



AHCCCS Update



Our first care is your health care
arizona health care cost containment system

“Reaching across Arizona to provide comprehensive quality
health care for those in need”

AHCCCS Update

- State Budget Picture
- Enrollment Trends
- Federal Budget Picture
- Tribal Issues
- Future Challenges



State Economy & Budget Scan

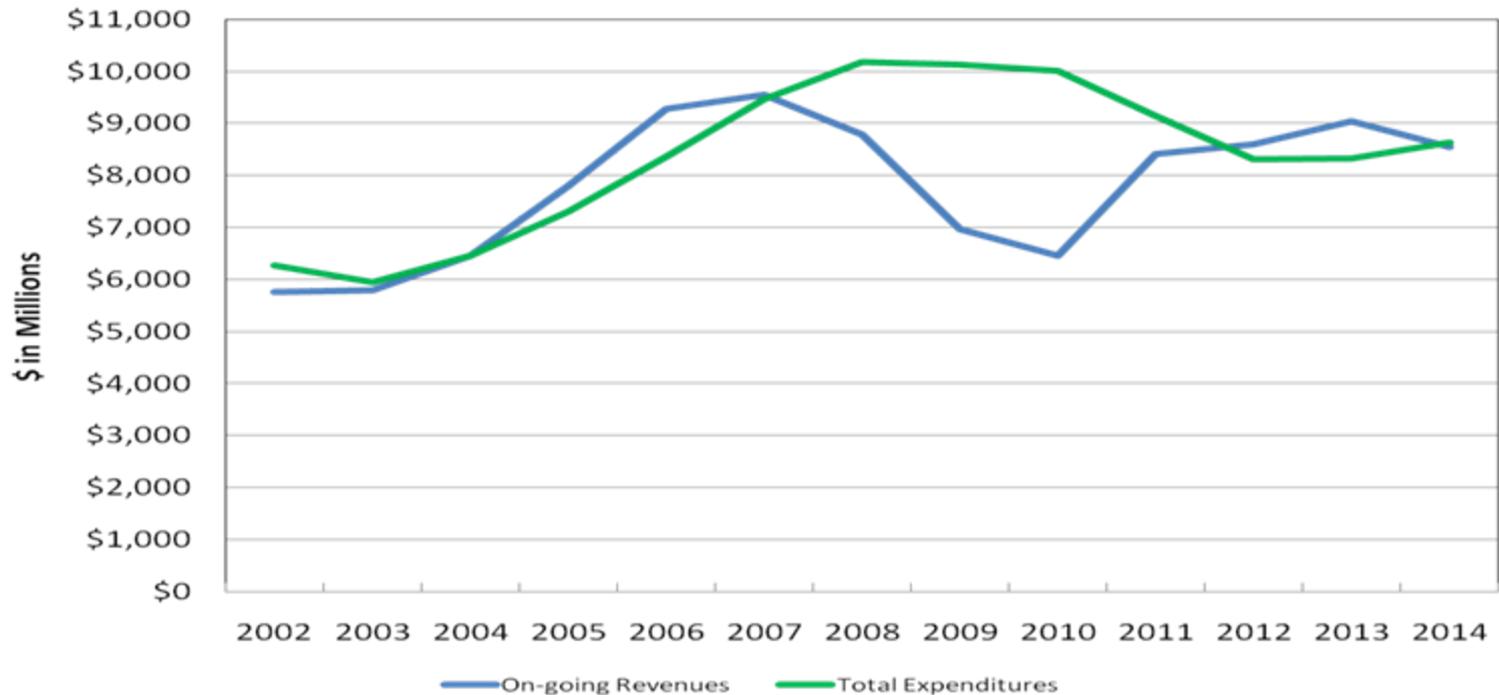
- ❑ State Economy and Budget Improving
- ❑ Unemployment (8.7%) first time below 9% since February 09
- ❑ FY 11 Estimated ending balance at end of 2011 session \$(332) million
- ❑ Actual FY 11 Ending Balance \$3.2 million
- ❑ Revenues growth may assist in bridging loss of one cent sales tax
- ❑ FY 2013 discussion will actually be around temporary surplus
- ❑ FY 2014 – One cent temporary sales tax expires – Health care reform requirements begin





Baseline Budget Picture

General Fund Ongoing Expenditures and Revenues





Total Spending

	FY 2012	FY 2013	FY 2014
On-going Spending	\$8,185,547.6	\$8,710,238.6	\$8,917,418.2
One-time Spending	\$335,439.0	\$253,063.1	\$5,115.5
Total Spending	\$8,520,986.6	\$8,963,301.7	\$8,922,533.7
Percentage Change	2.6%	5.2%	-0.5%

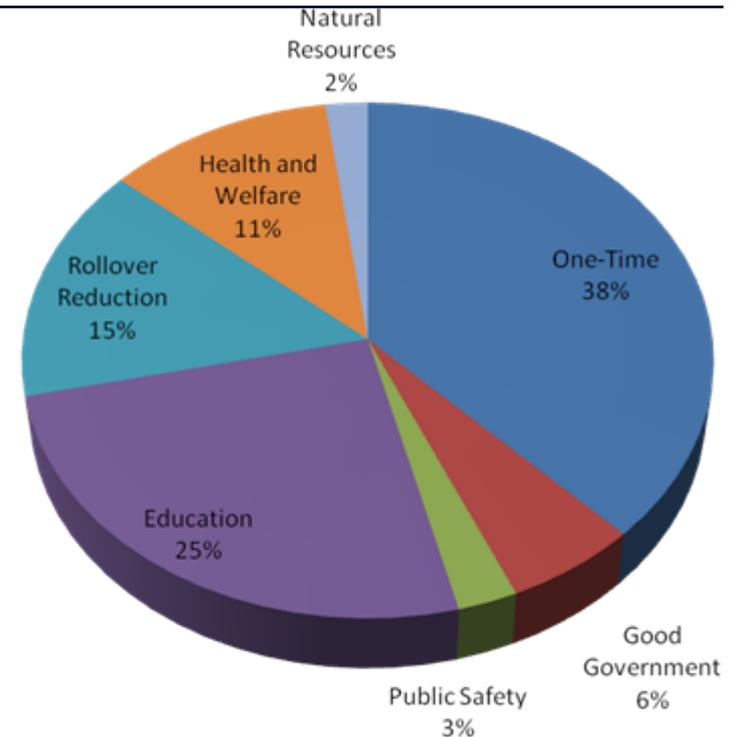
- Spending levels for FY 2012- FY 2014 are between FY 2006 and FY 2007 expenditure levels
- FY 2014 expenditures assume the implementation of federal healthcare reform



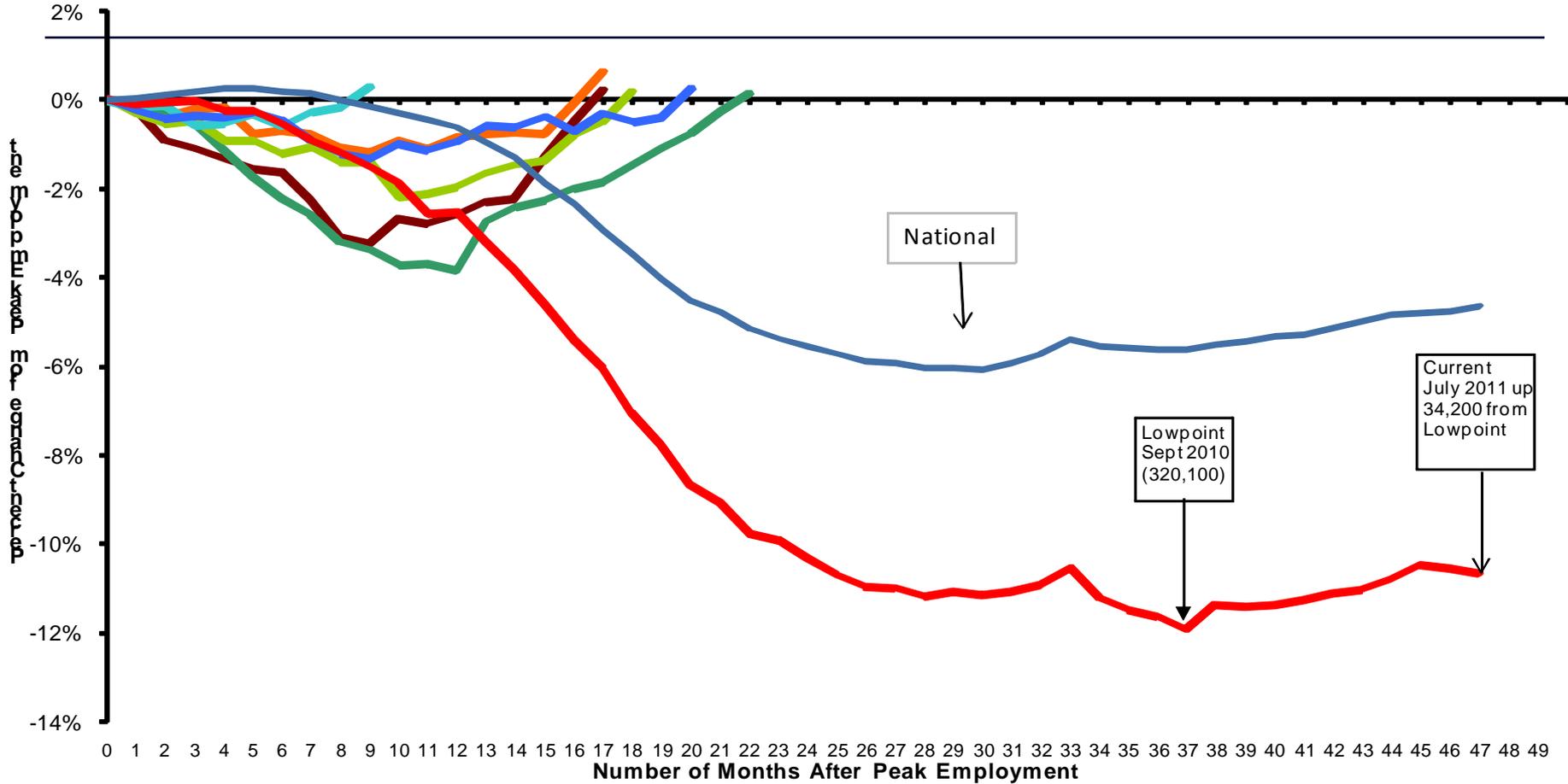
The Budget: Summary

FY 2013

One-Time	\$ 253.3
Good Government	\$ 38.9
Rollover Reduction	\$ 100.0
Public Safety	\$ 17.5
Education	\$ 170.6
Health and Welfare	\$ 77.2
Natural Resources	\$ 14.4
Total	\$671.9

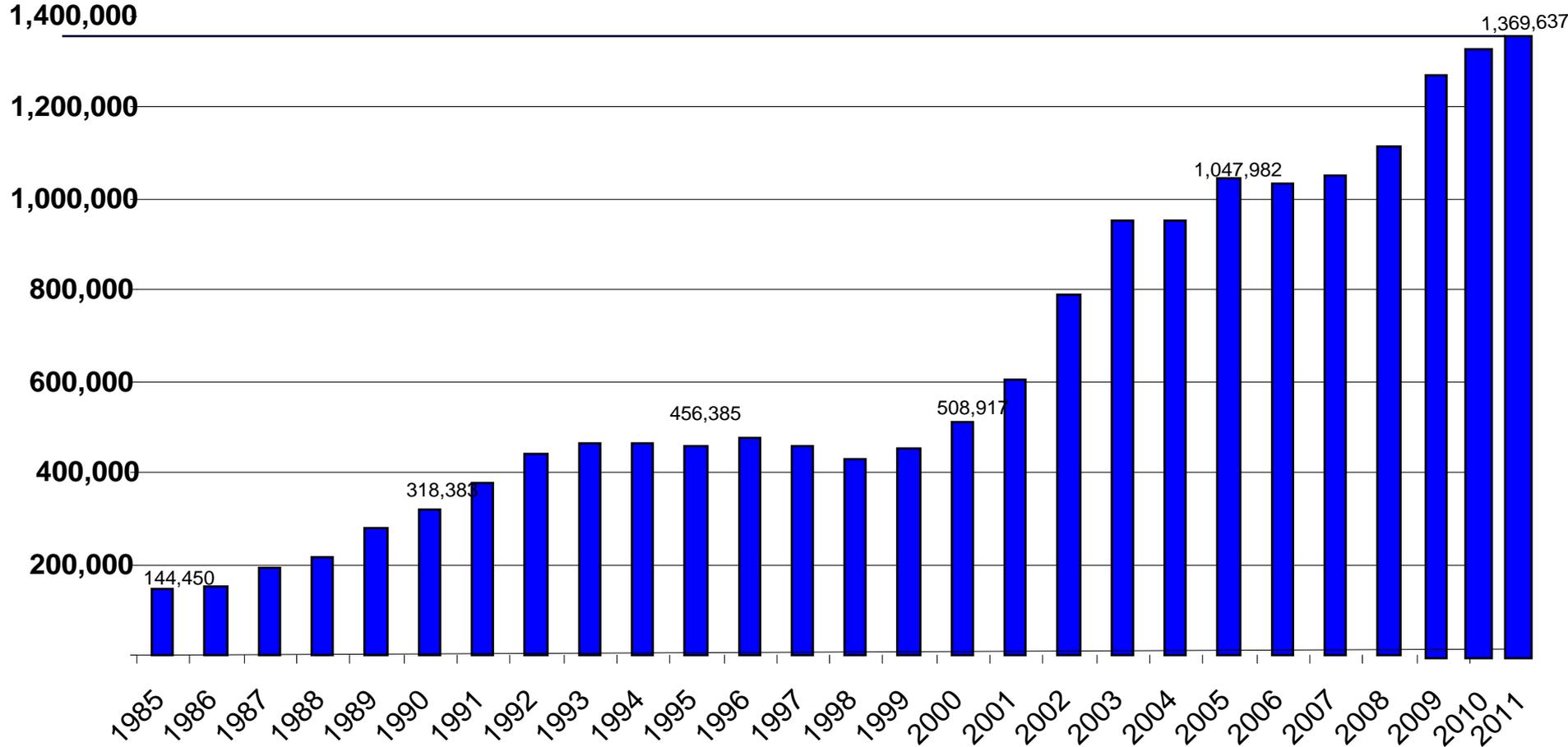


Arizona Job Loss Non-Farm Seasonally Adjusted

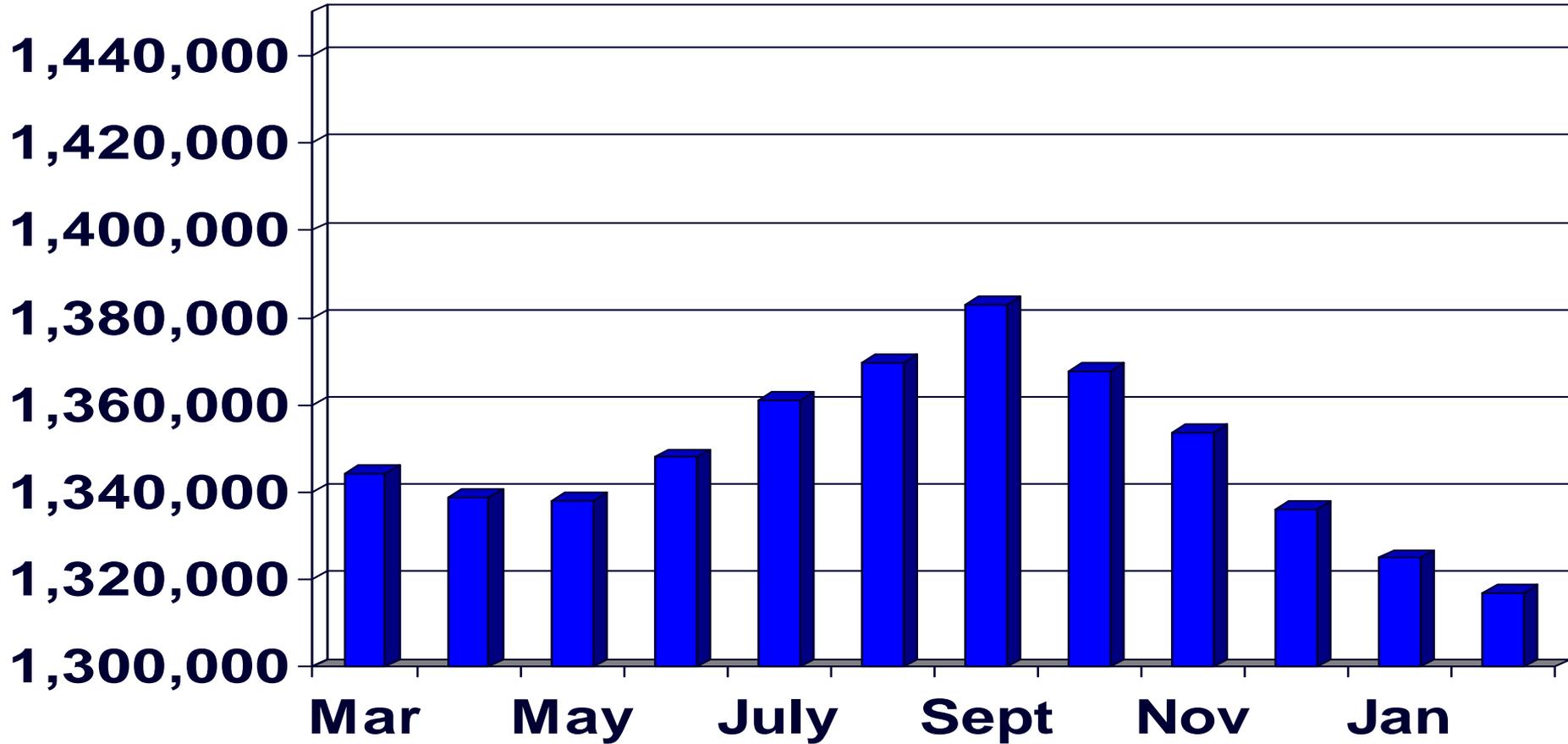


AHCCCS Population as of July 1, 2011

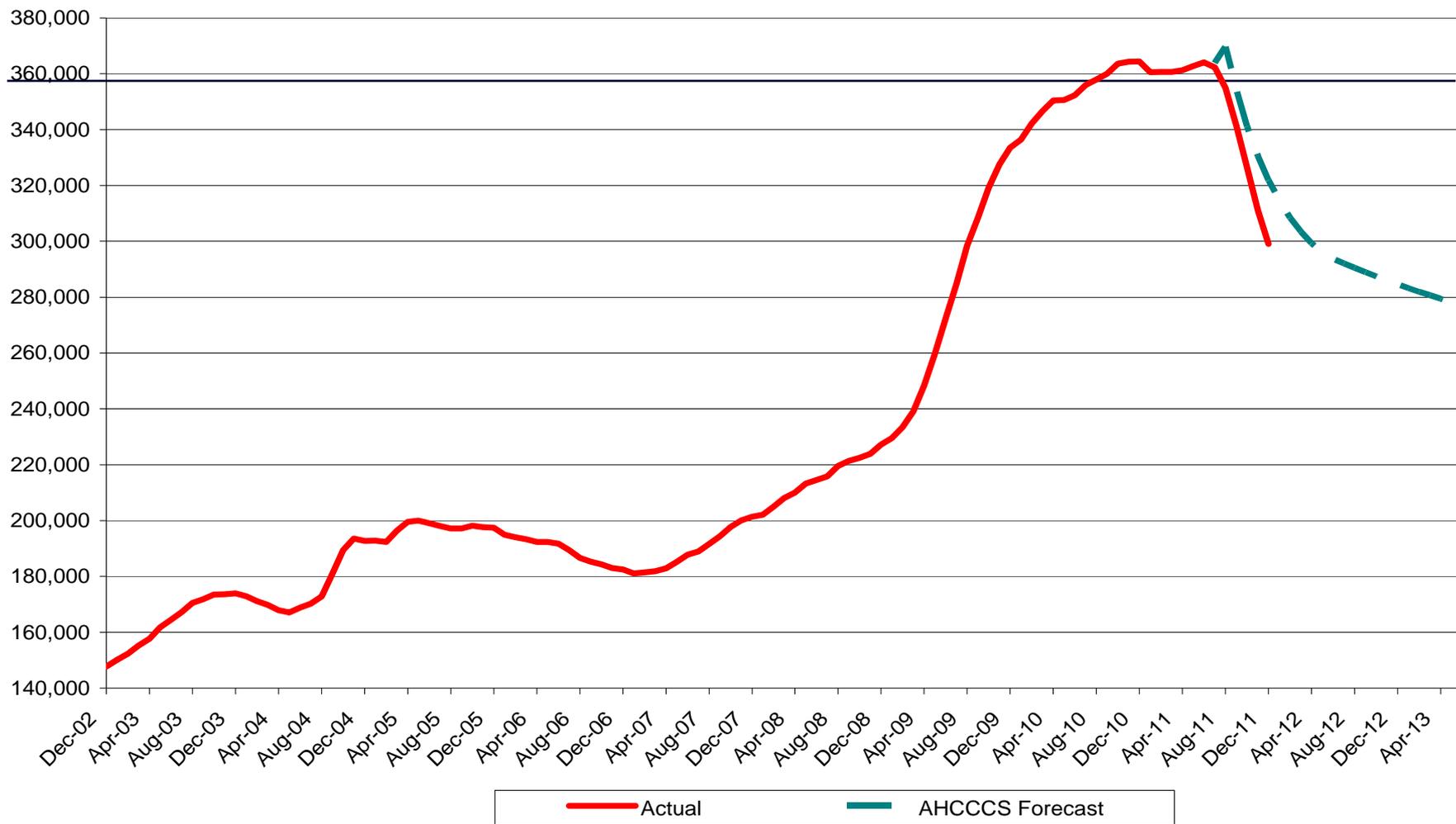
1985 – 2011



Total AHCCCS Population

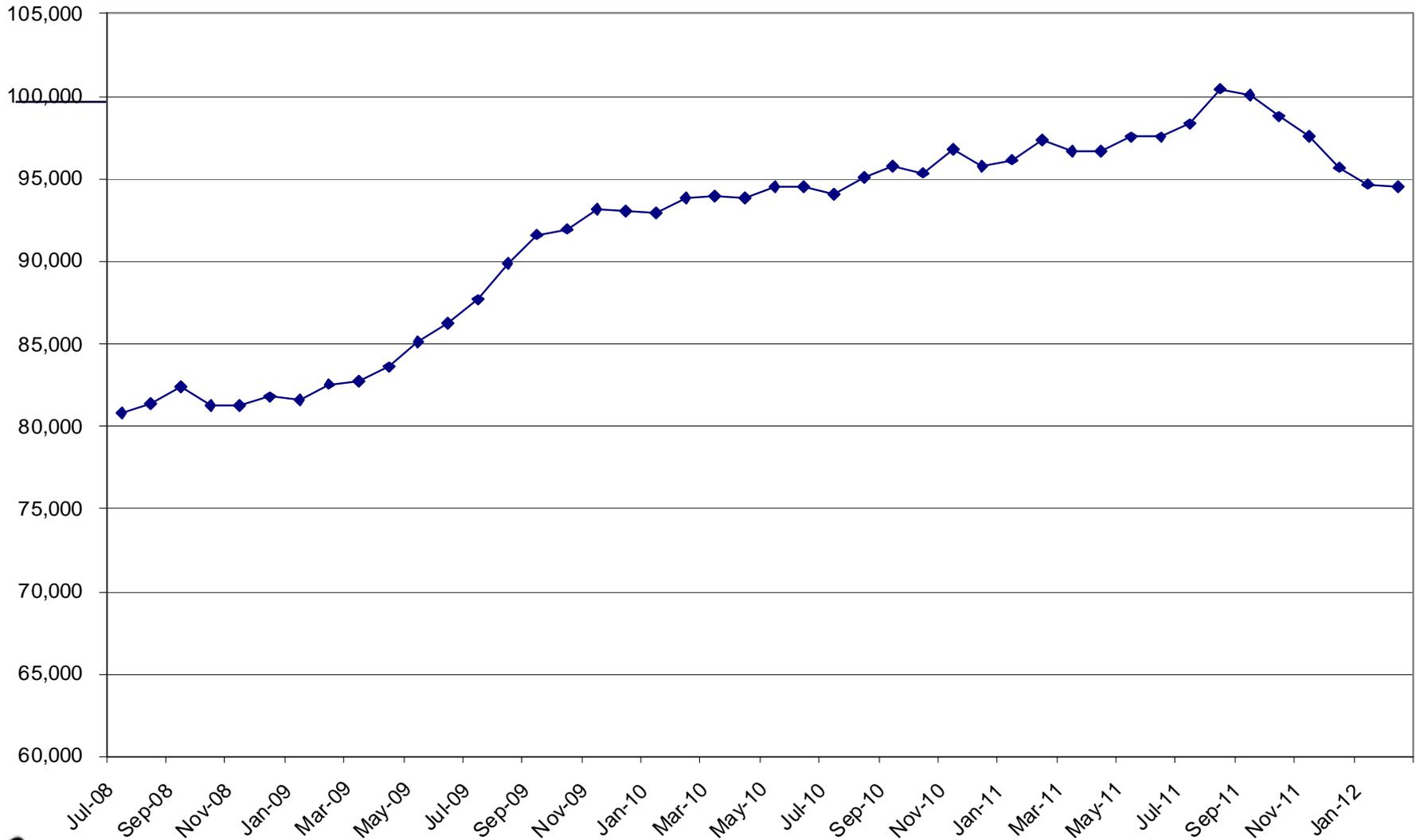


Combined Proposition 204 Member Month Forecast



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AHCCCS AIHP Enrollment



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AHCCCS Budget Status

- ❑ Medicaid in FY 2012 is currently balanced
- ❑ Funds need to be moved between agencies
- ❑ Risks include ongoing lawsuits
- ❑ FY 2013 AHCCCS GF Request –very low
- ❑ Growth returns in FY 2014 & 15 with health care reform
- ❑ Short term savings (rates–services-benefits) have been maximized





Provider Rates

The Executive recommends a 3 percent rate (\$27 million GF) increase for:

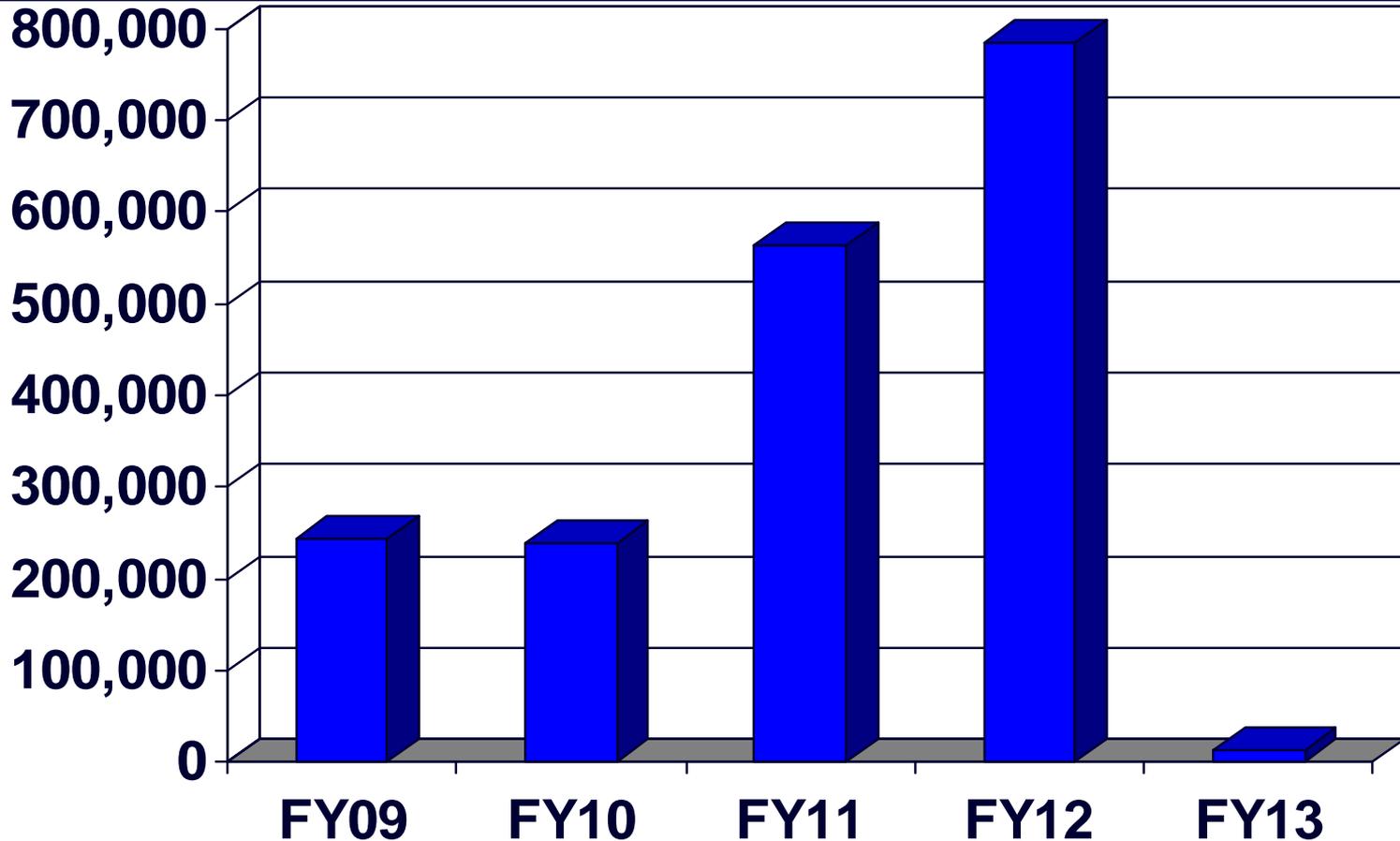
- Physicians
- Behavioral Health Service Providers
- Nursing Facilities
- Home Service Providers
- Ambulatory Surgery Centers

Before implementing the increase, AHCCCS must complete a study to ensure the increases are consistent with federal law.

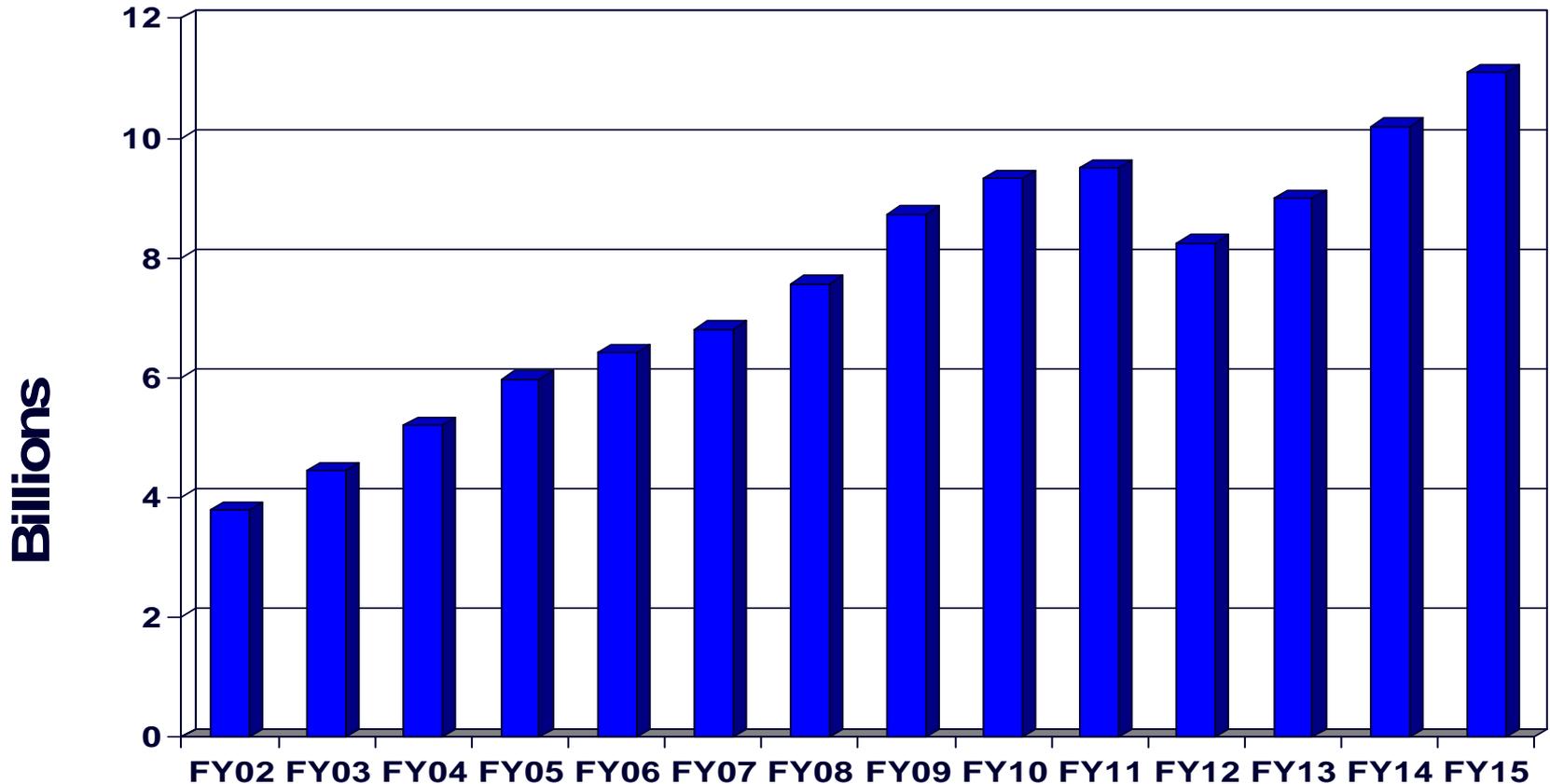
Significant rate increases provided for Primary care physicians as part of ACA – 1-1-13



AHCCCS Budget Request Increases



AHCCCS Spending

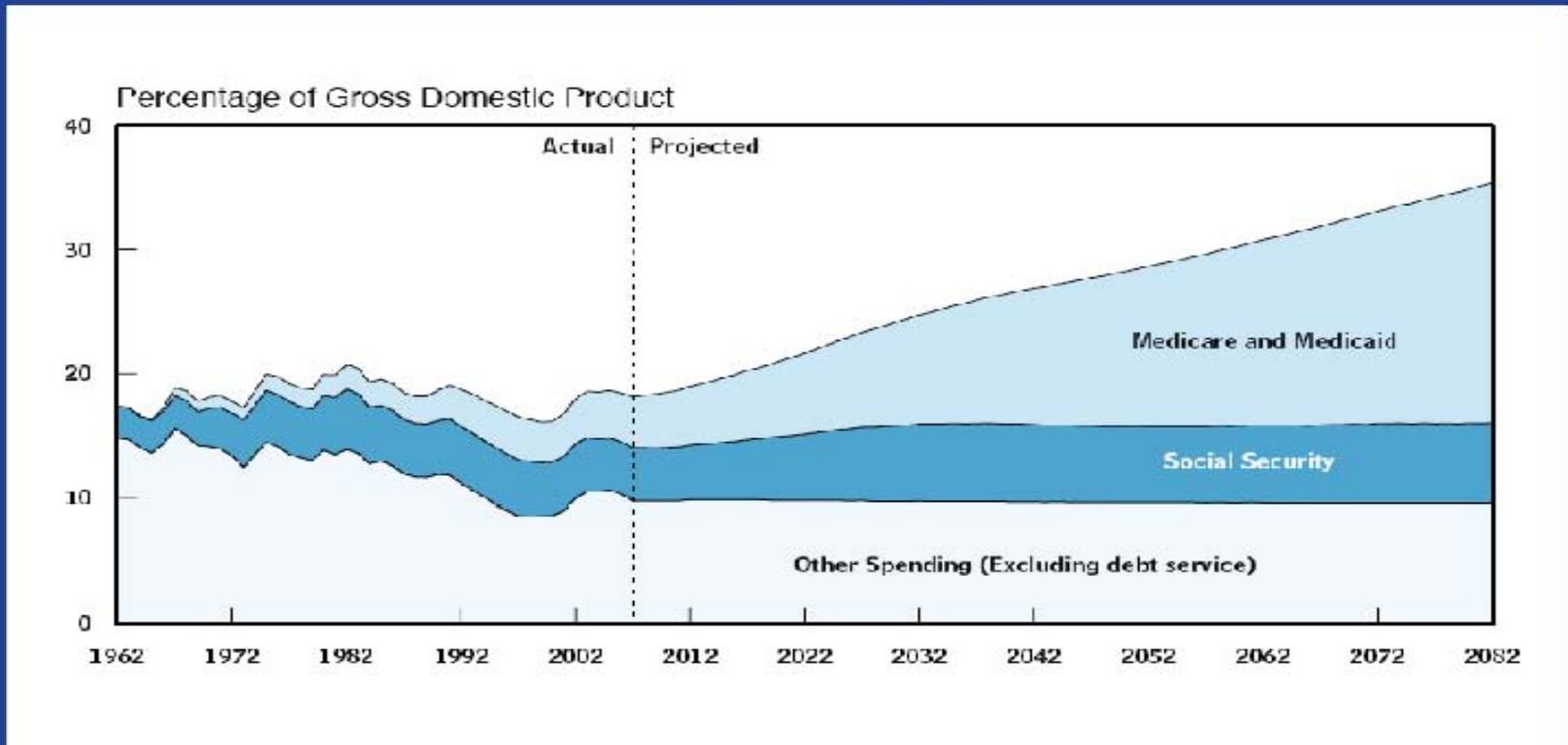


Federal Budget

- ❑ Health Care main driving force
- ❑ Congress having difficult time making longer range decisions
- ❑ Court to hear Affordable Care Act this summer
- ❑ Presidential Election will resolve some issues
- ❑ Need to get serious about fiscal challenges
- ❑ Medicare physician payment unresolved



Medicare and Medicaid Are the Primary Drivers of Future Federal Spending Growth and Deficits



Source: CBO, "Key Issues in Analyzing Major Health Insurance Proposals," December 2008.

HEALTH MANAGEMENT ASSOCIATES



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Tribal Issues Update

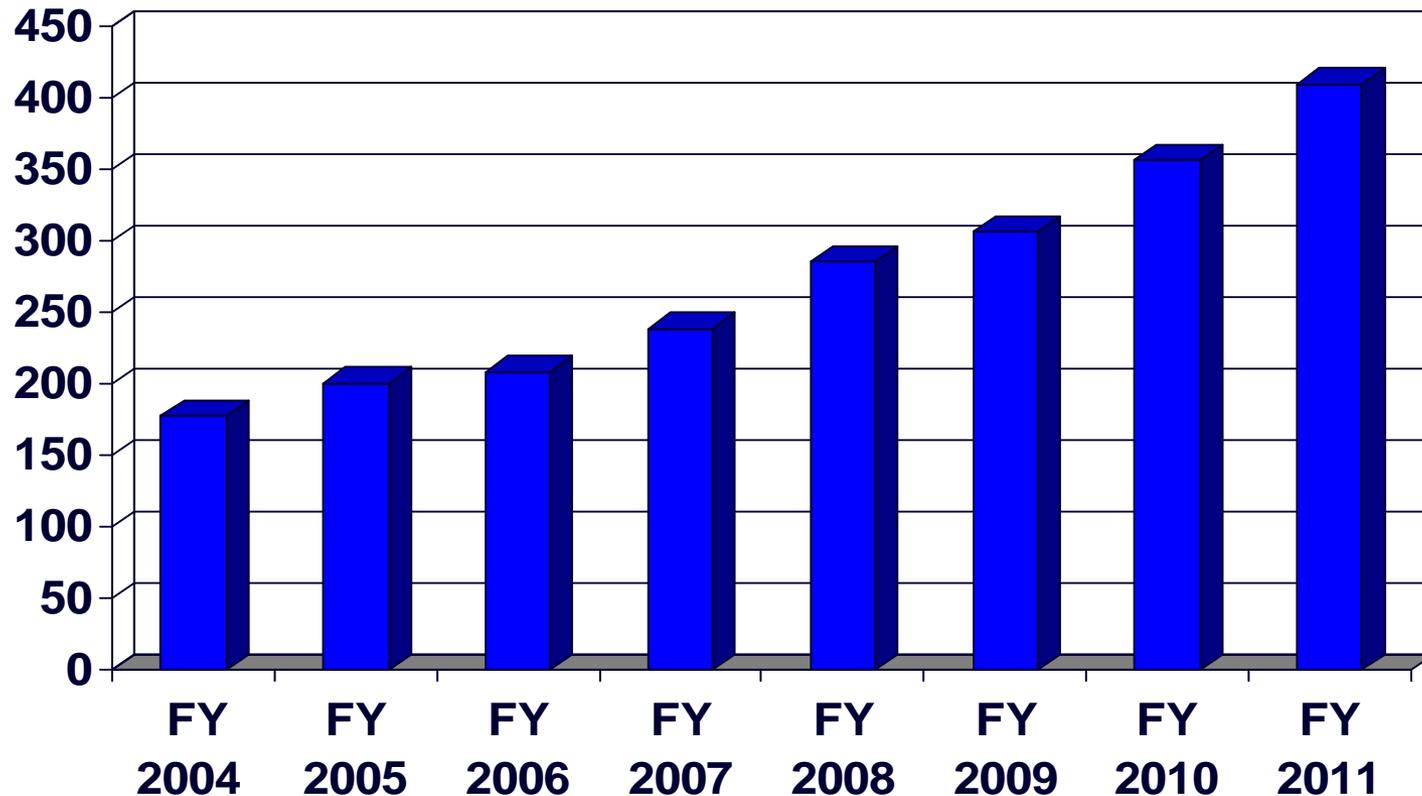


Tribal Issues/Accomplishments

- ❑ Federal Waiver Status
- ❑ State Plan I.H.S and 638 Reimbursement
- ❑ TRBHA Enrollment Indicator
- ❑ Sought and received clarification on out-of-service facilities
- ❑ Provide additional information on redetermination
- ❑ Held 25 consultations in past 2 years
- ❑ Liaison Staffing Update
- ❑ Funding levels for I.H.S and 638 facilities continue to rise even during challenging times



100% Federal Indian Health Services & Tribal Facility Payments (In Millions)





Future Challenges



Health Care Reform

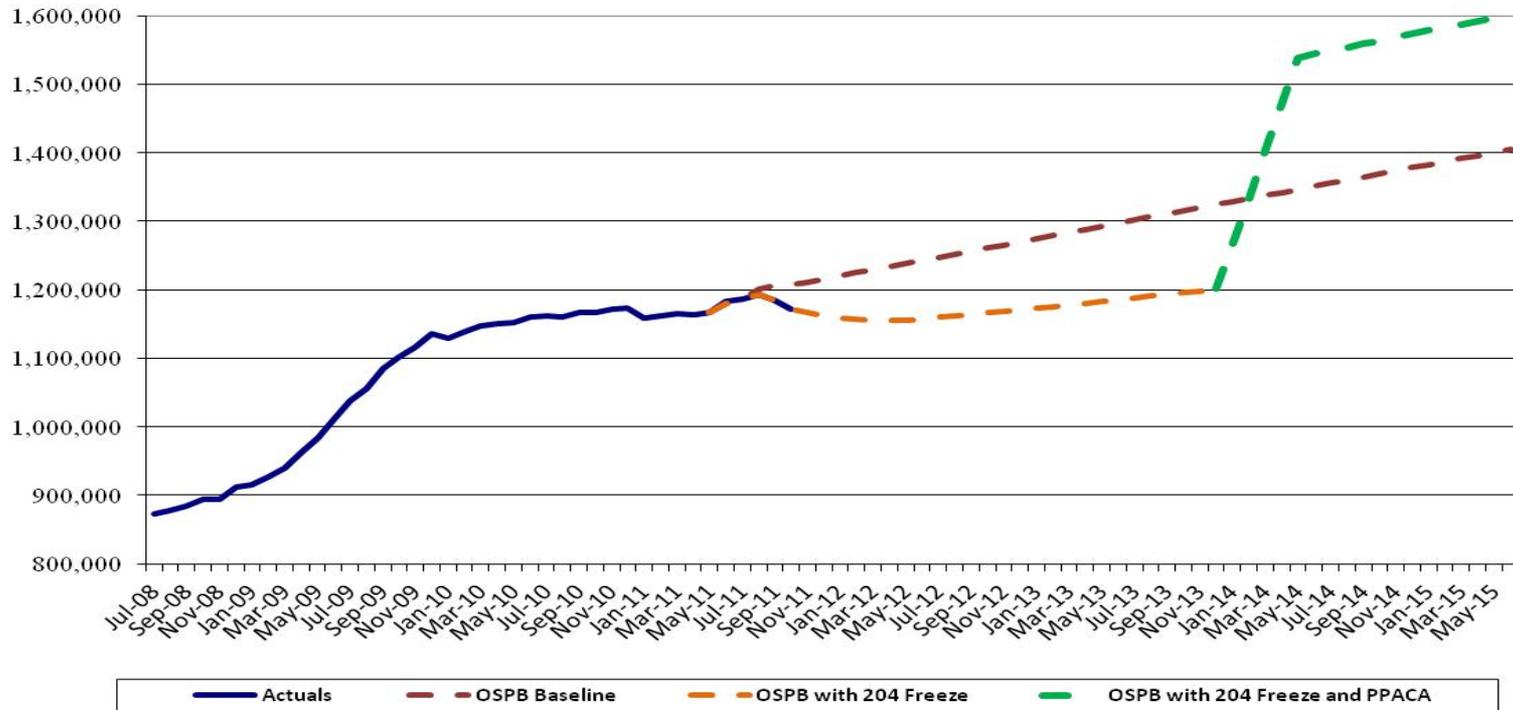
- PPACA expands Medicaid to 133% of the federal poverty limit on January 1, 2014.
 - Nationally Medicaid is estimated to grow by 16 million lives
- Create Health Exchange
 - provide tax credit subsidy for individuals from 133% to 400%
 - Nationally Exchanges are expected to cover 24 million lives by 2019
 - State needs to determine who will operate Exchange
- Made a number of commercial insurance reforms
- Established Individual Mandate





Federal Health Care Reform

**AHCCCS TXIX Capitation Member Months
Actuals and Forecasts**



Health Care Reform Est.

	Eligible	Participants
Exchange	621,000	479,000
AHCCCS	431,000	247,000
SHOP Exchange	1,822,000	510,000





Impact of PPACA

General Fund Impacts of PPACA

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Caseload			
AHCCCS	-	77,516,600	297,792,700
DHS	-	<u>41,490,200</u>	<u>108,235,900</u>
Total Caseload Costs		119,006,800	406,028,600
Primary Care Physicians	6,316,500	13,896,300	14,610,500
AHCCCS/DES IT Modifications	<u>2,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total:	8,816,500	134,403,100	420,639,100

PPACA Federal Match

Caseload			
AHCCCS	-	587,980,700	1,856,909,400
DHS	-	<u>335,923,000</u>	<u>830,137,600</u>
Total Caseload Match		923,903,700	2,687,047,000
Primary Care Physicians	61,225,200	134,695,400	148,164,900
AHCCCS/DES IT Modifications	<u>12,500,000</u>	<u>8,500,000</u>	<u>-</u>
Total:	73,841,100	1,067,099,100	2,835,211,900



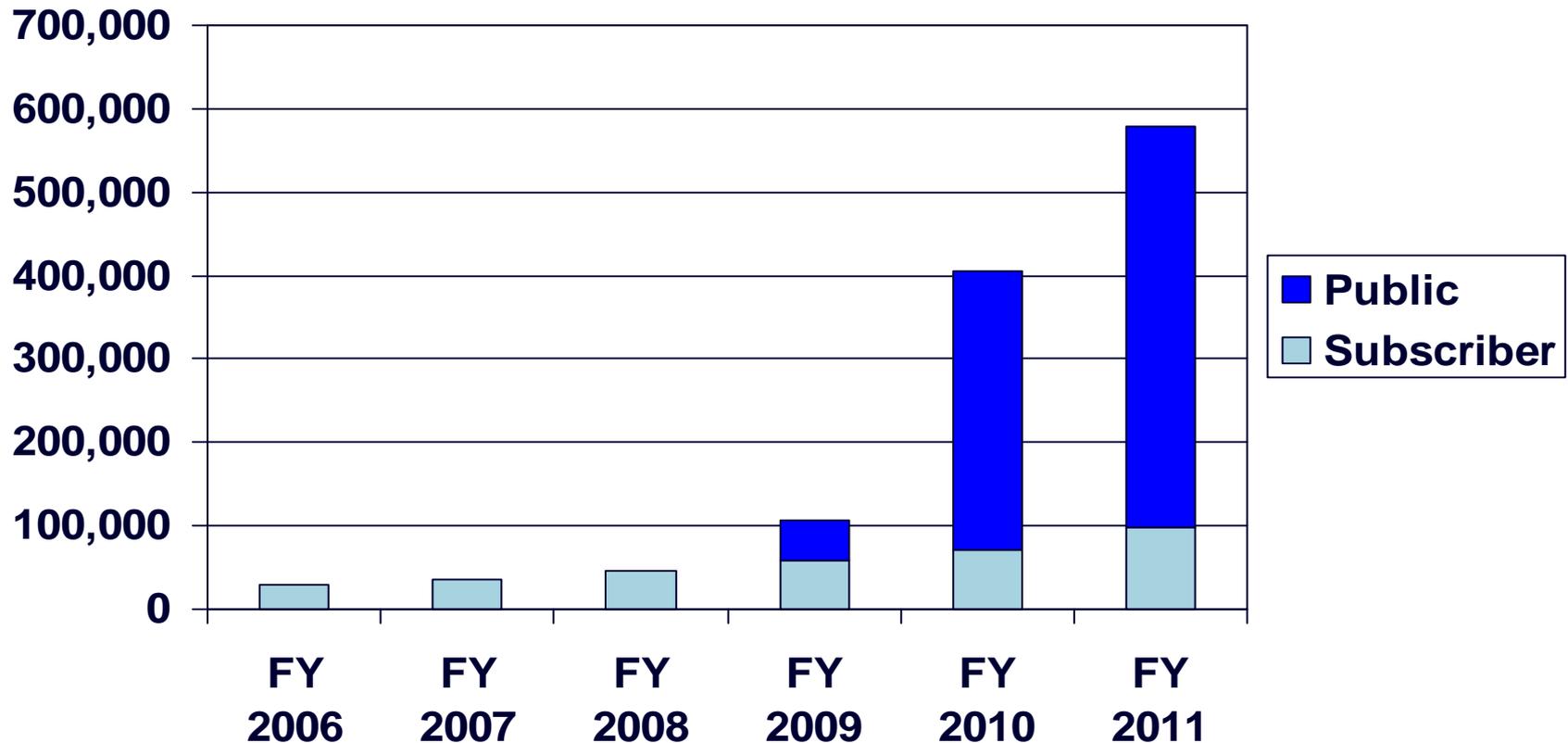
Health Care Reform Update

□ Exchange

- State awarded \$29 m for Establishment Grant
- State moving forward with IT planning and Qualified Health Plan Development
 - Developing Health E AZ as part of infrastructure
 - RFP for Exchange Functions – Feb 2012
- Governor's Office, AHCCCS, DOI, DES, DHS all sit on Steering Committee
- Seeking Care Coordination between Medicaid - Exchange
- Still awaiting considerable Fed Guidance – one of 10 states selected by CMS for FMAP pilot



Health E-Arizona Applications



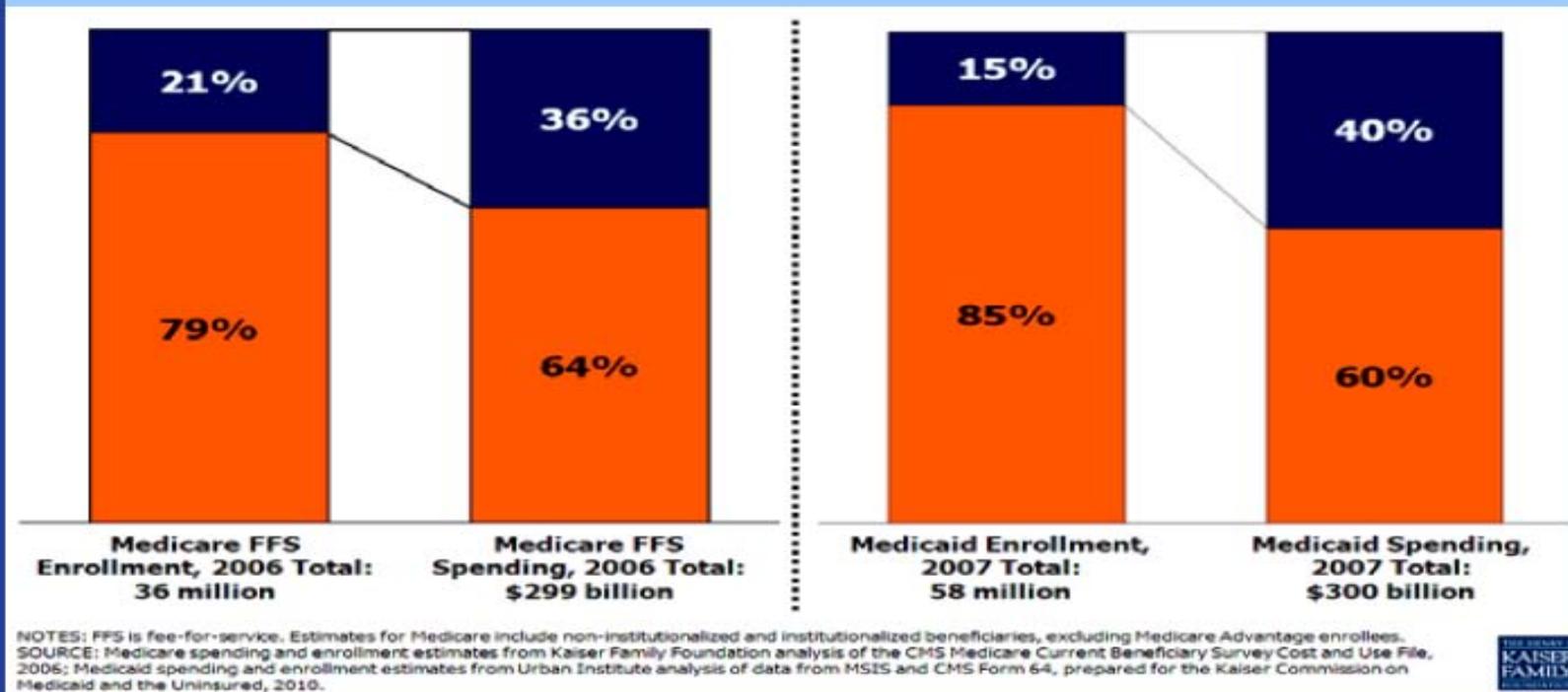
10-1-13 Triple Crown of Contracting - Integration Efforts (5 year contracts)

- Behavioral Health – \$5 billion plus
 - RBHA plus establish Single plan in Maricopa County responsible for all care for individuals with Serious Mental Illness
- Children’s Rehabilitative Services - \$500 m
 - Establish single plan for all services for children designated eligible for this program
- Acute - \$35 billion plus
 - Unprecedented competition –
 - Exchange-Medicaid continuum



Duals are more expensive than average Medicare AND average Medicaid beneficiary.

Dual eligibles as a percent of Medicare and Medicaid enrollment and spending



Dual Members

- ❑ Unique historical opportunity to change structure
- ❑ Changes being made at federal level with new Office for the Duals
- ❑ Demonstration program available to states
- ❑ Establishes contract between Feds – State – Plans
- ❑ AHCCCS evaluating demo as opportunity to improve alignment
- ❑ AHCCCS working with HHS on Mathematica study



AHCCCS Program Integrity

- ❑ Agency hired new Inspector General
- ❑ Even with 30% reduction in agency staff, resources dedicated to program integrity have increased
- ❑ Implemented Data analytics system
- ❑ Began match with Pima county jail system
- ❑ Centralized IG resources on WEB
- ❑ Implemented MVD picture ID on web verification (December)
- ❑ Saw increase of 6% in avoidance/recoveries
- ❑ Continued enhanced plan reporting
- ❑ Supported investigation for 19 successful prosecutions



PI Goals for 2012

- ❑ Conduct evaluation of plan Program Integrity efforts
- ❑ Assist Auditor General & CMS with evaluations
- ❑ Continue to pursue opportunities for member compliance – Maricopa County
- ❑ Leverage external resources to evaluate data analytic capabilities
- ❑ Implement new ACA provider registration requirements
- ❑ Finalize RAS Scope of work - Determine RAC next steps – Participate in PERM





Questions???



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