

*ARIZONA HEALTH CARE  
COST CONTAINMENT  
SYSTEM*

**QUARTERLY  
REPORT**

**JULY 1, 2002 THROUGH SEPTEMBER 30, 2002**

**PHYLLIS BIEDESS, DIRECTOR  
SUBMITTED: NOVEMBER 2002**

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## EXECUTIVE SUMMARY

A review of the Balanced Budget Act (BBA) regulations was conducted in the quarter. An analysis of the impact will be completed by the end of December and implementation strategies will begin in January 2003.

The AHCCCS Title XIX enrollment figure increased to 779,758 members. This represents an increase of 5.6% over last quarter's enrollment figure of 738,556.

A new section covering Native American activities has been included to report on progress made in assisting Native Americans to obtain access to healthcare education and services.

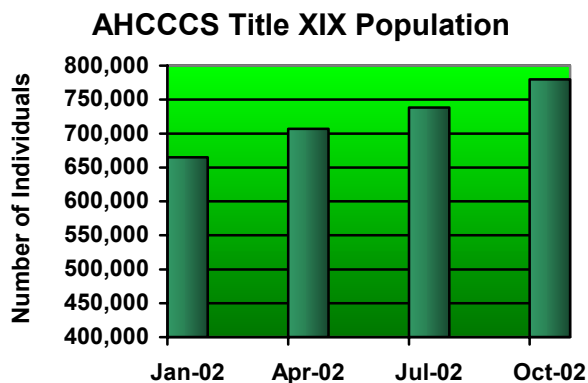
AHCCCS developed the *Application for AHCCCS Health Insurance* to simplify the application process for individuals and families. Based on feedback, AHCCCS developed a guide for the application that describes its purpose and instructs the user on how to complete the questions.

OPI continues to focus its audit efforts in two areas, one of which is payments to anesthesiologists. OPI's audit of payments to anesthesiologists has identified significant overpayments for obstetrical anesthesia services.

## NEW DEVELOPMENTS

### BBA

BBA implementation is included as part of the AHCCCS strategic plan. AHCCCS has established a BBA implementation team with representatives from all divisions. A high level review of the BBA regulations was conducted in the July and August of 2002. The individual divisions are currently in the process of reviewing and analyzing the BBA regulations in further detail. In addition, each division has established individual timelines. The analysis will be completed by the end of December and implementation strategies will begin January 2003.



## AHCCCS POPULATION

On October 1, 2002, the AHCCCS Title XIX population totaled 779,758 members. This represents an increase of 5.6% over last quarter's enrollment figures. This number includes 744,113 individuals receiving Acute Care services and 35,645 members receiving Arizona Long Term Care System (ALTCS) services. Also included are 107,697 Native American members.

# Activities By Divisions

## Office of the Director

### Community Relations

The Community Relations Coordinator presented information on AHCCCS including Acute Care, ALTCS, Medicare Cost Sharing and KidsCare programs, to community groups, public and private organizations, governmental agencies and healthcare providers including:

- Healthy Mothers/Healthy Babies Coalition
- Arizona Liver Foundation
- AARP Community Meeting
- City of Phoenix Parks and Recreation
- African American Health Information System Coalition
- Arizona Academy of Pediatrics Annual Conference
- Community Colleges and School Districts in both Pima and Maricopa Counties
- Foundation for Senior Living
- Hispanic Women's Conference
- Arizona Attorney General's Office
- Arizona Council on Nephrology
- Blue Cross/Blue Shield
- City of Phoenix Parks & Recreation
- Pima County KidsCare Coalition
- Yuma County KidsCare Coalition
- Arizona Department of Juvenile Corrections
- Buckeye Community Health Fair
- Maricopa County Health Dept.
- Arizona Assoc. of Community Health Centers
- Tucson KidsCare Enrollment Project
- Phoenix Children's Hospital
- Governor's Commission on the Health Status of Women and Families
- Maricopa County KidsCare Coalition

In addition the Community Relations Coordinator:

- Assisted AHCCCS members with eligibility and services issues;
- Provided training on completing the AHCCCS application;
- Attended Freedom To Work Stakeholders Meeting;
- Participated in focus groups held by the City of Phoenix to gather comments on their proposed requirement for contractors/subcontractors to provide health insurance to their employees while working on City construction projects; and
- Collaborated with City of Phoenix Parks and Recreation Department to provide KidsCare information to each child that enrolls in their after school recreation program (121 schools)

The Community Relations Coordinator enhanced or established new collaborations with the following entities:

- Value Options,
- Yuma County KidsCare Coalition,
- Tucson Volunteer Center,
- Arizona Homeless Youth Health Collaboration (Tucson), and
- Scottsdale Prevention Institute.

## Office of Legal Assistance (OLA)

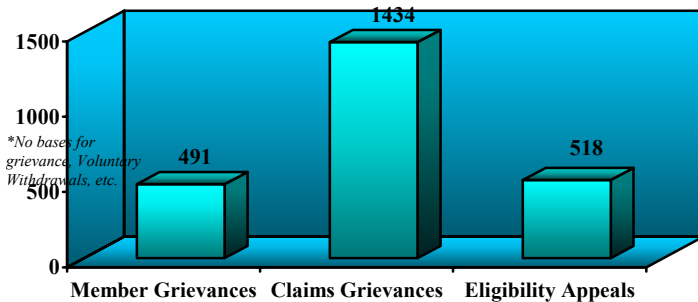
OLA received a total of 2,443 cases during the reporting period. Cases fell into one of three types: Member grievances, Claims grievances, and Eligibility appeals. (Chart 1)

Over 83% of the cases filed involved grievances regarding claims. OLA resolved 1,319 cases informally, eliminating the need for a formal hearing. (Chart 2)

The Director issued 713 decisions of which the majority of the decisions concurred with the Arizona Law Judges' findings. (Chart 3) and there were a total of 21 Final Decisions issued. (Chart 4)

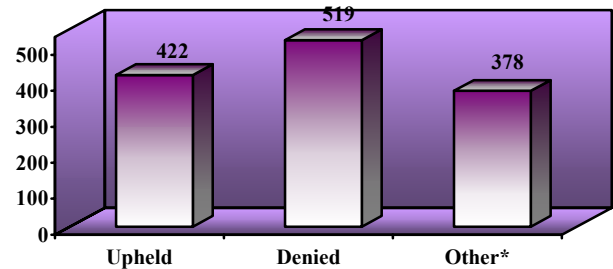
(Chart 1)

OLA Cases Received  
Total 2443



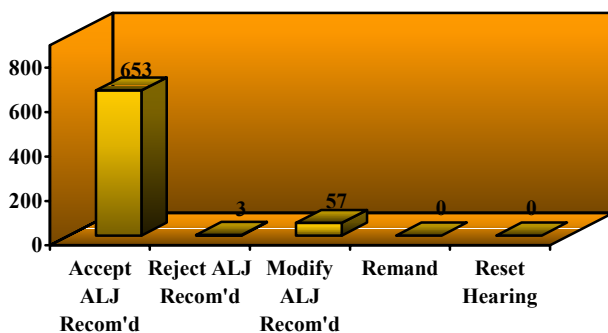
(Chart 2)

Informal Decisions Issued  
Total 1319



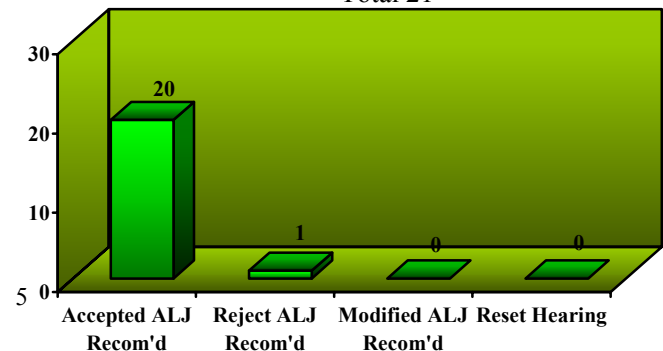
(Chart 3)

Director's Decisions Issued  
Total 713



(Chart 4)

Final Decisions Issued  
Total 21



## Office of Policy Analysis and Coordination

### Native American Activities

#### *Kickapoo Tribe*

The Kickapoo Tribe's name, which means "he who moves about" is a name for a group of Kickapoo tribal members that live in the southeastern border communities of Arizona.

Today, most tribal members live in Oklahoma. However, the Kickapoo tribe has opened a small satellite office in Douglas, Arizona to serve members living in Arizona and those who live south of the border, in Mexico.

In September 2002, the tribal health director invited the AHCCCS Native American Coordinator to provide an overview presentation of the AHCCCS programs. Due to the absence of an Indian Health Service (IHS) facility in the southeastern part of Arizona, Kickapoo tribal members expressed their interest in using an AHCCCS managed care plan, contracting with local providers in the surrounding communities.

#### *Native American Enrollment with Indian Health Service*

As of October 1, 2002, the number of AHCCCS Native American members enrolled with the Indian Health Service (IHS) is approximately 80,000. Despite decreases in some eligibility categories, a record number of Native American AHCCCS members continue to choose IHS as their AHCCCS provider.

The table below shows the most recent IHS enrollment figures by eligibility category. The highest number of enrollees continue to participate in the AHCCCS for Families and Children (AFC) 1931 category. Current enrollment reports show that an additional 1,403 members have been added since May 2002, totaling 48,167 members in the AFC category in October 2002.

The AHCCCS Care & Medical Expense Deduction (MED) category shows the next greatest increase in the number of Native American enrollees. Since May 2002, a total of 1,377 members were added to this category.

The AHCCCS Care and MED categories serve adults with income up to the federal poverty level, under an approved Medicaid waiver. The MED is the spend-down component. These programs were implemented last year as part of the AHCCCS Expansion (Proposition 204).

#### **IHS ENROLLMENT FIGURES**

AFC (1931)	SOBRA Children	SSI	AHCCCS Care & MED	FPS	SOBRA Women	KidsCare	Grand Total
48,167	5,254	11,760	11,088	774	606	2,138	79,787

## Member Services

### Web-Based Verification Project

The Web-Based Verification Project will offer providers an alternative method for obtaining eligibility and enrollment data, without the cost per transaction currently associated with MEDIFAX, and will provide a method to verify claims data, which is not currently available through the existing systems. The Web-Based Verification Project pilot program continued to be rolled out and 160 providers had signed up to use this system. As of the end of September, the average weekly activity was 249 eligibility inquiries and 52 claims status inquiries

The available capacity has reached 5,000 providers and by the end of December 31, 2002, the system will have the capacity to include 32,000 providers.

### Application for AHCCCS Health Insurance

AHCCCS developed the *Application for AHCCCS Health Insurance* to simplify the application process for individuals and families. Formerly known as the Universal Application, AHCCCS released Version I of the application in June 2001. Later in July 2001, AHCCCS assembled a Team Workgroup to work on the development of Version II of the application. The purpose of the workgroup was to develop an application that provided enough data to allow eligibility staff to screen potential eligibility for all AHCCCS programs as well as determine eligibility for most AHCCCS programs. This project streamlines the application process for individuals and families interested in applying for AHCCCS programs and makes the application more customer friendly and easy to complete.

AHCCCS released Version II of the *Application for AHCCCS Health Insurance* in December 2001. The AHCCCS Health Insurance Team evaluated the application to:

- Identify the application's strengths and weaknesses;
- Spot problems areas and suggest solutions;
- Provide information on met and unmet needs; and
- Demonstrate for executive management, administrators and developers what is working with the application.

Using a participant or user-centered strategy, AHCCCS targeted the external and internal users of the application. Users included applicants, persons assisting the applicant in completing the application form and the eligibility staff who process these applications. All feedback was considered and used to determine and influence what changes needed to be made to the application for the printing of Version III.

### *Suggestion Forms/Surveys/Interviews*

The Suggestion Forms/Surveys were mailed to the Arizona Department of Health Services, hospitals, community-based organizations, behavioral health agencies, and KidsCare

customers who completed the applications themselves. Also, AHCCCS randomly delivered Suggestion Forms/Surveys in the local eligibility offices and in the hospitals.

Interviews were conducted with DES Hospital staff and Children's Action Alliance.

### *Focus Group*

The workgroup conducted a two-hour focus group to interview AHCCCS and DES staff that use the application. The purpose of the focus group was to obtain feedback about the application as well as suggestions for improvement. Each page and section of the application was discussed with the focus group. An interactive approach was used that was helpful in clarifying and recording their comments/suggestions.

### *Recommendations from the Office of Civil Rights*

The Region IX Office of Civil Rights reviewed the application and provided AHCCCS with some recommendations to improve the application. AHCCCS took action in addressing each recommendation.

### **Conclusion**

Based on feedback and positive input from the above mentioned organizations, AHCCCS developed a guide for the application that describes its purpose and instructs the user how to complete the questions, making the application and process much more user-friendly. AHCCCS will be revising the guide to coincide with the changes made to the application.

## **Office of Program Integrity (OPI)**

### **Fraud and Abuse**

OPI continues to focus its audit efforts in two areas: durable medical equipment (DME) and payments to anesthesiologists. OPI is examining current credentialing practices as they relate to DME providers. Provisions of the new CMS managed care rule, which AHCCCS and its contractors must comply with by June 2003, may require more rigorous screening and credentialing of DME providers.

During the quarter, AHCCCS terminated the provider agreement of a nurse practitioner whose license was suspended by the Board of Nursing. The nurse practitioner, who was conducting business through a corporate entity, had been operating a home care business in rural Arizona. It was determined that it was not in the best interest of AHCCCS to continue contracting with this provider. The provider is also under active investigation by the Arizona Attorney General's Office, AHCCCS Fraud Control Unit.

Finally, working in cooperation with the AHCCCS' Office of Managed Care and the AHCCCS' Deputy Director, OPI developed proposed new contract provisions that bring AHCCCS contracts in line with the program integrity provisions of the new CMS managed care rule. Future contracts will mandate that contractors develop formal compliance programs that meet the seven elements specified in the rule. OPI has also scheduled a presentation promoting



the value and importance of compliance programs for October 16, 2002. The presentation will feature the Senior Vice President for Corporate Compliance and Ethics from Vanguard Health Systems.

## **Office of Managed Care**

### **Operational and Financial Reviews (OFRs)**

#### *ALTCS OFRs (ALTCS Unit)*

The ALTCS Review Team completed fieldwork for the Contract Year Ending (CYE) 02 OFRs. One review was conducted in September and OMC is finalizing the review. One review, which was completed in the previous quarter, was finalized in this quarter and AHCCCS expects to report on the outcome in a future report.

Planning began this quarter for the OFRs for CYE 03. ALTCS Unit staff conducted meetings with the various divisions at AHCCCS who conduct portions of the reviews and began to develop a new tool and review scheduling. The reviews will differ from previous years in that AHCCCS is determined to conduct more outcome oriented reviews, and additional reviews of previous year's corrective action plans are planned.

#### *Behavioral Health OFRs (Behavioral Health Unit)*

In September, AHCCCS conducted the annual OFR of Arizona Department of Health Services/Department of Behavioral Health Services (ADHS/DBHS). The review covered the period July 1, 2001 through June 30, 2002. Areas reviewed included: administration and training, contracts, data systems, grievance and member rights, fraud and abuse, finance, quality management, provider networks and member services. The final report will be forwarded to CMS upon completion.

AHCCCS' Office of Managed Care/Behavioral Health Unit (OMC/BH) participated in OFRs of the four Acute Care and ALTCS contractors scheduled during the reporting period. The behavioral health portion of the OFRs utilized review tools based on contract standards that were developed for the Acute Care ALTCS contractors.

The review tool for Acute Care contractors included the following behavioral health related content areas:

Early and Periodic Screening, Diagnosis and Treatment (EPSDT)/behavioral health screening and follow-up;

- Behavioral health policies and procedures;
- Coordination of care with behavioral health providers;
- Communication with members (e.g., member handbooks); and
- Primary Care Providers' medical management of behavioral health disorders.

The review tool for ALTCS Contractors included the following content areas:

- Adequacy of the behavioral health provider network;
- EPSDT/behavioral health screening and follow-up; and
- Quality of behavioral health care.

OMC/BH staff will continue to participate in the OFR process for AHCCCS' Acute Care and ALTCS contractors during the next report period.

#### *Acute Care OFRs (Operations Unit)*

OFRs of Acute Care contractors continued this quarter. The OMC and OMM conducted reviews at Family Health Plan of Northeastern Arizona, Maricopa Health Plan, and Pima Health Plan. The final report for University Family Care for CYE 02 was mailed to the health plan in September. OFRs for the remaining health plans will continue the last quarter of the year.

Following their OFR, University Family Care were required to submit corrective action plans for deficiencies noted during the review. A Notice of Cure was issued to the Health Plan because they have not yet been able to offer an acceptable corrective action plan for deficiencies that were noted regarding their quality management and peer review processes.

Family Health Plan of Northeastern Arizona (NEAZ) was sanctioned as significant deficiencies were discovered during the CYE 01 OFR. NEAZ was unable to meet many submission timeline requirements, resulting in the need for extensions.

#### **Contract Renewals/Amendments**

##### *ALTCS (ALTCS Unit)*

The draft CYE 03 Elderly and Physically Disabled and Division of Developmentally Disabled contract renewals were completed. These documents were sent to the program contractors for review and comment in August. Comments were incorporated into the final renewal documents that were sent to the program contractors for signature in September.

##### *Behavioral Health (Behavioral Health Unit)*

On July 1, 2002, the annual ADHS behavioral health contract renewal amendment became effective. The amendment removed obsolete language, incorporated recent legislative changes and added new language specifying ADHS quality performance standards and reporting requirements.

##### *Acute Care (Finance Unit)*

The renewal document for the Acute Care services contract for CYE 03 was completed in September. Amendments to the contract included programmatic changes and other policy clarifications. Along with the contract renewal, capitation rates were adjusted for inflation and utilization changes.

## **Behavioral Health Unit**

### *Integration of Care Workgroup and Subcommittee Activity*

As noted in the prior quarter report, AHCCCS' OMC's Behavioral Health Unit (BHU) and Office of Medical Management staff provide leadership and facilitate an Integration of Care Committee composed of representatives of the Acute Care Health Plans, ADHS/DBHS, RBHAs and AHCCCS. The purpose was to identify opportunities for collaborative problem resolution and strategic performance improvement initiatives in the area of coordination of care between the acute health plans/providers and the carve-out behavioral health contractor/providers. The group has identified the following major areas as priorities for collaboration:

- Data sharing;
- Review and evaluation of the psychotropic medication initiative; and
- Developing guidelines for management of complex medical and/or behavioral health problems with shared members.

### *Subcommittee Activity*

As noted in the prior quarter report, the Psychotropic Medication Initiative and the Policy Subcommittees each met twice during the previous report period. The Policy Subcommittee met three additional times during this period and continued to work on:

- Identifying barriers to coordination of care and the actions needed to reduce or eliminate the barriers;
- Developing a "collaborative-consultative model" for coordination of care between the Acute Care plan PCPS and the behavioral health providers; and
- Developing operating agreements-guidelines for determining clinical and reimbursement responsibility between the Acute Care plans and the behavioral health provider system for members with conditions that involve both physical and behavioral medicine components (e.g. eating disorders, pain management, neuropsychological testing, pregnant substance abusers, etc.).

Both committees will reconvene during the next quarter.

### *Integration of Care Committee Activity*

The Integration of Care Committee met in September 2002, to review and discuss the activity of the two subcommittees and, as applicable, to vote on subcommittee recommendations. The Committee will meet again for further updates from the subcommittees in early 2003.

### *Regional Collaboration to Enhance Coordination of Care*

AHCCCS staff from the OMC/BHU continued to participate in regularly scheduled meetings between each RBHA, the Health Plans serving members in that geographic area, providers

and representatives of ADHS/DBHS. The meetings are designed to facilitate regional collaboration and problem solving to enhance coordination of member care between the primary care provider and the behavioral health provider(s).

#### *Survey of State Medicaid Programs With a Behavioral Health Carve-Out*

The AHCCCS OMC/BHU sent a survey to 14 states with Medicaid programs that have a behavioral health carve-out model. The survey was designed to identify other states' best practices in coordination of care between the physical and behavioral health provider systems. AHCCCS received responses from 10 of the states. Staff developed a matrix of responses and presented the preliminary summary of responses to the Integration of Care Committee in September 2002. Plans are to engage the states that responded in more detailed conversations about their experiences and best practices in this area.

#### *Balanced Budget Act Revised Rules - Analysis and Implementation Project Teams*

AHCCCS OMC/BH staff participated, with staff from other AHCCCS units/divisions, in initiating an in-depth analysis of the newly published revised Balanced Budget Act managed care regulations to identify gaps between current practices, policies, contract language, etc. and the requirements, and to develop, for those areas identified as gaps, a detailed compliance implementation plan.

### **Encounter Processing, Analysis, and Rate Setting Unit**

#### *Encounter Validation Study*

For the Acute Care and ALTCS Program Contract Year 1999/2000 Encounter Data Validation Study, the preliminary results were finalized. For the Behavioral Health Program, the comparison of medical records to encounters continued this quarter. It is expected that preliminary results will be sent to contractors for feedback during the next quarter.

#### *Encounter Operations*

Encounter and report transmissions between AHCCCS and contractors continue via File Transfer Protocol. A project in the initial stages of development will allow encounters to process more frequently than once per month. This project will permit encounter processing to occur at contractor convenience, e.g., following claims adjudication cycles. Additional information will be available following project development. In order to improve encounter data completeness and accuracy, additional edit and data report projects are expected following HIPAA implementation.

#### *Ratesetting*

The following fee for service (FFS) rates were updated for dates of service on and after October 1, 2002, with estimated fiscal impact on FFY 2003 FFS expenditures for each:

- Inpatient hospital: Increase of 3.3%
- Nursing facility: Increase of 9.37%
- Home-and-community based services: Increase of 3.41%
- Hospice: Increase of 3.43%
- Ambulatory surgery centers: Increase of 3.49%

Effective for dates of service on and after October 1, 2002, FFS reimbursement for procedures on the AHCCCS physician fee schedule that do not have a specific payment rate will be equal to 65% of covered charges. The previous rate was 80% of covered charges.

#### *National Conference Calls and Meetings*

Staff participated in several telephone conference calls regarding HIPAA implementation and issues surrounding implementation. AHCCCS staff is expected to continue participating in future conference calls and meetings.

Note: The name of the Unit within the Office of Managed Care at AHCCCS that processes encounters, conducts data validation studies, and calculates FFS rates, changed from "OMC Research Unit" to the "OMC Encounter Processing, Analysis and Rate Setting (EPARS) Unit" effective July 1, 2002.

### **Finance Unit**

#### *Prior Period Coverage (PPC) Reconciliation*

Under a provision of the Acute Care Contract, AHCCCS offers a reconciliation process for health plans with total PPC cost experience that is more than the break-even reimbursement associated with PPC. AHCCCS will reimburse 100% of a contractor's excess reasonable costs and will recoup profits in excess of costs. AHCCCS completed the initial PPC reconciliation for CYE 01 in August 2002. The net amount of the reconciliation was a payout to the health plans of \$9,812,898. A final reconciliation for CYE 01 will be completed in October 2002. The reconciliation is done in stages to ensure full encounter data reporting.

### **Operations Unit**

#### *Request for Proposals for CYE 04*

The OMC, in conjunction with the OMM and the Division of Business and Finance (DBF), began the development of the RFP for the next contract cycle. Planning, scoring, and implementation of the contract awards will continue for the next four quarters, with contracts being effective October 1, 2003.

## Division of Business and Finance

### Contracts

During the period of July 1, 2002 through September 30, 2002, AHCCCS initiated, awarded or amended the following contracts and agreements:

- Issued amendments for the Behavioral Health agreement with ADHS to amend the contract for an additional year and adjust rates;
- Awarded Transplant Consultant Services to Cyrca, Inc. of Indianapolis, Indiana;
- Issued a renewal amendment for Acute and ALTCS contracts;
- Finalized Hopi Tribe case management Intergovernmental Agreement (IGA). The final agreement was sent for signatures the week of September 30, 2002;
- OMM has placed a hold on the RFP for FFS non-emergency transportation;
- An IGA has been finalized to allow the Department of Corrections (DOC) to pay the state share of inpatient medical expenses for Medicaid eligible inmates in the prison system;
- All six current Transplant contracts were renewed during this quarter; and
- All AHCCCS EDP Consultant contract renewals were finalized during this quarter.

The data collection and reporting for immunization of two year olds has been canceled by OMM for this year.

During the quarter, contracting activities continued on the following contracts, agreements or solicitations:

- Signatures are pending for the new IGA for Comprehensive Medical and Dental Program (CMDP) to Arizona Department of Economic Security (ADES). ADES/CMDP has requested an additional extension of 60 days through November 30, 2002. It is anticipated that signatures will be obtained before the end of the calendar year.
- Work has begun on the new Acute Care RFP for contracts effective Oct. 1, 2003. OMC is leading the team that is submitting questions related to the RFP development and will begin to prepare the initial draft RFP.
- An RFP for HIPAA Translator Software and Consulting Services was created and forwarded to CMS for approval prior to issuance. Approval is still pending.
- A memorandum of understanding was created to establish a digital signature procedure for AHCCCS and DES in cooperation with El Rio Health Center in Tucson and Deloitte Consulting of California. Signatures are currently being gathered at the time of this report.

## **Claims**

The Claims Unit implemented new imaging software at the end of August. This has resulted in an increase in the paper claims keying backlog. The implementation issues checklist is being resolved and staff are working overtime to bring the backlog to a more acceptable level. The Unit continued to work with the Department of Corrections to implement claims payments for inmates, if the situation is deemed appropriate, e.g., if the inmate is hospital confined in the same manner as the general population would be, not on a special locked ward.

The HIPAA Workgroup for Claims reviewed claims transactions and the reason codes for the Remittance Advice. Those codes approved by HIPAA are limited and will confine our explanations to only those available. This will likely increase the number of phone calls to Claims Customer Service for further explanations of the codes and the verbiage.

A new Electronic Claims Submission process will be implemented in the next few months. Vendors and providers were notified in July of the coming changes. Instruction packets and a letter of explanation have been mailed to each submitter, including our Medicaid In Public Schools contractor and our Pharmacy Benefits Manager.

We have begun a process to identify recipients who have Medicare eligibility retroactively posted to their AHCCCS eligibility file. If claims have been paid, we will recoup and ask the provider to bill Medicare. Afterward, AHCCCS will pay the co-payments and deductible as applicable.

We are reviewing how outpatient claims are reimbursed by AHCCCS in light of changes in billing practices by hospitals in response to CMS' Outpatient Prospective Payment System (OPPS) and CMS' reimbursement of hospitals using A to Z Outpatient Prospective Payment System For Coding and Billing Compliance.

## **Division of Information Systems**

### **Health Insurance Portability and Accountability Act (HIPAA)**

Implementing HIPAA will standardize the format of our interface files with external entities. This will be especially helpful when new providers or health plans want to submit data. 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.

The project has been divided into two parts:

- Transactions and Code Sets, and
- Privacy and Security

For Transactions and Code Sets (TCS), the gap analysis was completed, and a remediation plan has been developed and is underway. Detailed requirement assessments for both Arizona and Hawaii are in progress. Also, a RFP was issued for a transaction translator.

For Privacy and Security, a pre-assessment was completed. Training materials are being developed for all staff so that everyone will be aware of the HIPAA requirements. The training materials are currently being reviewed. A survey was developed for the staff to assess their use of protected health information. The survey was issued to a pilot group, and will be rolled out by division to all AHCCCS staff.

### **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 the 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.

The FFS claims functions were designed and programmed, and much of the testing has been completed. Several iterations of the conversions have run. The project continues to be on schedule.

### **AHCCCS Customer Eligibility (ACE)**

A DMS eligibility redesign team re-engineered the entire eligibility determination process, defining 27 functional requirements. Some of the new functionality has already been implemented into manual processes, while other requirements will be implemented together with the AHCCCS Customer Eligibility (ACE) system.

The proposed system has the following objectives:

- Easily integrate new eligibility programs as required (such as, 100% FPL, KidsCare, and Ticket to Work );
- Integrate new concepts (Universal Application);
- Dramatically improve customer service (substantial reduction in paper, quick entry into services, increased assistance to clients needing verification); and
- Streamline the eligibility process to increase productivity, improve the quality of eligibility determinations, and reduce the time it takes to determine eligibility (through easier data entry, reduction in manual processes and utilization of knowledge management principles).

The ACE Project Management Team carefully evaluated the results of process testing, where every individual process was tested for functionality and accuracy. No major problems were identified in this phase of testing, although minor corrections were identified, corrected and re-tested. Integration testing in selected field offices has begun and will continue through December 2002. Field office staff will enter test data into ACE and compare the results with the current system: Long Term Care Eligibility Determination Systems and Client Assessment Tracking System. A production pilot is expected to begin in one field office in February 2003.