



AHCCCS Update



Hospital Assessment & Litigation

Assessment

- AHCCCS worked with hospital stakeholders
- Assessed \$75 m in FY 2014 - \$233 m in FY 2015
- Model shows no systems negatively impacted

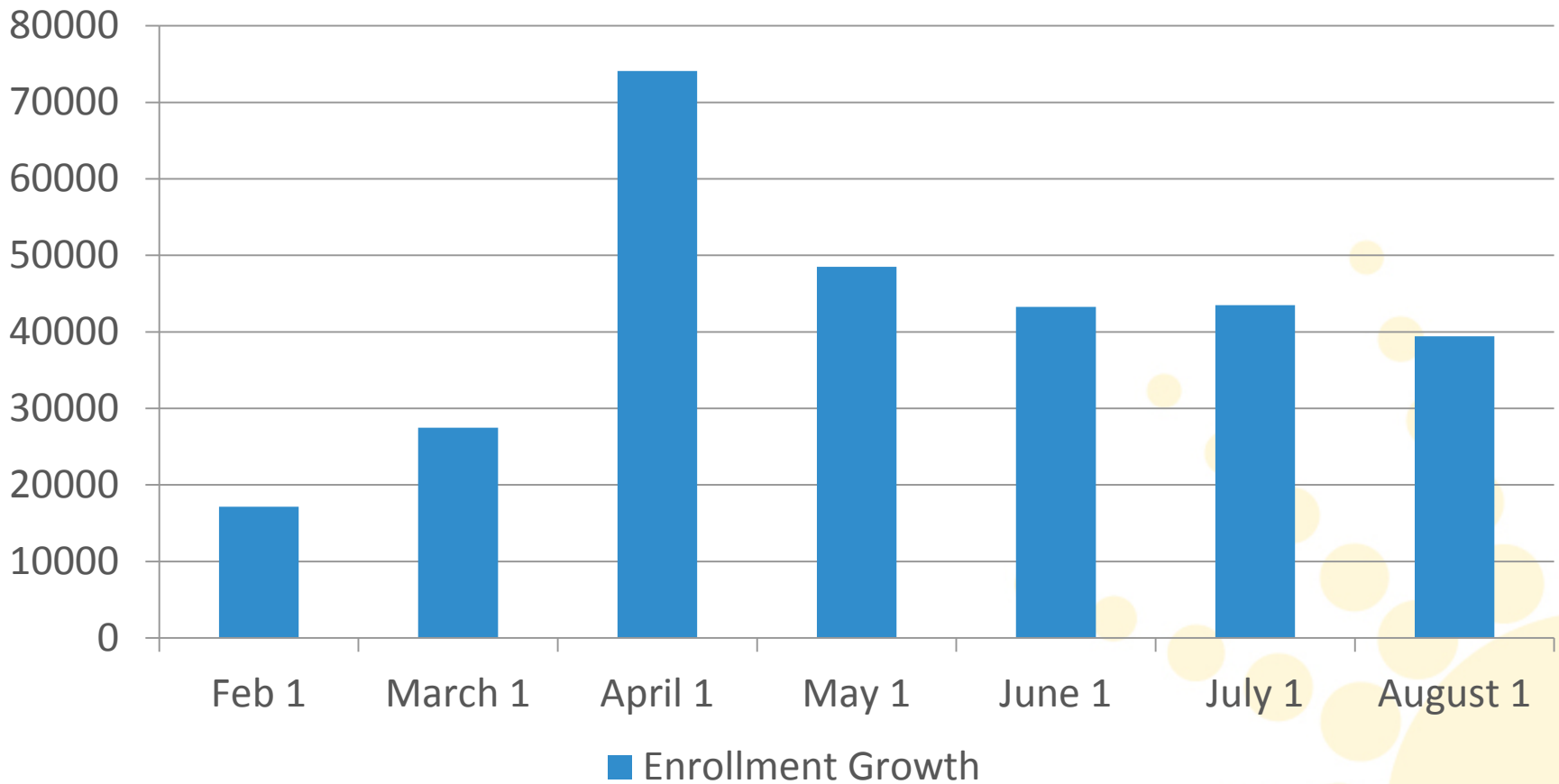
Litigation

- Lawsuit brought by 36 Republican Legislators
- Hearing held on Dec. 13th to determine standing
- Won at Superior Court – Standing
- Court of Appeals - 4-22-14 rules legislature has standing
- August 26 – State Supreme Court

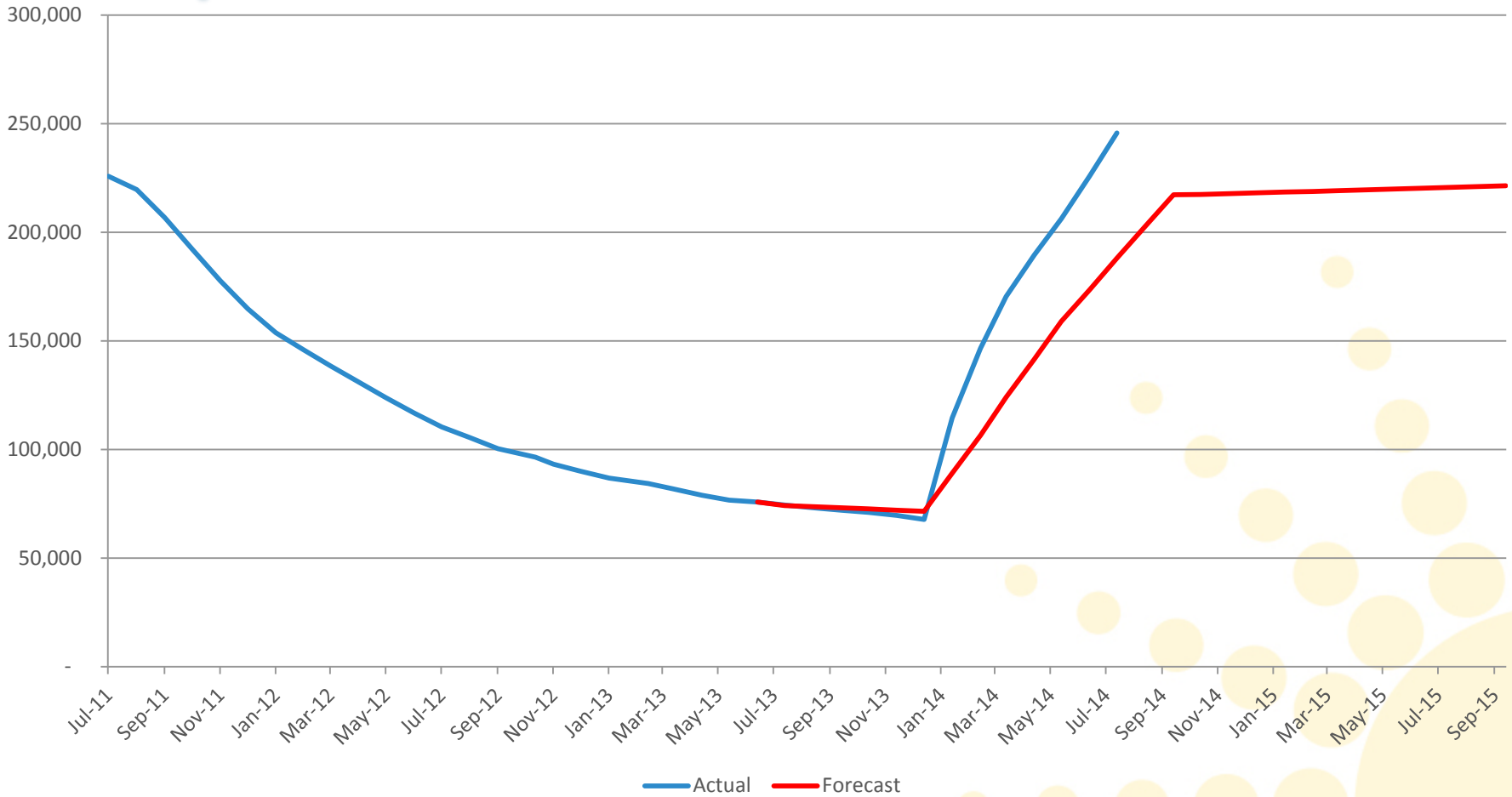
Medicaid Restoration

	12/1/2013	8/1/2014	Change
Prop 204 Restoration	67,770	248,788	181,018
Adult Expansion	0	27,281	27,281
KidsCare	46,761	2,012	-44,771
Family Planning	5,105	0	-5,105
AHCCCS for Families & Children (1931)	672,135	723,369	63,291
All Other	505,379	566,749	72,729
Total Enrollment	1,297,150	1,552,168	294,443

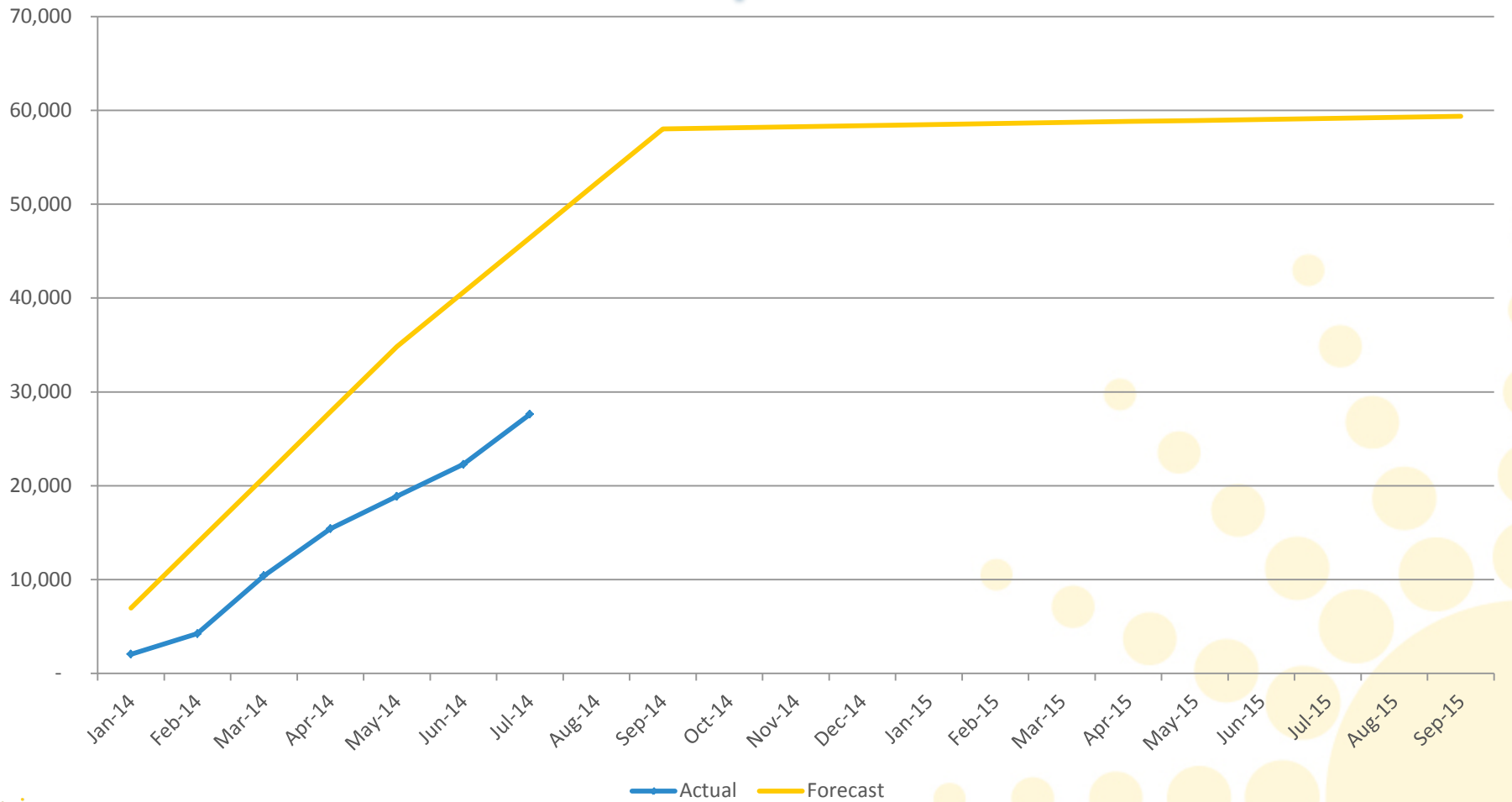
AHCCCS Enrollment Growth



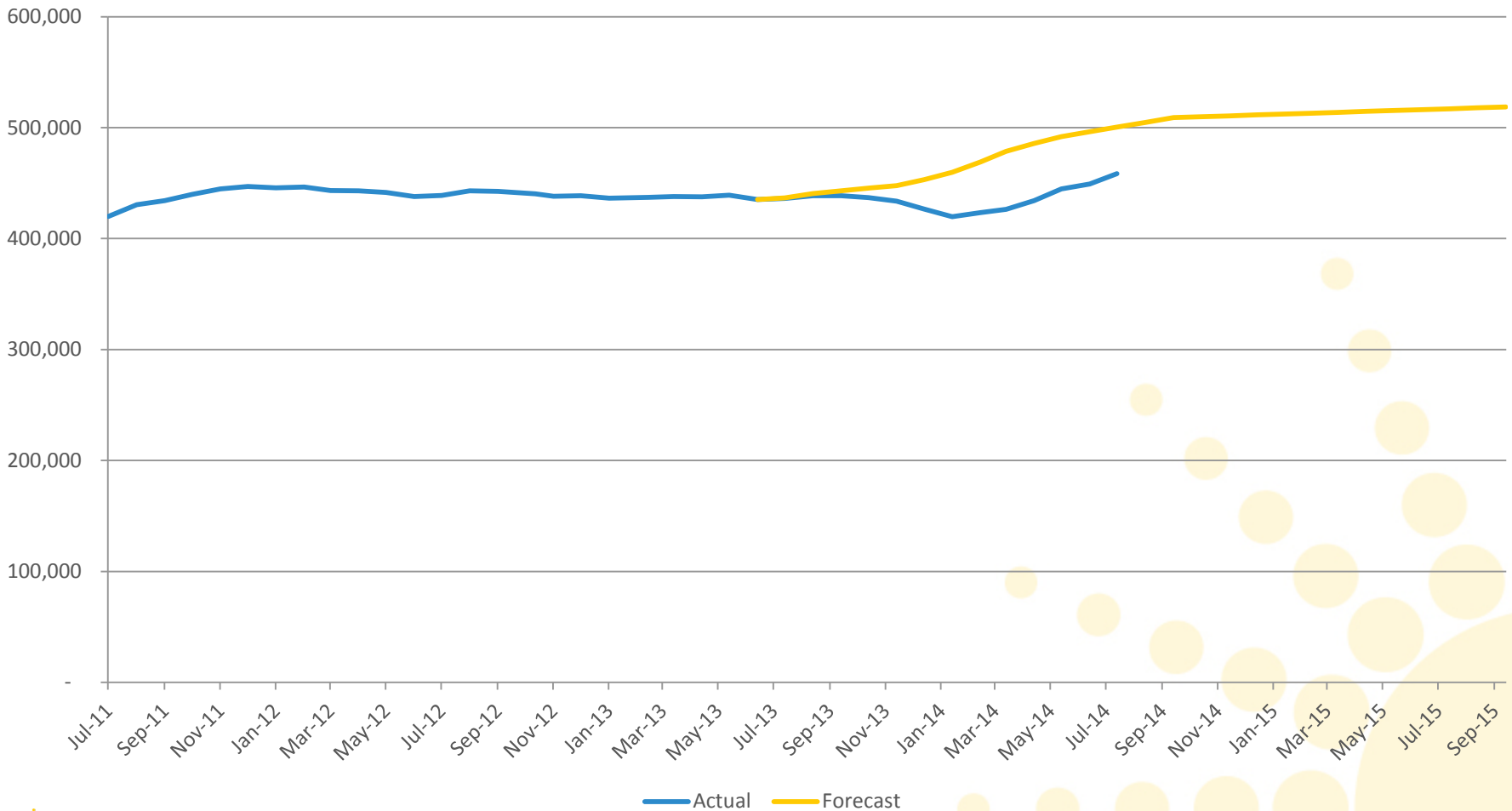
Prop 204 Adult Restoration



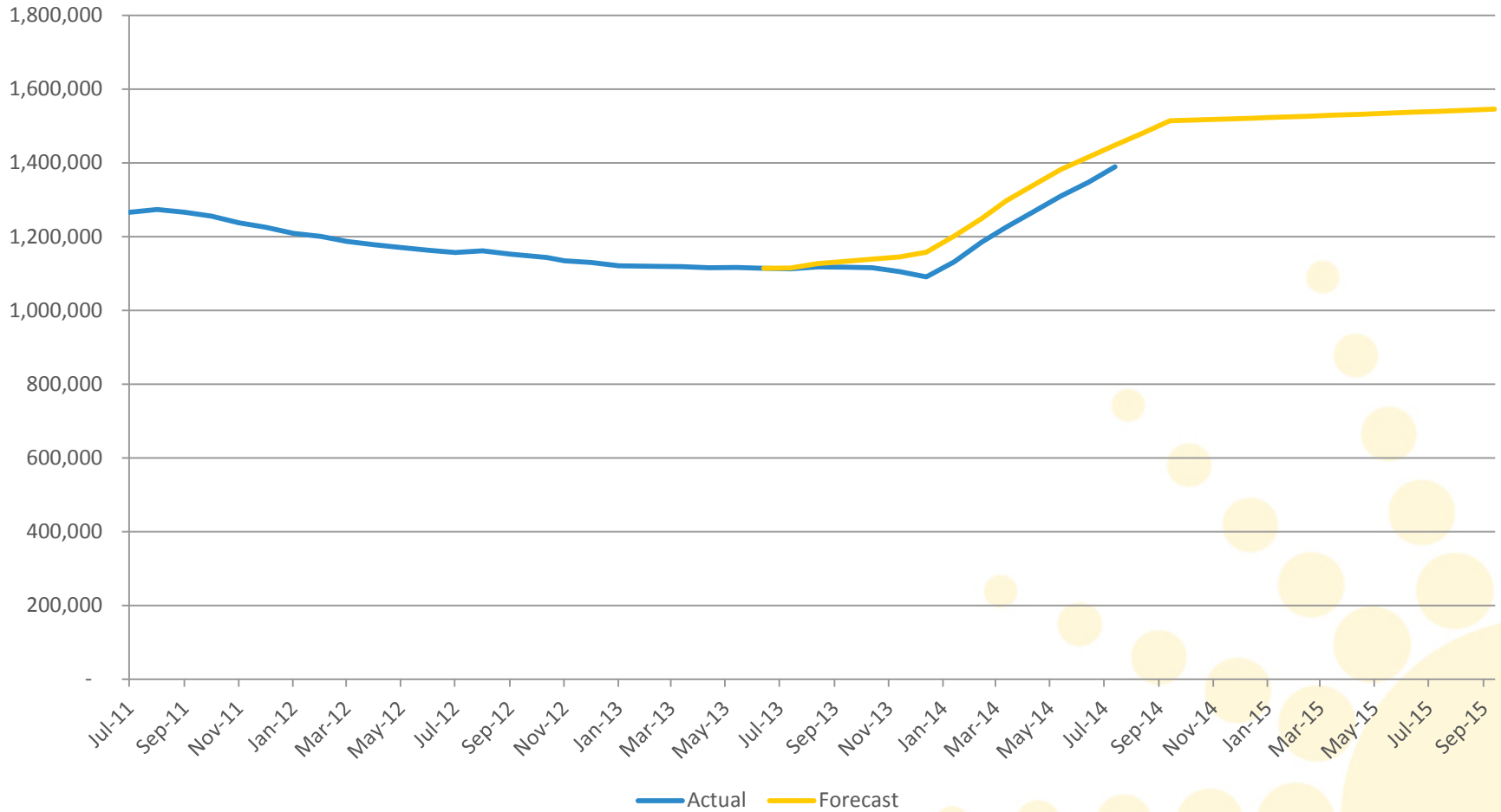
AHCCCS Adult Expansion



AHCCCS Traditional Families



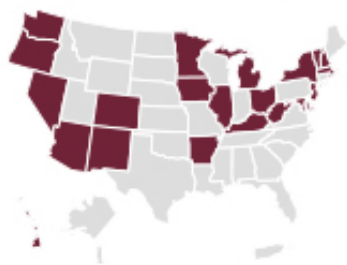
Total AHCCCS Acute



Medicaid / CHIP Enrollment

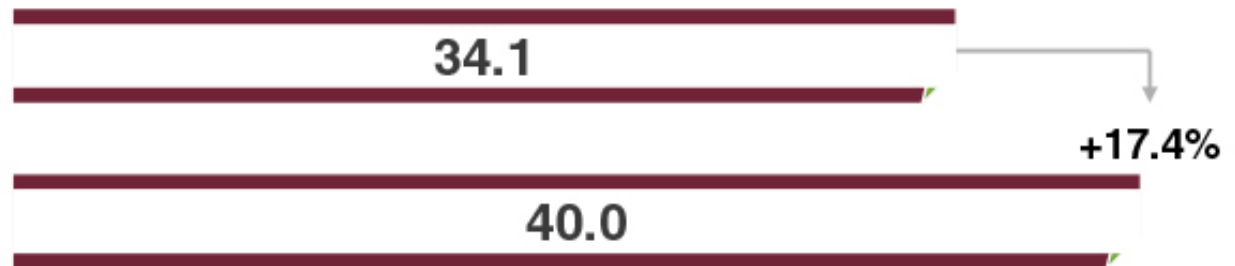
Millions of Enrollments per month

Expansion states
(24 states and DC)^{1,2}

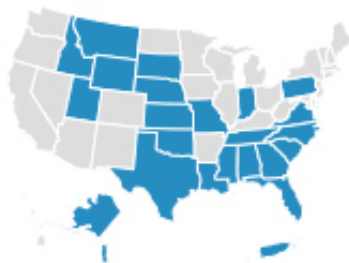


Avg. of
Jul –
Sept
2013

May
2014

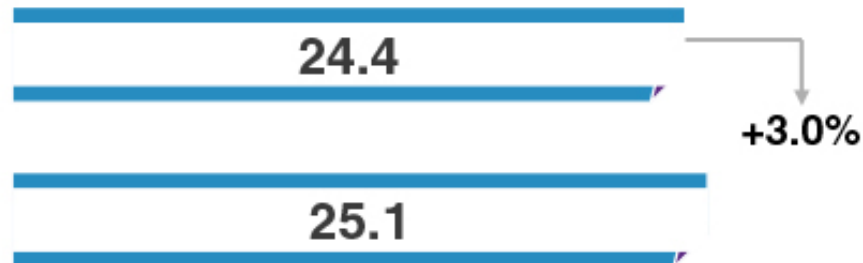


Non-expansion states
(23 states)^{1,2}



Avg. of
Jul -
Sept
2013

May
2014

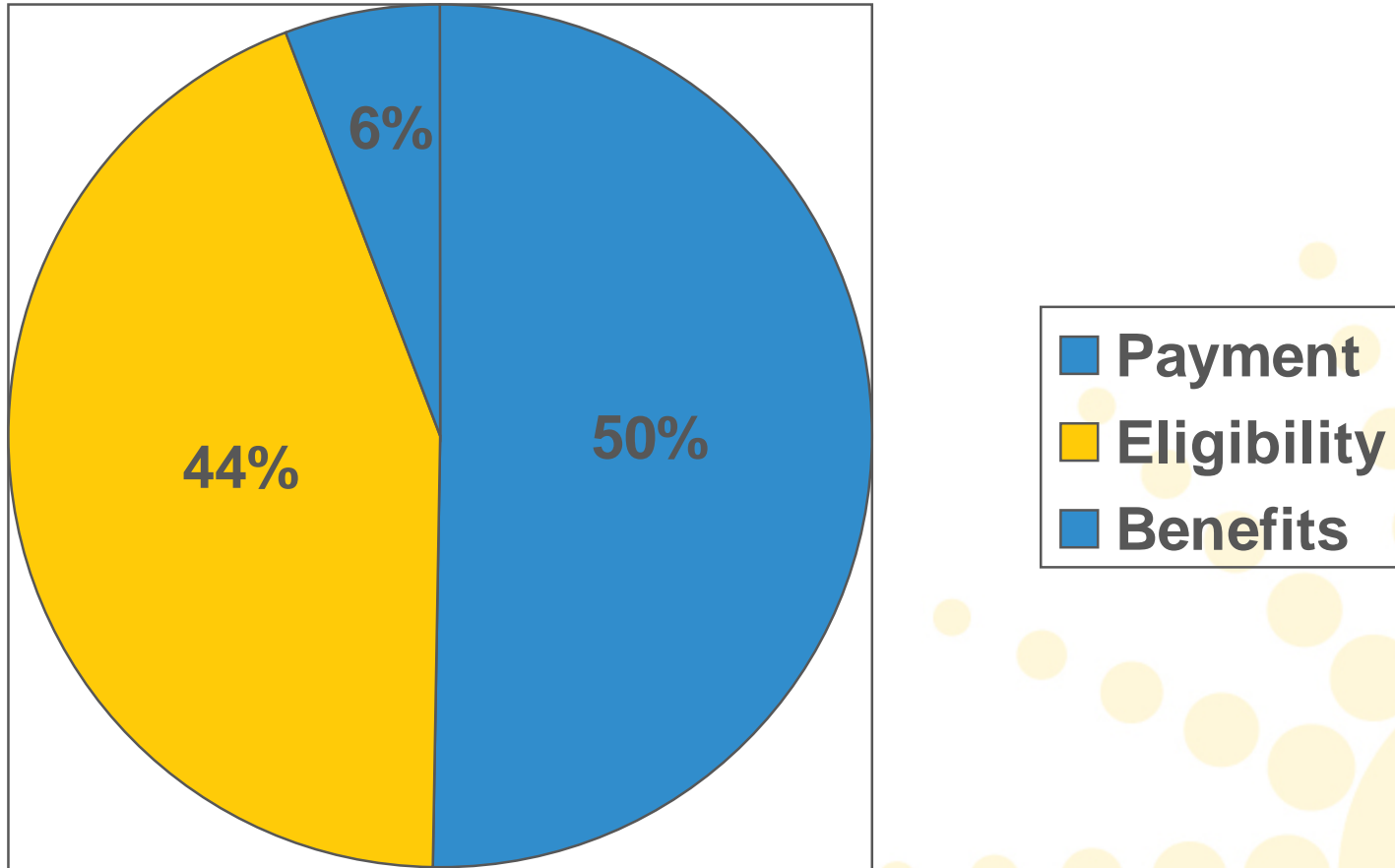


SOURCE: CMS Medicaid and CHIP: May 2014 Monthly Applications, Eligibility Determinations, and Enrollment Report (published July 11, 2014)

Budget Update

- FY 14 State revenues were **(\$113)** m below forecast – growth rate 2.8%
- K-12 Superior Court ruling for \$317 m in FY 2015
- FY 15 revenues predicated on 5.3% growth
- FY 15 budget assumed ending balance \$130 m
 - Revenue impact – **(\$49)** m deficit
 - K 12 ruling – **(\$366)** m deficit

Great Recession Budget Changes



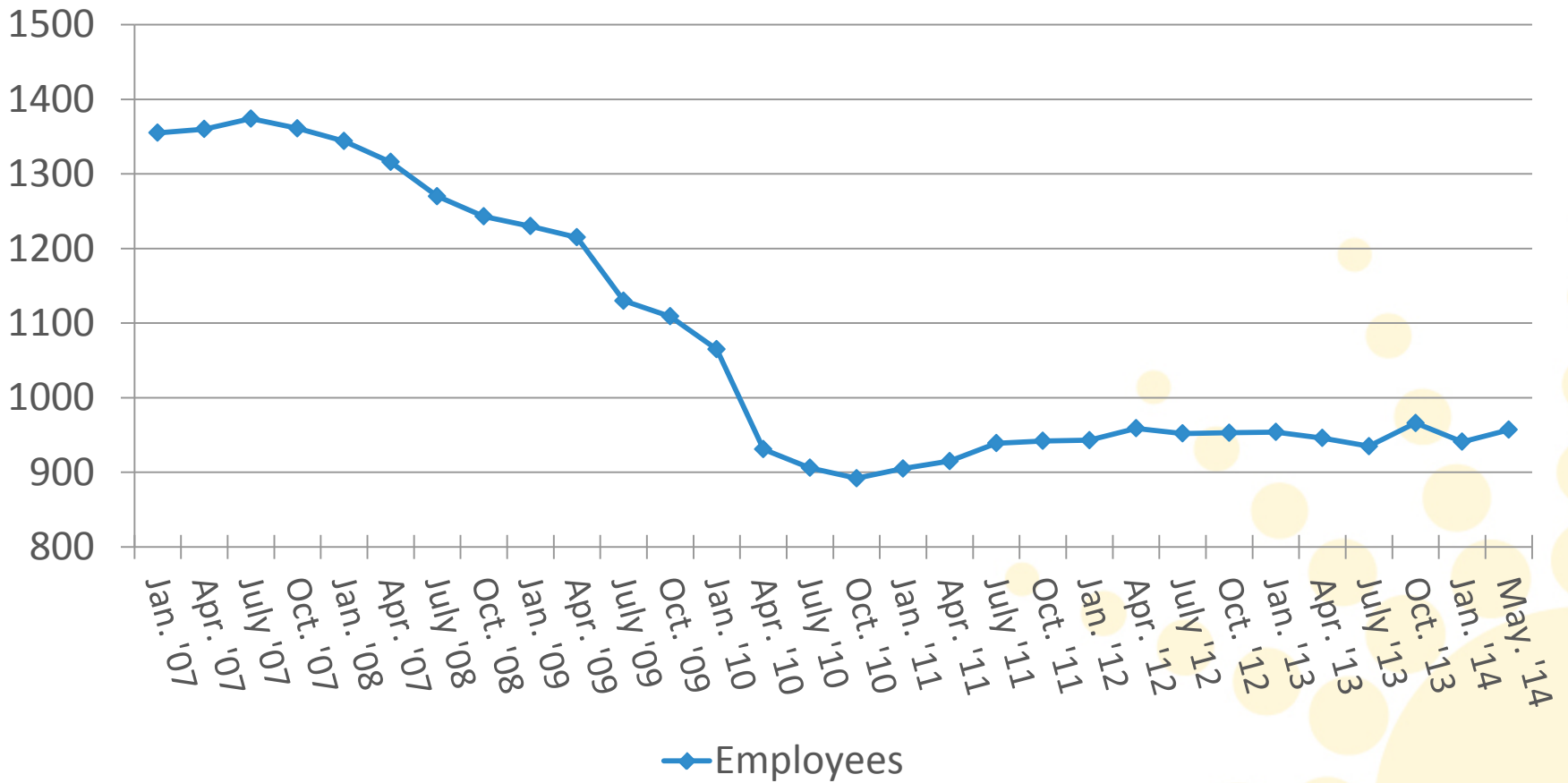
Budget Reduction Options

1. Eligibility – Freezes not an option – savings accrue to assessment
2. Optional Services – None left
3. Rate Reductions – see next slide
4. Administration – still one-third less staff

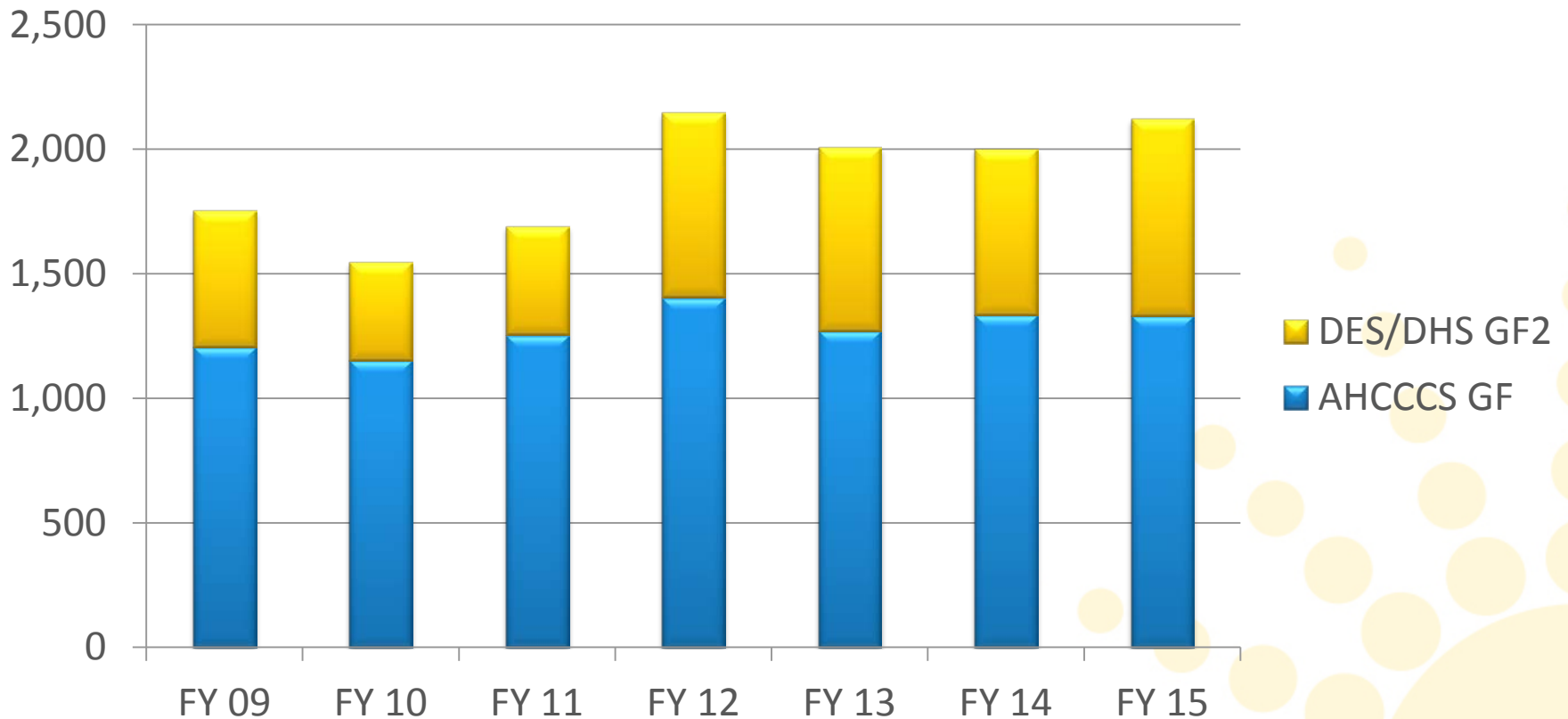
Provider Rate Changes (09-14)

Provider	Change	Provider	Change
Hospital IP	-10%	Emergency	22.3%
Hospital OP	-8.8%	NEMT	-11.6%
NF (EPD)	.5%	ASC	-.1%
Behavioral Health OP	-10%	Dental	-13%
Physician	-13.8%	FQHC	32.2%
PCP Parity	14%	Hospice	12.5%

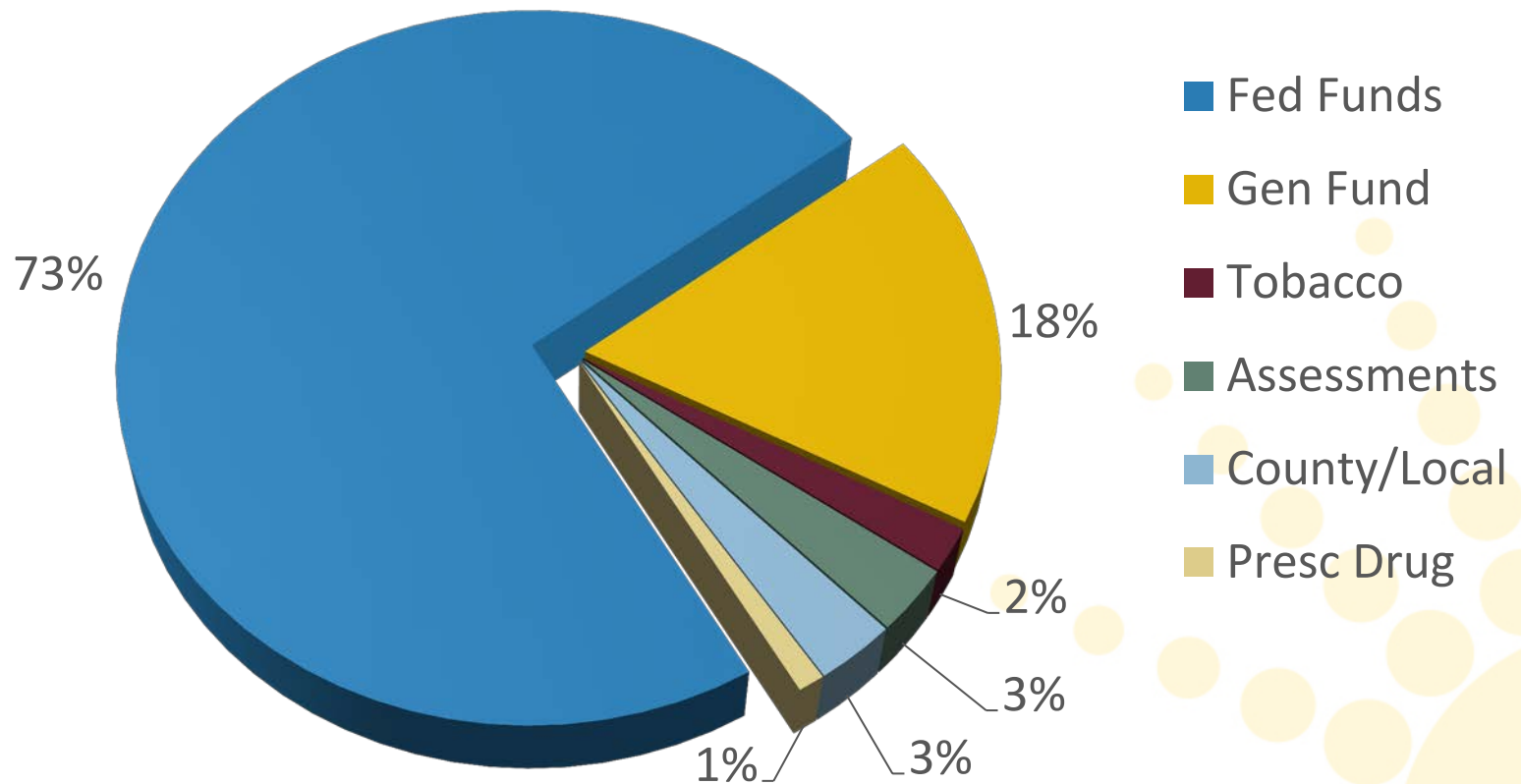
AHCCCS Staffing Levels



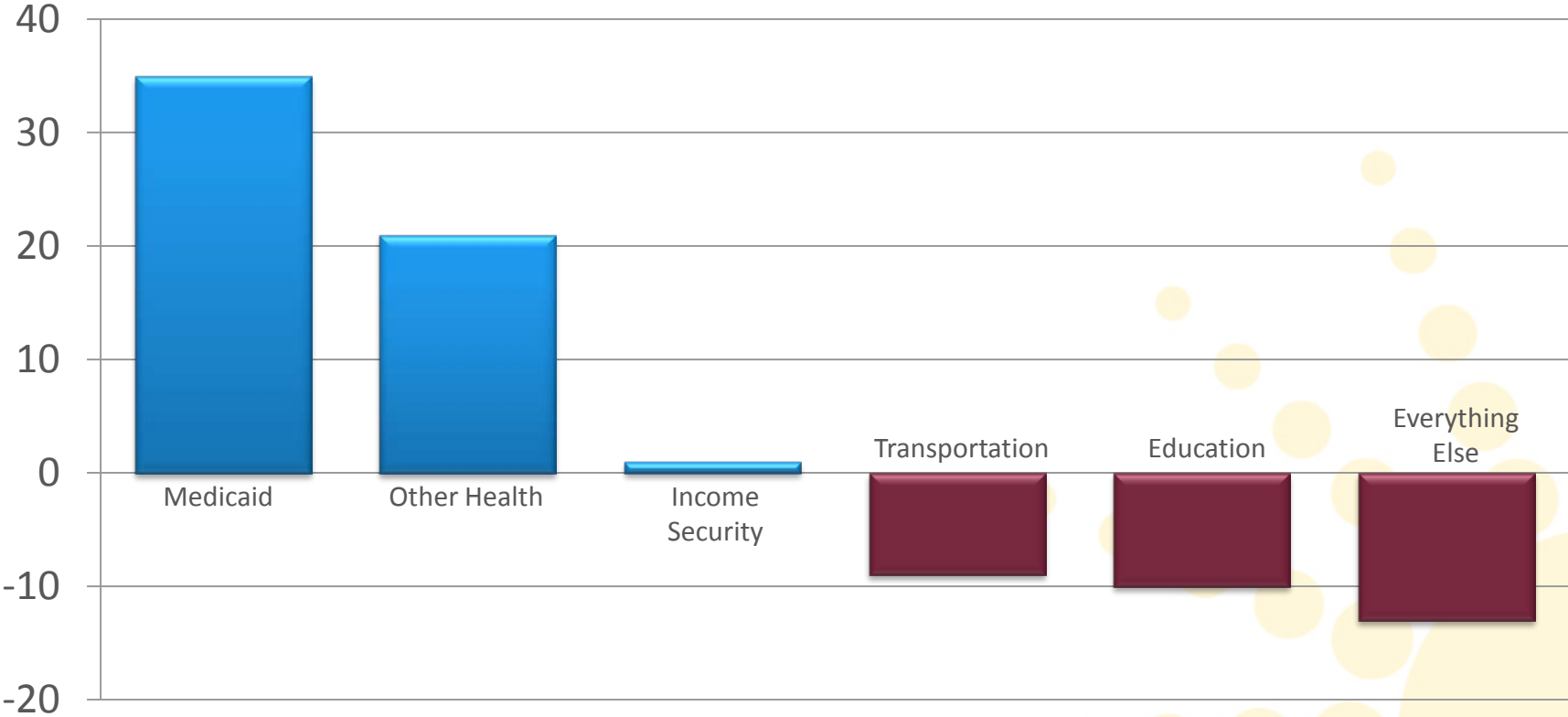
General Fund for AHCCCS Programs



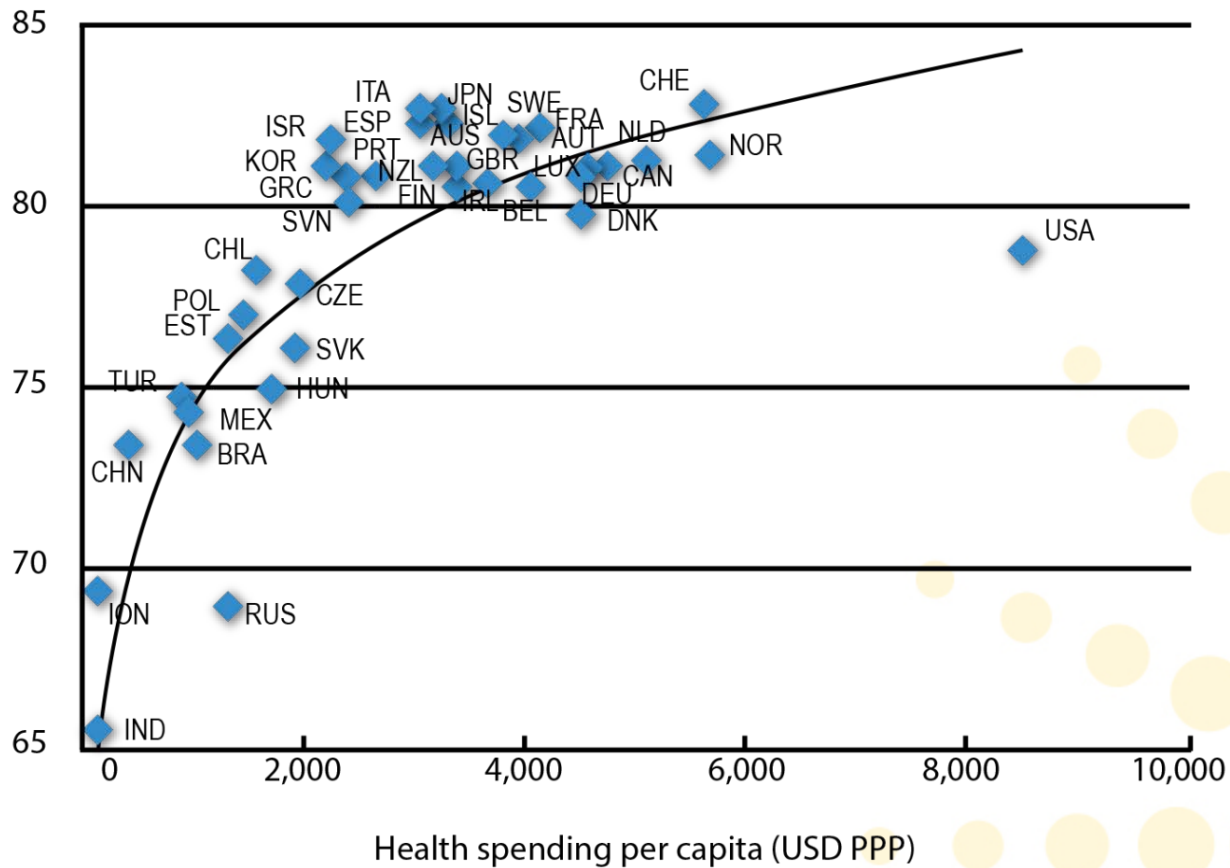
AHCCCS Funding by Source



Percentage Change in Federal Funding (2008-2014)

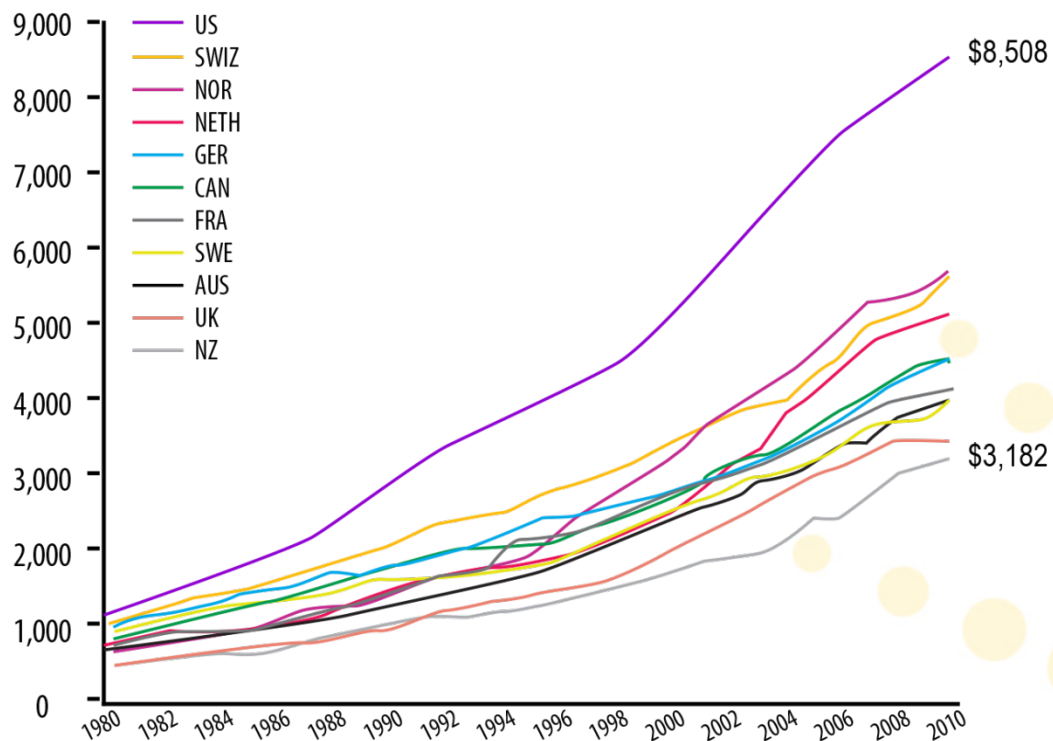


Life Expectancy in Years



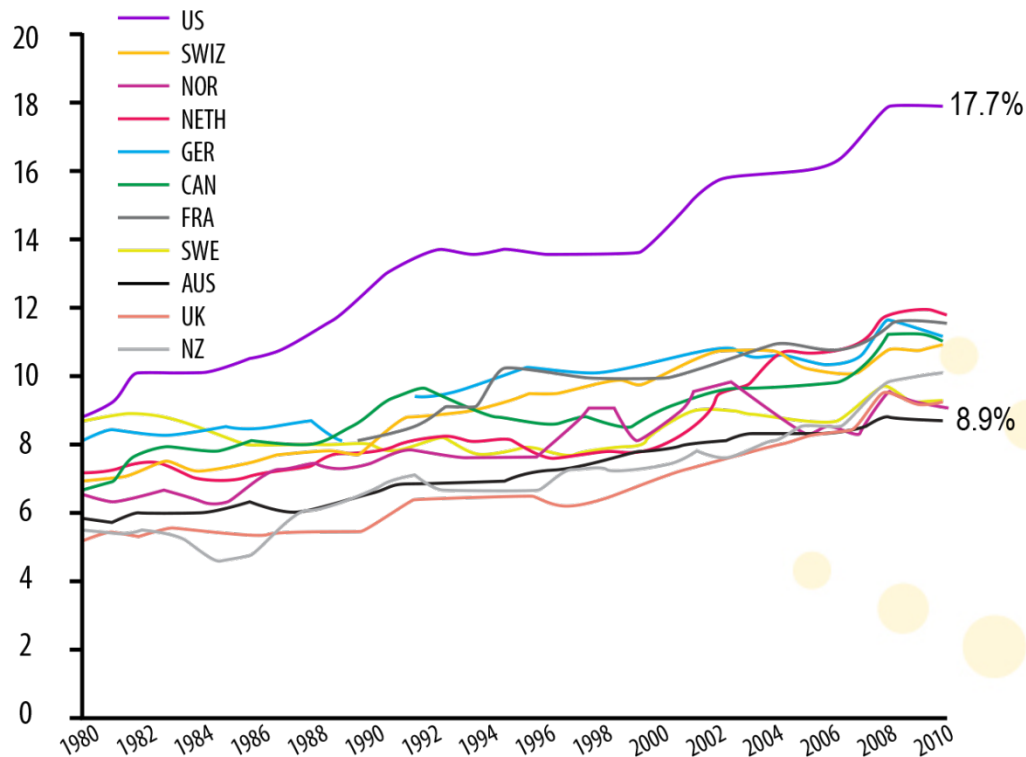
Reaching across Arizona to provide comprehensive quality health care for those in need

Average spending on health per capita (\$US PPP)



Note \$US PPP - purchasing power parity
 Source Organization for Economic Cooperation and Development, OECD Health Data, 2013 (Paris: OECD, Nov. 2013).

Top expenditures on health as percent of GDP

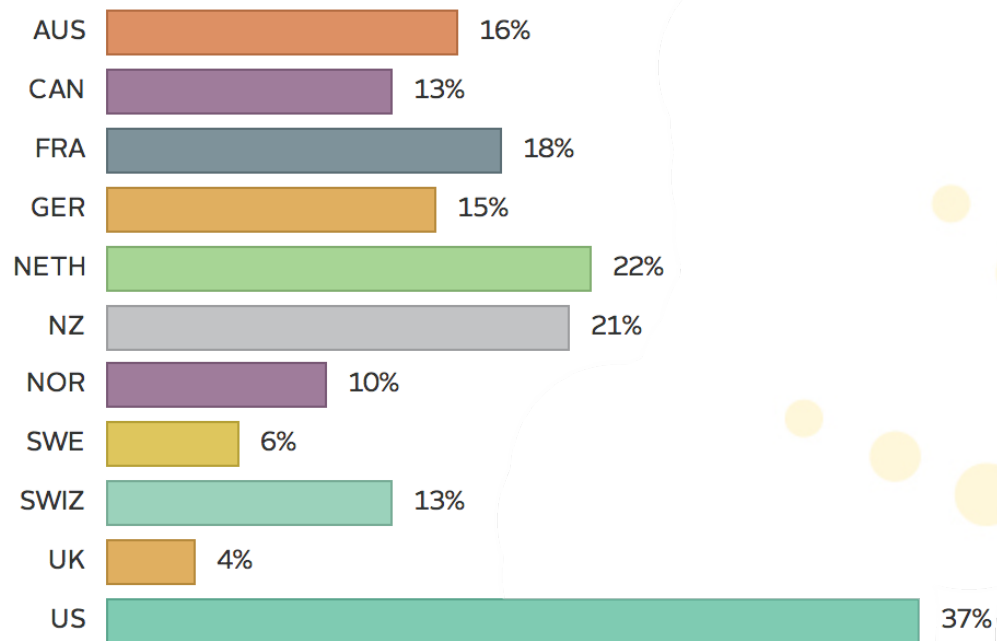


Note \$US PPP - purchasing power parity

Source Organization for Economic Cooperation and Development, OECD Health Data, 2013 (Paris: OECD, Nov. 2013).

America ranks worst on cost-related problems

Percent of residents who “did not fill a prescription; skipped recommended medical test, treatment or follow-up, or had a medical problem but did not visit a doctor or clinic in the past year because of cost.

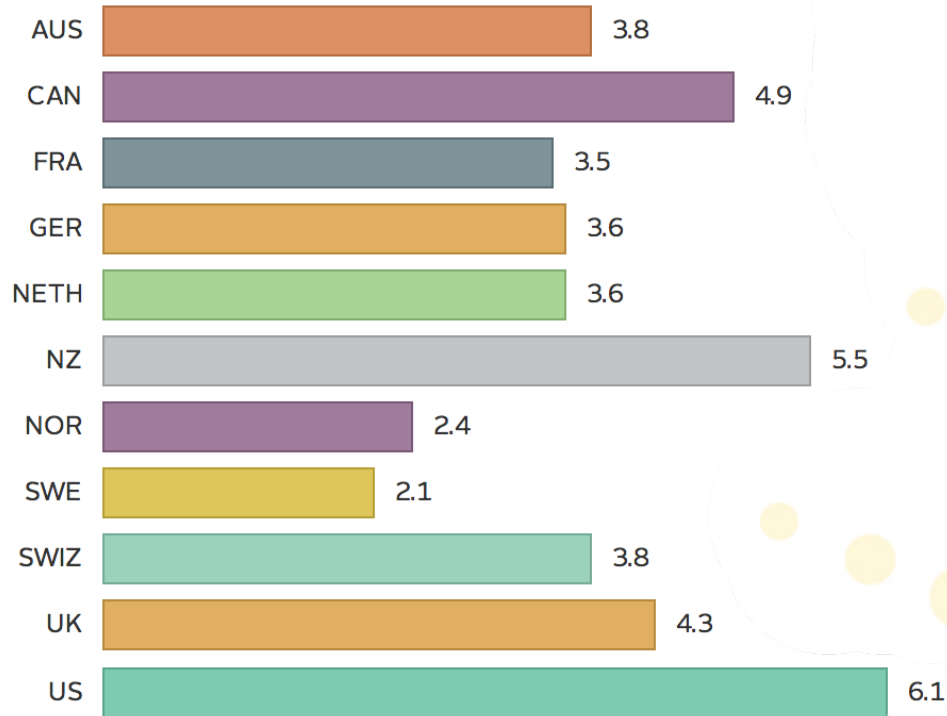


Source: The Commonwealth Fund

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

Infant mortality rates

Deaths per 1,000 live births

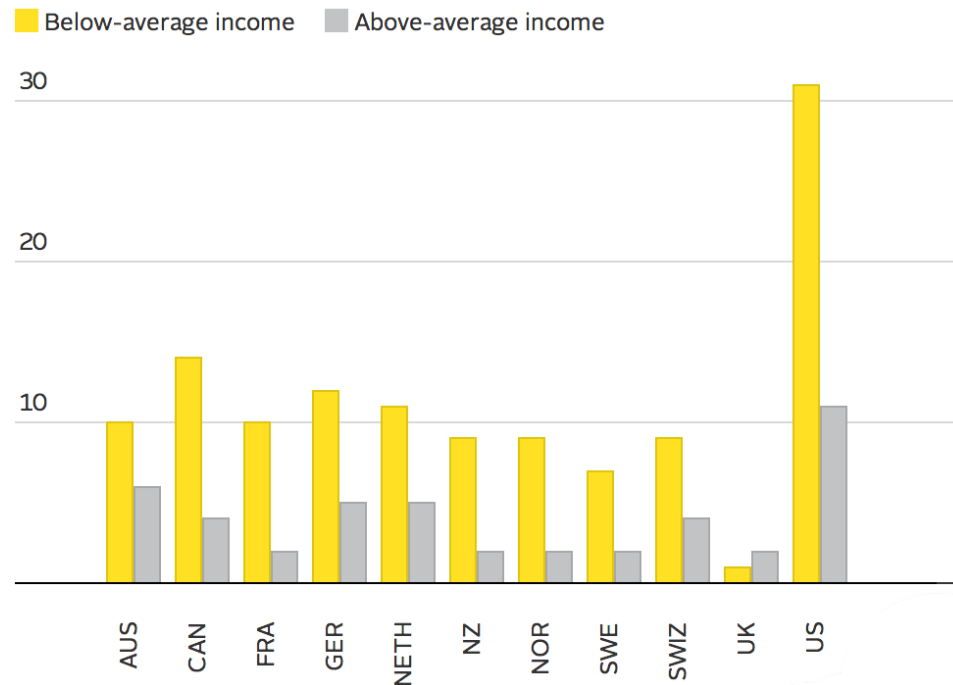


Source: The Commonwealth Fund

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

America's health care system is the least equal

Percent of patients who "did not get recommended test, treatment, or follow-up because of cost in the past year."



Source: The Commonwealth Fund,

SIM Overview

- CMS established State Innovation Model (SIM) Initiative for multi-payer efforts around payment reform and health system transformation.
- Goal is to achieve statewide transformation for the preponderance of care delivered within the state and:
 - Improve health
 - Transform delivery system
 - Lower costs

SIM Round 2

- Round 2 applications due July 21, 2014 – Model Test award period of 48 months
- Model Design: Up to \$30 million for up to 15 states (\$1-\$3 million per state)
- Model Test: Up to \$700 million for up to 12 states (\$20-\$100 million per state based on state population and scope of proposal)

Arizona SIM Vision

Accelerate the delivery system's evolution towards a value-based integrated model that focuses on whole person health in all settings regardless of coverage source.

SIM Strategies

Strategy	Funding
Implement SHIP strategies to accelerate transformation	\$ 5 million
Accelerate use of HIT/HIE in delivery system – BH emphasis	\$ 10 m
Competitive grants to large provider systems that partner with community based behavioral health providers	\$20 m
Workforce initiatives – training and best practices	\$7.5 m
EMS Partnerships for ED diversion	\$2 m
Accelerate care coordination for high need adults	\$6 m
QHP/Medicaid Care Coordination transition	\$2 m
Enhance and expand American Indian care coordination	\$3 m
Fund 4 regional care coordination models	\$10 m
American Indian Health Plan member education	\$1 m
Justice System Care Coordination	\$5 m
Value Based Payment Modernization	\$5 m



Arizona SIM Measures of Success

Strengthening Population Health

1. Obesity – Since 1993 the 19% increase in obesity is the largest increase in the US
2. Substance Abuse – From 2006-2010 number of deaths from presc. drugs up 141%
3. Diabetes – Rate of AI death from Diabetes
4. Smoking Cessation – 2002-2010 - Adult smoking down from 23.1% to 15%
5. CAHPS Results
6. Incarceration Recidivism

Arizona SIM Measures of Success

Transforming Health Care Delivery System

1. Percent of Spend- number of providers in shared savings
2. Increased use of e-prescribing
3. Increase connection to HINAZ-BHINAZ
4. Increase providers and hospitals achieving MU
5. Increase I.H.S and 638 facilities NDC reporting
6. Reduce IP readmissions per capita
7. Reduce preventable drug adverse reactions
8. Increase members with SMI in permanent housing

Arizona SIM Measures of Success

Decreasing Per Capita Spending

1. Reduce ED visits with non-emergent diagnosis
2. Reduce overall costs per capita for super-utilizers
3. Maintain Medicaid program PMPM at the cost of inflation

NEMT

- Started Recertification process
- Providers raising issues on CPR/First Aid
- Looking to streamline based on Weights and Measures requirements
- Held 3 public meetings on proposed procurement of NEMT broker for FFS

CMS Managed Care Regs

- Draft Regs to be out this calendar year
- CMS has discussed
 - Rates – MLR – data sources
 - Consumer Protections – member choice counseling
 - Program Integrity – recoveries
 - MLTSS -

Other

- BH Waiver Update
- CMS Visit to review BH Integration
- MACPAC Visit – September Long Term Care
- Banner-UFC Update
- CMS Manage Care Rules