

# Arizona Health Care Cost Containment System



# Quarterly Report

July 1, 2000 - September 30, 2000

**Phyllis Biedess, Director**  
**November, 2000**

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# Executive Summary

This Quarterly Report covers the period from July 1, 2000 through September 30, 2000. This quarter's activities consisted of the continuation of several important projects. Having awarded contracts to three health care organizations to provide services to Maricopa County ALTCS members who are elderly or have physical disabilities, this quarter the AHCCCS/ALTCS staff completed the process of notifying all members of their enrollment choice of program contractors and assisting members and families in making their choice. The pre-choice survey of Maricopa County ALTCS members was completed as well. The Hawaii/Arizona Project, HAPA, continues with a projected "go live" date of December 2000. And, all major delivery system contracts such as health plan, program contractor, Department of Economic Security/Division of Developmental Disabilities and the Arizona Department of Health Services/Behavioral Health Services contracts were renewed for an additional year.

AHCCCS continues to work with our external business partners on projects such as the implementation of the Health Insurance Portability and Accountability Act and the implementation of direct billing for Medicaid services provided in the public schools. In addition, AHCCCS and the Arizona Department of Health Services have undertaken several actions aimed at improving service delivery within the children's behavioral health system.

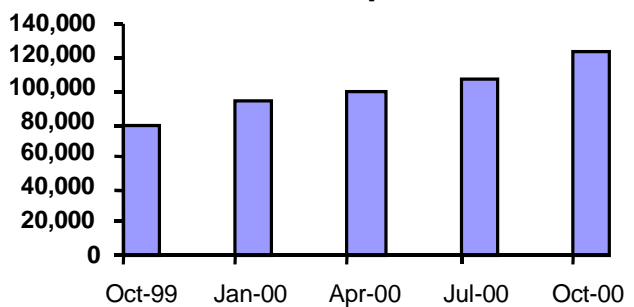
## AHCCCS Population

On October 1, 2000, the AHCCCS Title XIX population totaled 483,076 individuals. This included 453,073 individuals in the acute care program and 30,003 ALTCS members.

During the quarter, the AHCCCS Title XIX population increased by approximately 5% from 460,533 individuals on July 1, 2000. There has been a growth of approximately 12% in the total AHCCCS Title XIX population within the past year. Families with children qualifying under Section 1931 of the Social Security Act increased 55.7% from October 1, 1999 to October 1, 2000 (See Table 1). Factors contributing to this growth include:

- 1) Redeterminations are scheduled less frequently so fewer members are discontinued for failure to keep appointments;
- 2) Staff are reviewing cases of families whose benefits have been terminated; and
- 3) Staff are increasing their attempts to contact families who do not keep appointments.

**Table 1**  
**1931 Population**



# New Developments

## Health Insurance Portability and Accountability Act (HIPAA)

This 1996 administrative simplification Act standardizes the administrative and financial health care transactions in order to reduce the costs and administrative burden of health care. The transactions covered by HIPAA include health care claims, claims payments, enrollment, and eligibility, among others. The provisions apply to all health care plans, including Medicare and state Medicaid agencies, health care clearinghouses, and health care providers that transmit in electronic form any health care information covered by HIPAA. The rules include standards for electronic submission of health care transactions, code sets, identifiers for recipients, providers, and payers of health care services, and security and confidentiality issues around health care data.

Implementing HIPAA will standardize the format of our interface files with external entities, which will be especially helpful when new providers or health plans want to submit data – they will already be using the healthcare data standard format. In addition, HIPAA will define the standard security requirements and enable us to properly safeguard the data entrusted to us as required by our federal business partners.

### Status

During this past quarter, ISD has assigned a Project Director who has been dedicated solely to the HIPAA implementation effort. In addition, several members of the ISD management team attended the X12N transaction and code set training sponsored by HCFA in San Francisco in August. The required Project Investment Justification (PIJ) containing the high-level budget and resource estimates was submitted to the Arizona state Government Information Technology Agency (GITA).

Though not completed, work efforts have begun on the following tasks:

- Development of the overall HIPAA implementation workplan
- Evaluation of consultant firms to assist in the Gap-Analysis tasks
- Conducting HIPAA informational sessions for other AHCCCS division personnel
- Formation of a HIPAA Issues Task Force composed of AHCCCS staff and AHCCS' external business partners, including health plans and program contractors

## Medicaid in the Public Schools

Effective July 1, 2000, the AHCCCS Administration will directly reimburse Arizona school districts and charter schools for providing speech, occupational and physical therapies, nursing services, attendant care services, behavioral health services, and transportation services to IDEA and Medicaid eligible children. The AHCCCS Administration is looking at adding other Medicaid services, such as durable medical equipment and case management services, in the future. To assist the school districts and charter schools in the billing of approved services, the AHCCCS Administration is in the process of contracting with a third party administrator.

## The Reorganization of the Office of Medical Management

The Office of Medical Management (OMM) has completed its reorganization. Activities will be realigned under four major units:

- Clinical Quality Management – oversight of both ALTCS and acute care issues such as complaints, plan oversight, performance measures, clinical studies and the maternal and child health area
- Medical Policy/Clinical Technology – develops provider standards, reviews clinical technology, interprets benefits, develops medical policy and drafts rules
- Clinical Services Management – handles prior authorization, reinsurance, transplant and ALTCS medical issues
- Clinical Research and Data – providing data analysis, external and internal research and reporting

## Updates

### Hawaii/Arizona PMMIS Alliance (HAPA) Project

Hawaii and Arizona have entered into an agreement to implement the AHCCCS Prepaid Medicaid Management Information System (PMMIS) for the State of Hawaii Medicaid program through a joint effort of Hawaii Department of Human Services and AHCCCS. Both states expect to benefit from the enhancements that are required to support Hawaii, and together they will share the ongoing maintenance and operation of the system.

#### Status

During this quarter:

- The programming and unit testing of the Recipient, Health Plan, Encounter and Provider subsystems was completed.
- A ConnectDirect communications link was established with Med-QUEST.
- The Hawaii's Call Center and Member File Integrity Section staff were trained.
- Revised versions of the user manuals and training guides were completed.

Currently, both Hawaii and Arizona staff are participating in extensive testing activities, Hawaii focusing on a set of comprehensive scenarios for their program, and Arizona focusing on regression testing to ensure that their program still runs correctly.

The project is slightly behind schedule due to a restructuring of the User Acceptance Test. The Readiness Review is scheduled for early November, with a projected December 'go live' date.

## **Fraud and Abuse**

The Office of Program Integrity (OPI), in cooperation with the Office of Managed Care, finalized changes to the AHCCCS Policy for the Prevention, Detection and Reporting of Fraud and Abuse. The most significant changes to the policy address the role of the health plan and program contractor fraud and abuse coordinators. Among other requirements, Contractor fraud and abuse coordinators will now be responsible for:

- Reporting directly to the organization's CEO or equivalent on fraud and abuse related issues;
- Having independent authority to report suspected member or provider fraud and abuse;
- Overseeing and monitoring the organization's fraud and abuse program;
- Ensuring an internal reporting procedure, that is well defined, is known to all employees;
- Having authority to review all documents that are relevant to a potential fraud and abuse matter; and
- Maintaining and monitoring a fraud and abuse tracking system.

## **Acute Care Program**

### **Operational and Financial Reviews**

Final Operational and Financial Review reports were issued during the quarter for Arizona Physicians, I.P.A., Mercy Care Plan, Arizona Health Concepts, and University Family Care. These were the last reports issued for the CYE 00 Operational and Financial Reviews. A scoring tool was used to analyze the individual performance of each of the health plans during the review, and to allow a performance comparison of the health plans. The results of this review and analysis were shared with HCFA in early October. Work has begun on the CYE 01 Operational and Financial Reviews. A review tool is currently being developed for the reviews, which are scheduled to begin in February 2001.

### **Acute Care Contract Renewal**

The acute care contract renewals for the contract year effective October 1, 2000 were completed in September 2000. The contract renewal included the incorporation of programmatic changes and other policy clarifications. Along with the contract renewal, capitation rates were adjusted for inflation and utilization. The rates were also adjusted for programmatic changes such as the carving out all HIV/AIDS medications and the effect of the end of the hospital pilot program.

### **Member Survey**

The fieldwork for the AHCCCS Health Plan Member Survey was completed during the quarter. Preliminary results were received and shared with the health plans. Initial results reflect a very high level of overall member satisfaction with the health plans. The final results, and final report on the survey, are due at the end of the year.

# ALTCS Program

## ALTCS Competitive Bid (excluding Maricopa County)

A team was formed and has began meeting to develop the Request For Proposals (RFP) and the evaluation tools that will be used when the rest of the state (excluding Maricopa County) is competitively bid. A public meeting to discuss the process and obtain to feedback is being planned for November 2000. It is expected that the RFP will be released February 2001 and awards will be announced May 2001.

## The ALTCS Program Promotes Choice to Members

As noted in the last Quarterly Report, Arizona Long Term Care System (ALTCS) recipients who are elderly and physically disabled and live in Maricopa County will be able to choose from among three managed care organizations for the provision of ALTCS services. On June 1, 2000, AHCCCS awarded contracts to Lifemark, Maricopa Long Term Care and Mercy Care Plan to serve some 9,600 ALTCS members in Maricopa County. During this quarter, the AHCCCS/ALTCS staff completed the process of notifying all members of their enrollment choice of program contractors and assisting members and families in making their choice. Through the efforts of AHCCCS' Division of Member Services, over 99% of the EPD population in Maricopa County made an affirmative choice indicating which of the program contractors they wanted to provide their care.

During this time period, the Office of Managed Care (OMC) and the Office of Medical Management (OMM) conducted readiness review with all three program contractors to ensure all organizations meet the necessary AHCCCS/ALTCS requirements to continue or begin serving members on October 1, 2000. AHCCCS staff also met regularly with management staff and transition coordinators of the three program contractors to address issues of member transition and administrative concerns. These meetings will continue through early December when the last of the members enrolled in the ALTCS program prior to October 1, 2000 will be transitioned to their new program contractor.

### Long Term Care Survey

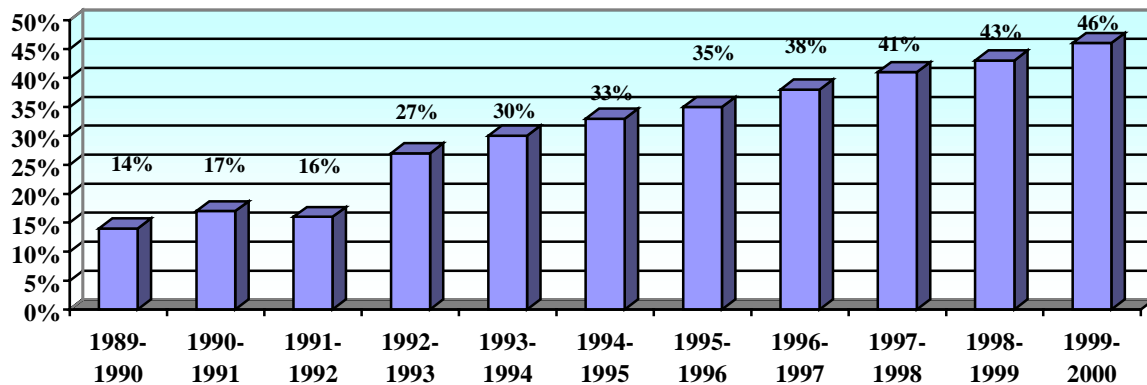
Not long after AHCCCS began planning for multiple ALTCS contracts in Maricopa County, AHCCCS realized we had an opportunity to assess our long term care program "before choice" and afterward as well. Earlier this year, AHCCCS applied for and received a grant from the Flinn Foundation to conduct two surveys of the Maricopa ALTCS recipients: one before October 1, 2000, the other a year later, after recipients have had an opportunity to make a wider range of choices. The surveys will ask a broad range of questions dealing with satisfaction with the case manager, doctor, caregiver either in one's own home, an alternative residential setting or a nursing facility. Health Services Advisory Group has received the contract to conduct the surveys in coordination with AHCCCS and an advisory group of national experts. The pre-choice survey was conducted in August and September. Over 1,000 members or members' significant others were interviewed by telephone. The analysis of the survey results will be completed in January 2001.

In addition, AHCCCS was funded to conduct focus groups with babyboomers. The goal is to assess how to provide long term care information and what the babyboomers want for long term care services in the future.

## ALTCS EPD HCBS Cap

As the ALTCS EPD members are provided more opportunities to receive needed services in the community, the percentage of members remaining in their own homes or alternative residential settings continues to grow. From the inception of the ALTCS program in 1989, the percentage of EPD ALTCS members receiving services in the community has increased over 200% (14% to 46%). (See Table 2)

**Table 2**



## Operational and Financial Reviews

During this quarter an Operational and Financial Review was conducted at Pima Health Systems. The reviews of Yavapai County Long Term Care and Cochise Health Systems were finalized. The reviews focused on areas in which the program contractors previously had low levels of compliance, new contractual requirements for CYE 2000, and areas deemed by AHCCCS to be of critical importance.

The program contractors generally had excellent levels of compliance with new CYE 2000 contractual requirements. There were two areas where there were patterns of difficulty in meeting contract requirements: member notification when services are denied, suspended, terminated, or reduced, and in EPSDT Behavioral Health monitoring. Corrective action plans have been received for these areas, and technical assistance will be provided. Two program contractors have received or scheduled inservice training from AHCCCS for member notification requirements.



## Contract Renewals

The Elderly and Physically Disabled (EPD) renewal documents and capitation rates for CYE 2001 have been completed. The Developmentally Disabled (DD) renewal is expected to be completed October 2000. AHCCCS staff has been meeting with the actuaries to finalize the DD capitation rate.

## Behavioral Health

### Children's Behavioral Health System Improvements

AHCCCS and ADHS/DBHS have undertaken numerous actions aimed at improving performance of coordinated assessments, treatment planning and service delivery within the children's behavioral health system. Following are the most recent actions taken:

- Raised the standard in administrative rule and in contract for the level of professional required to perform initial behavioral health evaluations
- Initiated changes in provision of coordinating care through use of an "assigned clinician" concept
- Initiated a proposal to allow certain certified Master's level behavioral health professionals to practice and bill independently in order to expand the network of specialty providers
- Added specific service codes to the matrix for psychology services and respite care
- ADHS has restated its commitment to improving the children's behavioral health service system by devoting additional state resources to provide state-wide training on the delivery of coordinated children's services
- The Children's Behavioral Health Intergovernmental Agreement (IGA) Executive Committee has accelerated the timeframes for implementing recommendations and monitoring improvements in the children's behavioral health system

### Independent Quality Audit

As required by HCFA, an Independent Quality Audit of the Arizona Department of Health Services/Division of Behavioral Health Services (ADHS/DBHS) was completed by an independent consultant approved by AHCCCS. The audit evaluated the appropriateness and efficacy of clinical programs and services for pregnant substance-abusing women in Arizona. The Behavioral Health Unit has reviewed the audit report, noted areas of exemplary performance and has required ADHS/DBHS to develop and implement corrective actions to address key study findings needing improvement. At the request of ADHS/DBHS, the independent evaluator has also prepared a Technical Assistance Plan that will be utilized to improve the quality of care provided to pregnant substance-abusing women. AHCCCS will monitor the implementation of corrective actions taken as a result of the quality audit.

## **ADHS/DBHS Contract Renewal**

The AHCCCS and ADHS/DBHS contract renewal amendment for behavioral health services was finalized September 2000. The amendment, effective on October 1, 2000, reflects minor programmatic changes and includes two new attachments: The Behavioral Health Services Guide and the Technical Interface Guidelines (TIG) document.

The Behavioral Health Services Guide was created to provide both ADHS and its contractors with general information on the behavioral health component of the AHCCCS program. The TIG document describes specific technical and procedural requirements for use and transmission of electronic information between AHCCCS and ADHS.