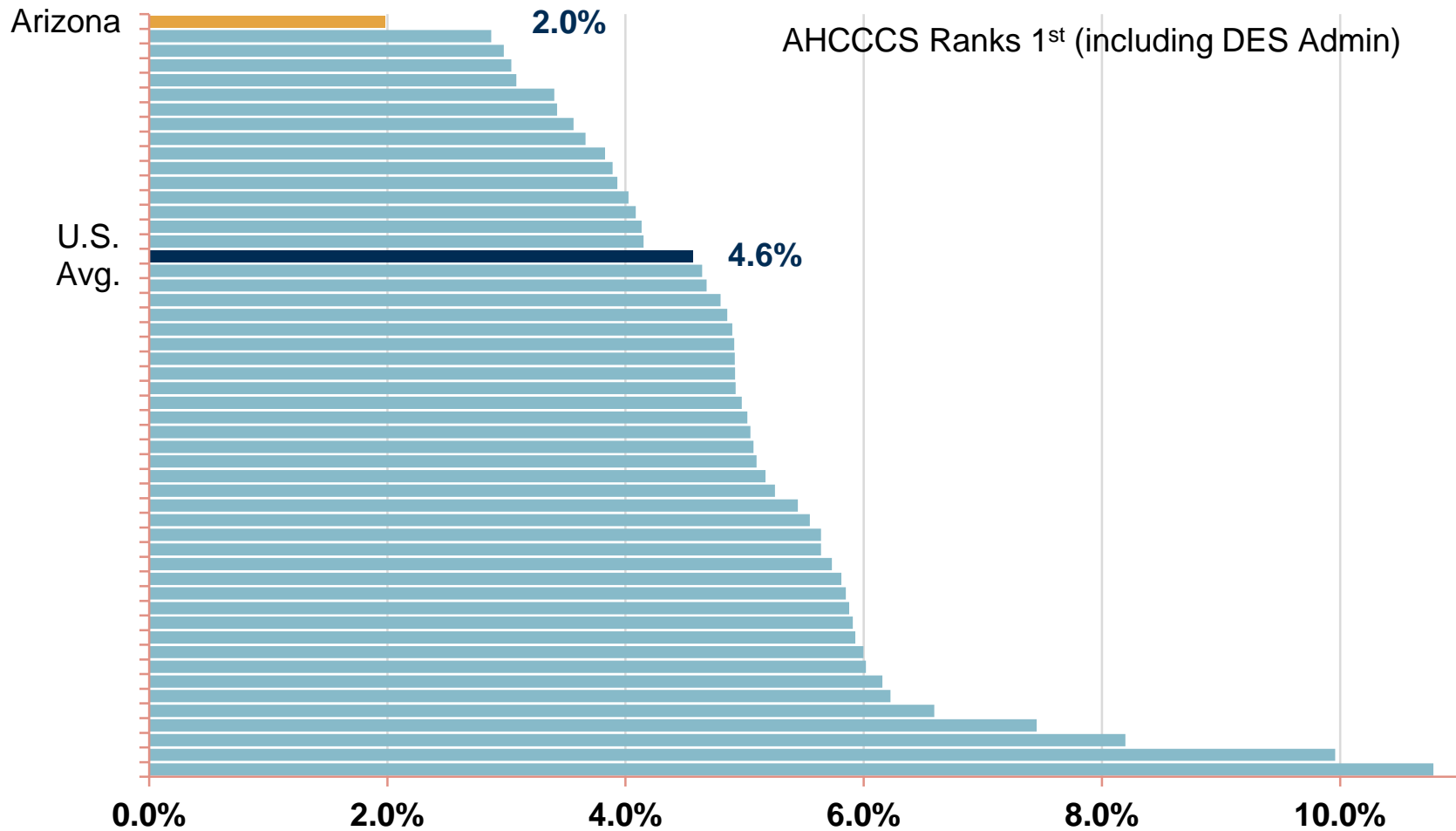


Medicaid Per Member Spending By State



Source: FY 2016, MACPAC, 2017, analysis of MSIS data as of December 2016 and CMS-64 data as of June 2016.
<https://www.macpac.gov/wp-content/uploads/2015/12/MACStats-Medicaid-CHIP-Data-Book-December-2017.pdf>

Medicaid Administrative Spending by State



Source: FY 2016, MACPAC, 2017, analysis of CMS-64 FMR net expenditure data as of June 23, 2017.
<https://www.macpac.gov/wp-content/uploads/2015/12/MACStats-Medicaid-CHIP-Data-Book-December-2017.pdf>

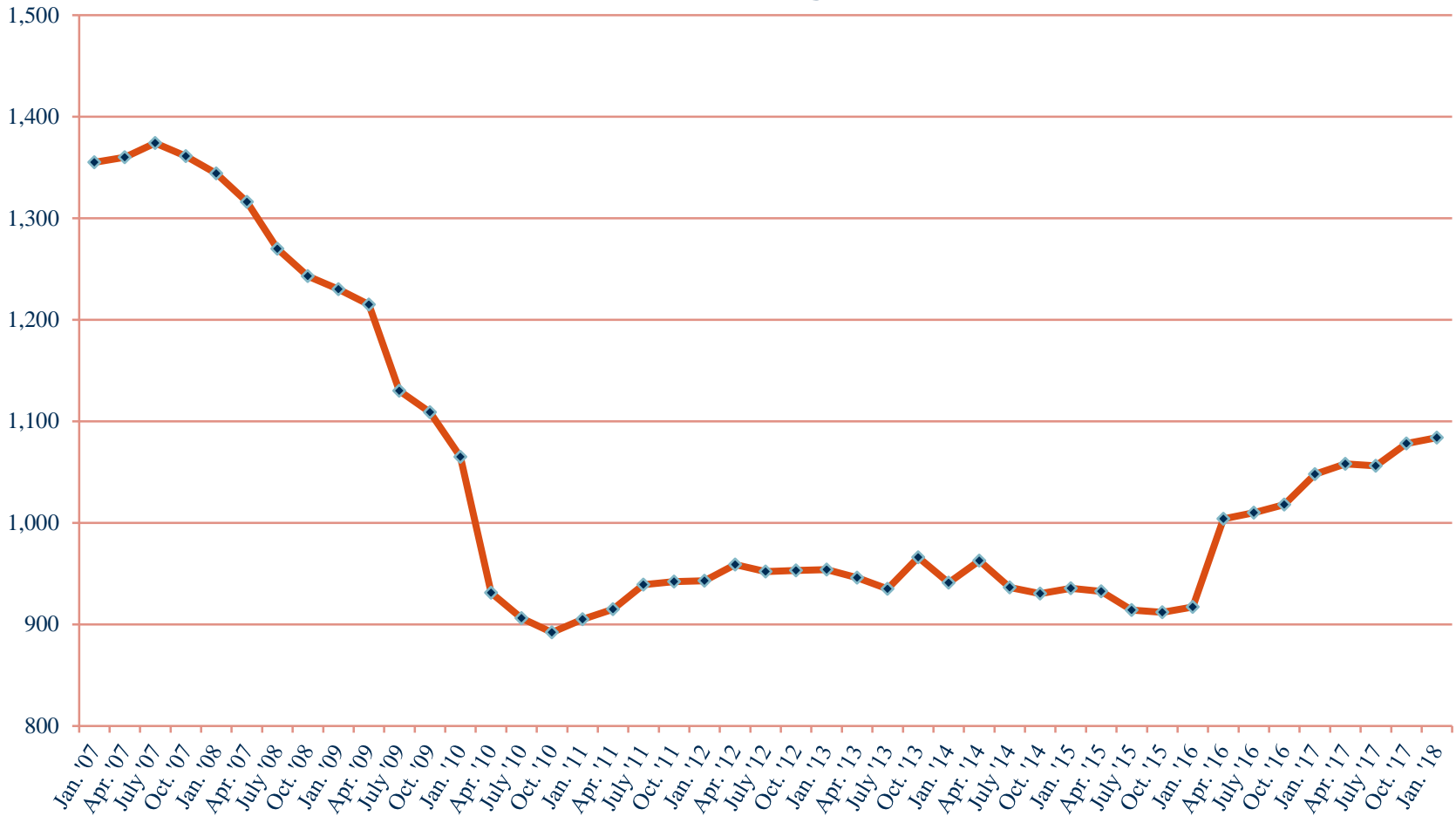
Appropriated FTE

- FY 2016: 1,029.2 FTE
- FY 2017: 1,141.2 FTE
 - Includes +112.0 FTE from DBHS Merger
 - Admin Savings of \$3.1M Total Funds (\$1.1M GF)
- FY 2018: 1,141.2 FTE

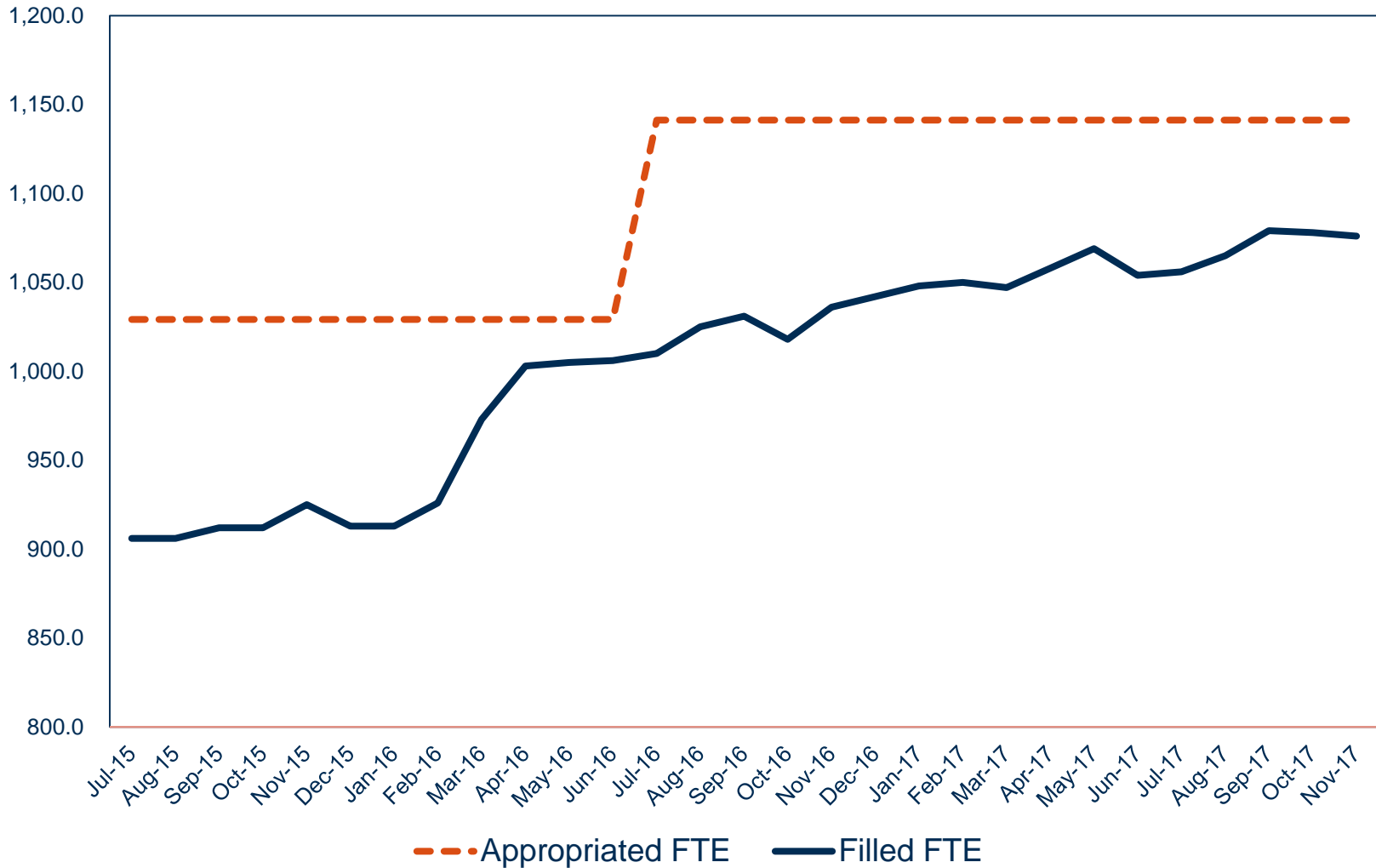
Note: The filled positions above represent the FTE within the AHCCCS appropriation that AHCCCS exerts managerial control over. Another 1,185.1 FTE are passed through to the Arizona Department of Economic Security. AHCCCS management does not receive information pertaining to the filled status of these positions.

Filled FTE

AHCCCS Staffing Levels



Appropriated FTE v. Filled FTE



FY 2017 Workforce Overview

- Average Salary: \$50,522
 - Change from FY16: +3.0%

- Turnover: 15.8%
 - Change from FY16: -0.3%

- Compensation Programs
 - Spot Performance Bonuses 311 \$530,211
 - Critical Retention Incentives 528 \$522,156

Critical Agency Software Infrastructure

- PMMIS Claims & Encounters – Implemented mid-1980s
 - Continuous development
 - Potential migration in 3 to 5 years
- Imaging System – Implemented 2003
 - No timeline for replacement
- HEAPlus Eligibility System – Implemented 2013
 - Continuous development

AHCCCS Works Waiver Request

- Waiver request submitted on 12/19/17
 - Work Requirement
 - Lifetime Limit
- Negotiations with CMS are ongoing
 - Operational requirements and exclusions not fully defined
 - Fiscal impact will be dependent on final approved waiver

More Information

For further information on AHCCCS find us at:

<https://azahcccs.gov/>

For further information on the FY 2019 Executive Budget:

<http://www.ospb.state.az.us/2019-budget.html>