AHCCCS

Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

Janet Napolitano, **Governor**
Anthony D. Rodgers, **Director**

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August 31, 2007

Steven Rubio, MGA, BSN, RN
Project Officer, Division of State Demonstrations and Waivers
Center for Medicaid and State Operations
Center for Medicare and Medicaid Services
Mailstop: S2-01-06
7500 Security Blvd.
Baltimore, Maryland 21244-1850

Dear Mr. Rubio:

In accordance with Special Term and Condition paragraph 26, enclosed please find the Quarterly Progress Report for April 1, 2007 through June 30, 2007 which also includes the Quarterly Budget Neutrality Tracking Schedule and the Quarterly Quality Initiative, including the Quarterly Update for the Children's Rehabilitative Services Action Plan.

If you have any questions about the enclosed report, please contact Theresa Gonzales at (602) 417-4732.

Sincerely,

Monica Coury
AHCCCS
Office of Intergovernmental Relations

Enclosure

c: Ron Reepen
Lynette Burke
Hee Young Ansell
Tonya Moore

AHCCCS Quarterly Report
April 1, 2007- June 30, 2007

Title

Arizona Health Care Cost Containment System- AHCCCS, A Statewide Approach to Cost Effective Health Care Financing

Section 1115 Quarterly Report

Demonstration Year: 24
Federal Fiscal Quarter: 3rd Quarter /2007 (April 1, 2007- June 30, 2007)

Introduction:

As written in Special Term and Condition paragraph 26, the State submits the following quarterly progress reports to CMS. The purpose of the quarterly report is to inform CMS of significant demonstration activity from the time of approval through completion of the Demonstration.

Enrollment Information:

Population Groups (as hard coded in the CMS 64)	Current Enrollees (to date)	Voluntary Disenrolled in current Quarter	Involuntary Disenrolled in current Quarter
Acute AFDS/SOBRA	**813,131**	**1,483**	**313,166**
Acute SSI	**131,838**	**134**	**17,923**
Acute AC/MED	**142,752**	**315**	**49,507**
Family Planning	**9,144**	**10**	**3,364**
LTC DD	**19,405**	**10**	**1,251**
LTC EPD	**26,684**	**43**	**3,375**
Total	**1,215,096**	**2,420**	**393,400**

Outreach/Innovative Activities:

On June 25, 2007, Governor Napolitano signed the Arizona State budget for Fiscal year 2007-2008. As part of the budget, the Governor and Legislature appropriated $13 million to AHCCCS for KidsCare Outreach. A majority of the appropriate will go to program costs for newly enrolled children and administrative eligibility costs associated with increased applications and eligibility determination. $480,000 of the appropriation was designated for KidsCare "outreach activities." AHCCCS will use the funds to create a KidsCare Outreach Campaign in Arizona with the goals of increasing the number of children with health care coverage, building an effective statewide outreach and enrollment assistance network led by community partners, and building capacity in Arizona's schools to connect children with available health care programs.

To achieve these goals, Arizona will create an outreach, enrollment, and retention campaign targeting families with potentially eligible children, as well as the trusted community messengers who assist with raising awareness about KidsCare. The message communicated to the target audiences and the public is expected to increase awareness of KidsCare as an affordable health coverage option for the children of working families, and help educate families about the importance of getting and keeping coverage.

The major components of the KidsCare Outreach Campaign will include: Community Partnerships, educational materials and paid media, internal state partnerships and education, schools, Native American/Tribal, Retention, pilots and special projects, and evaluation. The KidsCare Outreach Campaign will be effective January 1, 2008; however, planning and development of the outreach network began July 1, 2007. If resources to support outreach are expanded or reduced in the future, this plan will be appropriately revisited. Specific details for "Year One" activities will be available in the "Year One Work Plan," currently being developed by AHCCCS Community Relations and will be available in the next quarterly report.

AHCCCS will continue presenting to community, non-profit groups, and local governments about Medicaid and SCHIP programs. We will also continue to educate them about any policy changes, as well as attend and participate in community events across the state.

Operational/Policy Developments/Issues:

AHCCCS was awarded the Medicaid Transformation Grant on January 25, 2007 to develop and implement a web-based health information exchange (HIE) utility to give all Medicaid providers instant access to patient's health records at the point of service. The Federal funds will support its planning, design, development, testing, implementation and evaluation. Since the last reporting quarter, work has been focused on four major areas: project staffing, user requirement developments, technology research, and provider relations. An RFP was issued and awarded to Computer Sciences Corporation to assist with the planning, exploration and discovery, and high-level architectural conceptualization. AHCCCS has developed high level functional workflows describing the behavior of the system and obtain feedback from users. Research on the technology necessary to build an HIE, HER and web-based functionality continues. Plans are being made to conduct a survey for providers to complete in order to obtain information regarding their attitudes towards the acceptance and use of electronic health records. Focus groups will be held including workshops to share plans, obtain feedback, educate and seek motivated partners to assist with the training, testing, piloting and adoption.

The internal team formed to analyze and implement the various requirements under Arizona's Waiver continues to meet. In May, CMS approved Arizona's Redetermination Plan for the Family Planning Extension Program (FPEP), effective October 1, 2007. CMS also approved Arizona's Evaluation Plan and the revised base-year fertility rate methodology for the FPEP program. Arizona's action plan to enhance fraud and abuse recoveries and the Evaluation Design were submitted this quarter and approved by CMS during the May monthly monitoring call. Arizona also submitted its revised DSH methodology on June 29th. AHCCCS continues to work on implementation of the

Spouses as Paid Caregiver Program and is expected to implement on October. AHCCCS will send CMS any materials related to the program as soon as they are finalized.

The 48th Legislature, First Regular Session, convened on January 8, 2007 and adjourned on June 20, 2007. The Legislature made several changes related to AHCCCS and AHCCCS-covered services. Specifically, eligibility for SOBRA services for pregnant women was expanded to include women up to 150% of the Federal Poverty Level (FPL), previously at 133% FPL. The Legislature provided funding and amended statute to permit AHCCCS to contract with schools, community and faith-based organizations to for KidsCare outreach. Additionally, AHCCCS was appropriated funding to provide dental services to its ALTCS population and was authorized to expend funds to provide hospice services to non-ALTCS members. The Legislature also revised the Outlier inpatient payment methodology and provided additional funding for Graduate Medical Education. Finally, the Legislature provided AHCCCS with the statutory authority necessary to conform with the Third Party Liability provisions in the Deficit Reduction Act. AHCCCS submitted necessary Waiver amendments and State Plan amendments to CMS requesting authority to conform with the Legislative changes.

Consumer Issues:

The Table below provides a summary of the types of complaints or problems by consumers for the reporting period April 1- June 30.

Complaint Issue	April	May	June	Total
ALTCS	9	10	13	32
Can't get coverage (eligibility issues)	61	113	96	267
Caregiver issues				
Credentialing				
DES				
Equipment				
Fraud				
Good customer service				
Information	39	64	67	170
Lack of documentation				
Lack of providers				
Malfunctioning equipment				
Medicare	14	13	15	42
Medicare Part D				
Member reimbursement				
Misconduct				
No notification				
No payment				

Nursing home POS				
Optical coverage				
Over income				
Paying bills	98	142	136	376
Policy				
Poor customer service				
Prescription				
Prescription denial				
Process				
Surgical procedures				
Termination of coverage	6	6	6	18

Quality Assurance/Monitoring Activity:

Attached is a description of AHCCCS' Quality Assurance/Monitoring Activities during the quarter. The attachment also includes updates on implementation of the AHCCCS Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

Attached to this report is also action plan updates regarding the Children's Rehabilitative Services Administration for this past quarter submitted in April 2007. Specific information regarding the status of CRSA quality issues and corrective actions is included in the attachment.

HIFA Issues:

It is expected the Legislature will continue funding for the HIFA demonstration. Below is enrollment information for the quarter:
HIFA Parents ever enrolled 57,039.
HIFA Parents enrolled at any time between 4/1/2007 and 6/30/2007: 16,780.

HIFA Parent enrollment:
4/1/2007: 14,234
5/1/2007: 14,191
6/1/2007: 14,094

ESI Issues:

Reoccurring meetings are schedule to discuss details of the program and formulate a proposal for CMS.

Family Planning Extension Program:

CMS approved AHCCCS' final methodology to ensure the integrity of annual eligibility determinations of individuals covered under the FPEP program. System requirements have been finalized and files have been exchanged for implementation. AHCCCS has also already begun implementing the uninsured requirement as required by Special Term

and Condition paragraph 39. There is an estimated 1,347 members who will be termed out due to other coverage.

AHCCCS has made refinements to an existing data reporting process to monitor utilization of family planning services by women covered under the demonstration. Service codes have been updated to reflect those covered under the current waiver, and data are now reported on a quarterly basis, with a six-month claims lag; thus, the most recent quarter available includes the period from Jan.1, 2007 through March 31, 2007. AHCCCS enrollment and encounter data show 8,253 unduplicated recipients enrolled with the family planning extension program during the quarter, with 1,072 recipients using services, for a utilization rate of 13.0 percent for the three-month period.

Also during the quarter, AHCCCS made revisions to its Evaluation Plan for the Family Planning Demonstration Program including an initial base year fertility rate, which was accepted by CMS.

Family Planning Enrollment:
4/07 8826
5/07 8775
6/07 8711

Enclosures/Attachments:

Attached you will find the following: the Budget Neutrality Tracking Schedule and the Quality Assurance/Monitoring Activities, including the CRS update for the quarter.

State Contact(s):

Theresa Gonzales
801 E. Jefferson St., MD- 4200
Phoenix, AZ 85034
602-417-4732

Date Submitted to CMS:

August 31, 2007

Attachments:

Quarterly Budget Neutrality Tracking Schedule
Quarterly Quality Initiative
CRS Quarterly Update

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2007

I. CALCULATION OF BUDGET NEUTRALITY LIMIT BY DEMONSTRATION YEAR (WITHOUT WAIVER CEILING FEDERAL SHARE)

WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:

Medicaid Enrollment Group	FFY 1999 PM/PM (Base Year)	Trend Rate	DY 01 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months QE 6/01	QE 9/01	Total	Federal Share Budget Neutrality Limit FFY 2001	
AFDC/SOBRA	$208.71	1.09495	250.23	68.76%	172.07	1,174,018	1,308,863	2,482,881	$ 427,222,499	
SSI	$414.28	1.0688	473.25	68.59%	324.61	266,245	275,435	541,680	175,834,433	
									$ 603,056,932	MAP Subtotal
									75,946,612	Add DSH Allotment
									$ 679,003,544	Total BN Limit

	DY 01 PM/PM			Member Months QE 12/01	QE 3/02	QE 6/02	QE 9/02	Total	Federal Share Budget Neutrality Limit FFY 2002	
AFDC/SOBRA	273.98	68.76%	188.41	1,435,196	1,525,589	1,595,526	1,684,933	6,241,244	$ 1,175,881,779	
SSI	505.81	68.59%	346.94	284,731	291,400	297,912	304,553	1,178,596	408,905,105	
									$ 1,584,786,884	MAP Subtotal
									86,014,710	Add DSH Allotment
									$ 1,670,801,594	Total BN Limit

	DY 02 PM/PM			Member Months QE 12/02	QE 3/03	QE 6/03	QE 9/03	Total	Federal Share Budget Neutrality Limit FFY 2003	
AFDC/SOBRA	300.00	71.59%	214.78	1,774,558	1,844,521	1,939,442	2,028,556	7,587,077	$ 1,629,562,943	
SSI	540.60	71.27%	385.30	310,944	317,970	325,741	333,541	1,288,196	496,339,976	
									$ 2,125,902,920	MAP Subtotal
									82,215,000	Add DSH Allotment
									$ 2,208,117,920	Total BN Limit

	DY 03 PM/PM			Member Months QE 12/03	QE 3/04	QE 6/04	QE 9/04	Total	Federal Share Budget Neutrality Limit FFY 2004	
AFDC/SOBRA	328.48	71.75%	235.68	2,041,454	2,016,927	2,015,161	2,094,722	8,168,264	$ 1,925,093,453	
SSI	577.80	71.18%	411.30	343,736	347,588	354,552	361,394	1,407,270	578,803,595	
									$ 2,503,897,049	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 2,599,266,449	Total BN Limit

	DY 04 PM/PM			Member Months QE 12/04	QE 3/05	QE 6/05	QE 9/05	Total	Federal Share Budget Neutrality Limit FFY 2005	
AFDC/SOBRA	359.67	69.84%	251.19	2,199,976	2,179,677	2,207,486	2,210,397	8,797,536	$ 2,209,822,298	
SSI	617.55	69.20%	427.37	371,248	377,159	381,939	383,592	1,513,938	647,018,201	
									$ 2,856,840,499	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 2,952,209,899	Total BN Limit

		DY 05 PM/PM			Member Months QE 12/05	QE 3/06	QE 6/06	QE 9/06	Total	Federal Share Budget Neutrality Limit FFY 2006	
AFDC/SOBRA		393.82	69.35%	273.11	2,207,634				2,207,634	$ 602,921,490	
SSI		660.04	68.71%	453.50	384,863				384,863	174,533,661	
AFDC/SOBRA	Post MMA	392.97	69.35%	272.52		2,170,473	2,164,752	2,152,228	6,487,453	1,767,948,277	
SSI	Adj	590.02	68.71%	405.39		384,570	381,123	380,518	1,146,211	464,658,567	
										$ 3,010,061,995	MAP Subtotal
										95,369,400	Add DSH Allotment
										$ 3,105,431,395	Total BN Limit

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2007

I. CALCULATION OF BUDGET NEUTRALITY LIMIT BY DEMONSTRATION YEAR (WITHOUT WAIVER CEILING FEDERAL SHARE)

WAIVER PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2011:

	FFY 2006 PM/PM	Trend Rate	DY 06 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months QE 12/06	QE 3/07	QE 6/07	QE 9/07	Total	Federal Share Budget Neutrality Limit FFY 2007	
AFDC/SOBRA	392.97	1.072	421.27	68.53%	288.68	2,149,944	2,142,861	2,160,729		6,453,534	$ 1,863,036,262	
SSI	590.02	1.072	632.50	67.94%	429.74	379,581	378,120	378,428		1,136,129	488,239,510	
ALTCS-DD		1.072	3516.33	66.57%	2340.87	55,555	56,357	57,147		169,059	395,745,581	
ALTCS-EPD		1.072	3409.91	66.60%	2270.92	74,521	74,102	73,968		222,591	505,487,168	
											$ 3,252,508,522	MAP Subtotal
											95,369,400	Add DSH Allotment
											$ 3,347,877,922	Total BN Limit

Based on CMS-64 certification date of 7/30/07

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2007

II. WAIVER COSTS AND VARIANCE FROM BUDGET NEUTRALITY LIMIT - BY QUARTER, BY DATE OF PAYMENT

	Budget Neutrality Limit - Federal Share			Expenditures from CMS-64, Schedule B - Federal Share								
WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:												
	MAP	DSH	Total	AFDC/SOBRA	SSI	AC/MED				DSH	Total	VARIANCE
QE 6/01	$ 288,435,682	$ -	$ 288,435,682	$ 141,986,847	$ 59,681,038	$ 31,346,872	$ -	$ -	$ -	$ 49,741,851	$ 294,745,993	$ (6,310,311)
QE 9/01	314,621,251	75,946,612	390,567,863	190,394,084	89,174,119	35,440,263	-	-	-	9,964,155	319,071,317	71,496,546
QE 12/01	369,183,449	-	369,183,449	212,600,041	91,278,326	54,069,757	-	-	-	-	357,948,124	11,235,325
QE 3/02	388,527,705	-	388,527,705	279,700,520	129,324,172	69,531,395	-	-	-	(59,706,006)	412,762,000	(24,234,295)
QE 6/02	403,963,478	-	403,963,478	251,569,392	119,396,617	69,516,073	-	-	-	-	440,482,082	(36,518,604)
QE 9/02	423,112,252	86,014,710	509,126,962	254,526,472	100,795,403	72,123,681	-	-	-	-	427,445,556	81,681,406
QE 12/02	500,948,288	-	500,948,288	283,042,237	112,605,459	81,611,127	-	-	-	-	477,258,823	23,689,465
QE 3/03	518,682,146	-	518,682,146	307,833,501	124,015,853	83,135,076	-	-	-	-	514,984,430	3,697,716
QE 6/03	542,063,564	-	542,063,564	335,897,265	153,636,989	103,921,589	-	-	-	-	593,455,843	(51,392,279)
QE 9/03	564,208,922	82,215,000	646,423,922	326,904,740	130,779,492	99,910,965	-	-	-	-	557,595,197	88,828,725
QE 12/03	622,506,143	-	622,506,143	342,194,130	141,669,588	117,472,377	-	-	-	-	601,336,095	21,170,048
QE 3/04	618,309,938	-	618,309,938	356,575,718	144,541,374	121,487,252	-	-	-	-	622,604,344	(4,294,406)
QE 6/04	620,757,989	-	620,757,989	378,397,587	178,126,369	119,699,074	-	-	-	-	676,223,030	(55,465,041)
QE 9/04	642,322,979	95,369,400	737,692,379	357,025,418	145,285,954	127,097,490	-	-	-	-	629,408,862	108,283,517
QE 12/04	711,266,133	-	711,266,133	374,496,706	153,711,596	134,379,346	-	-	-	-	662,587,648	48,678,485
QE 3/05	708,693,508	-	708,693,508	389,097,040	171,977,149	152,130,280	-	-	-	-	713,204,469	(4,510,961)
QE 6/05	717,721,602	-	717,721,602	400,547,496	165,585,571	167,446,873	-	-	-	-	733,579,940	(15,858,338)
QE 9/05	719,159,256	95,369,400	814,528,656	413,657,520	174,077,443	162,560,598	-	-	-	-	750,295,561	64,233,095
QE 12/05	777,455,151	-	777,455,151	404,061,498	191,370,840	160,614,226	-	-	-	-	756,046,564	21,408,587
QE 3/06	747,392,669	-	747,392,669	405,005,129	235,354,779	118,877,866	-	-	-	-	759,237,774	(11,845,105)
QE 6/06	744,436,225	-	744,436,225	141,514,299	(35,409,090)	184,960,886	-	-	-	509,691,703	800,757,798	(56,321,573)
QE 9/06	740,777,950	95,369,400	836,147,350	400,869,032	166,963,246	193,842,243	-	-	-	17,513,729	779,188,250	56,959,100

WAIVER PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2011:

	MAP	DSH	Total	AFDC/SOBRA	SSI	AC/MED	ALTCS-DD	ALTCS-EPD	Family Plan	DSH/CAHP	Total	VARIANCE
QE 12/06	1,083,055,480	-	1,083,055,480	433,715,853	176,371,015	190,249,157	124,180,959	154,103,335	270,452	-	1,078,890,771	4,164,709
QE 3/07	1,081,308,740	-	1,081,308,740	420,960,087	175,385,343	175,652,301	128,103,178	160,067,805	265,323	15,570,598	1,076,004,635	5,304,105
QE 6/07	1,088,144,303	95,369,400	1,183,513,703	430,645,025	181,860,134	160,414,980	109,129,722	164,184,289	267,338	63,265,880	1,109,767,368	73,746,335
QE 9/07												
QE 12/07												
QE 3/08												
QE 6/08												
QE 9/08												
QE 12/08												
QE 3/09												
QE 6/09												
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QE 12/09												
QE 3/10												
QE 6/10												
QE 9/10												
QE 12/10												
QE 3/11												
QE 6/11												
QE 9/11												
	$ 15,937,054,801	$ 625,653,922	$ 16,562,708,723	$ 8,233,217,637	$ 3,477,558,779	$ 2,987,491,747	$ 361,413,859	$ 478,355,429	$ 803,113	$ 606,041,910	$ 16,144,882,474	$ 417,826,249

Last Updated: 8/1/2007

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2007

III. SUMMARY BY DEMONSTRATION YEAR AND WAIVER PERIOD

	Federal Share of Budget Neutrality Limit	Federal Share of Waiver Costs on CMS-64	Annual Variance	As % of Annual Budget Neutrality Limit	Cumulative Federal Share of Budget Neutrality Limit	Cumulative Federal Share of Waiver Costs on CMS-64	Cumulative Federal Share Variance	As % of Cumulative Budget Neutrality Limit
DY 01	$ 2,349,805,139	$ 2,445,625,011	$ (95,819,872)	-4.08%				
DY 02	2,208,117,920	2,122,031,658	86,086,262	3.90%				
DY 03	2,599,266,449	2,496,470,686	102,795,763	3.95%				
DY 04	2,952,209,899	2,869,187,080	83,022,819	2.81%				
DY 05	3,105,431,395	3,127,193,809	(21,762,414)	-0.70%	$ 13,214,830,801	$ 13,060,508,244	$ 154,322,557	1.17%
DY 06	3,347,877,922	3,084,374,230	263,503,692	7.87%	3,347,877,922	3,084,374,230	263,503,692	7.87%
	$ 16,562,708,723	$ 16,144,882,474	$ 417,826,249		$ 16,562,708,723	$ 16,144,882,474	$ 417,826,249	2.52%

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2007

IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	526,022,036	536,002,452	622,067,037	831,880,801	1,052,263,744	714,080,673					4,282,316,743
AFDC/SOBRA	1,938,844,695	1,651,975,218	1,898,238,103	2,184,059,959	2,349,086,954	1,752,857,350					11,775,062,279
SSI	853,877,617	659,690,549	830,676,169	966,646,109	993,857,676	704,366,078					5,009,114,198
ALTCS-DD	-	-	-	-	-	542,896,010					542,896,010
ALTCS-EPD	-	-	-	-	-	718,275,559					718,275,559
Family Planning Extension	-	-	-	-	-	879,150					879,150
DSH/CAHP	-	-	-	-	-	118,604,600					118,604,600
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-					789,015,636
Total	3,563,977,742	2,969,911,177	3,492,773,459	4,123,979,604	4,533,562,773	4,551,959,420					23,236,164,175

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	365,100,460	386,936,041	447,859,081	579,564,806	722,637,970	485,393,389					2,987,491,747
AFDC/SOBRA	1,333,243,270	1,182,714,079	1,361,940,204	1,525,288,058	1,629,031,601	1,201,000,425					8,233,217,637
SSI	585,692,815	470,173,149	591,302,001	668,964,816	682,854,461	478,571,537					3,477,558,779
ALTCS-DD	-	-	-	-	-	361,413,859					361,413,859
ALTCS-EPD	-	-	-	-	-	478,355,429					478,355,429
Family Planning Extension	-	-	-	-	-	803,113					803,113
DSH/CAHP	-	-	-	-	-	78,836,478					78,836,478
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-					527,205,432
Total	2,445,625,011	2,122,031,658	2,496,470,686	2,869,187,080	3,127,193,809	3,084,374,230					16,144,882,474

Adjustments to Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	333,115					333,115
AFDC/SOBRA	-	-	-	-	-	1,569,350					1,569,350
SSI	-	-	-	-	-	251,685					251,685
ALTCS-DD (Cost Sharing)[1]	-	-	-	-	-	-					-
Family Planning Extension[2]	-	-	-	-	-	(879,150)					(879,150)
CAHP[3]	-	-	-	-	-	(1,275,000)					(1,275,000)
Total	-	-	-	-	-	-					-

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	221,422					221,422
AFDC/SOBRA	-	-	-	-	-	1,261,889					1,261,889
SSI	-	-	-	-	-	167,295					167,295
ALTCS-DD (Cost Sharing)[1]	-	-	-	-	-	-					-
Family Planning Extension[2]	-	-	-	-	-	(803,113)					(803,113)
CAHP[3]	-	-	-	-	-	(847,493)					(847,493)
Total	-	-	-	-	-	-					-

[1] The CMS 1115 Waiver, Special Term and Condition 46,e requires that premiums collected by the State shall be reported on Form CMS-64 Summary Sheet line 9,D. The State should include these premium collections as a manual adjustment (decrease) to the Demonstration's actual expenditures on a quarterly basis.

[2] The Family Planning Extension (FPE) waiver expenditures are included in the AFDC\SOBRA rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the FPE expenditures to the AFDC\SOBRA waiver category for budget neutrality comparison purposes.

[3] The Critical Access Hospital Payment (CAHP) waiver expenditures are included in the AFDC\SOBRA and SSI rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the CAHP expenditures to the AFDC\SOBRA, SSI and AC/MED waiver categories for budget neutrality comparison purposes. The CAHP expenditures are allocated to the waiver categories in the same proportion as the capitation payments made for the CAHP service period.

Arizona Health Care Cost Containment System
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For the Period Ended June 30, 2007

Revised Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	526,022,036	536,002,452	622,067,037	831,880,801	1,052,263,744	714,413,788					4,282,649,858
AFDC/SOBRA	1,938,844,695	1,651,975,218	1,898,238,103	2,184,059,959	2,349,086,954	1,754,426,700					11,776,631,629
SSI	853,877,617	659,690,549	830,676,169	966,646,109	993,857,676	704,617,763					5,009,365,883
ALTCS-DD	-	-	-	-	-	542,896,010					542,896,010
ALTCS-EPD	-	-	-	-	-	718,275,559					718,275,559
Family Planning Extension	-	-	-	-	-	-					-
DSH/CAHP	-	-	-	-	-	117,329,600					117,329,600
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-					789,015,636
Total	3,563,977,742	2,969,911,177	3,492,773,459	4,123,979,604	4,533,562,773	4,551,959,420					23,236,164,175

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	365,100,460	386,936,041	447,859,081	579,564,806	722,637,970	485,614,811					2,987,713,169
AFDC/SOBRA	1,333,243,270	1,182,714,079	1,361,940,204	1,525,288,058	1,629,031,601	1,202,262,314					8,234,479,526
SSI	585,692,815	470,173,149	591,302,001	668,964,816	682,854,461	478,738,832					3,477,726,074
ALTCS-DD	-	-	-	-	-	361,413,859					361,413,859
ALTCS-EPD	-	-	-	-	-	478,355,429					478,355,429
Family Planning Extension	-	-	-	-	-	-					-
DSH/CAHP	-	-	-	-	-	77,988,985					77,988,985
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-					527,205,432
Total	2,445,625,011	2,122,031,658	2,496,470,686	2,869,187,080	3,127,193,809	3,084,374,230					16,144,882,474

Calculation of Effective FMAP:

AFDC/SOBRA						
Federal	1,333,243,270	1,182,714,079	1,361,940,204	1,525,288,058	1,629,031,601	1,202,262,314
Total	1,938,844,695	1,651,975,218	1,898,238,103	2,184,059,959	2,349,086,954	1,754,426,700
Effective FMAP	0.687648306	0.715939359	0.717475959	0.698372795	0.693474372	0.685273608
SSI						
Federal	585,692,815	470,173,149	591,302,001	668,964,816	682,854,461	478,738,832
Total	853,877,617	659,690,549	830,676,169	966,646,109	993,857,676	704,617,763
Effective FMAP	0.685921265	0.712717728	0.711832147	0.692047286	0.687074696	0.679430547
ALTCS-DD						
Federal						361,413,859
Total						542,896,010
Effective FMAP						0.665714708
ALTCS-EPD						
Federal						478,355,429
Total						718,275,559
Effective FMAP						0.665977595

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
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V. Budget Neutrality Member Months and Cost Sharing Premium Collections

Budget Neutrality Member Months:	AFDC/SOBRA	SSI	ALTCS-DD	ALTCS-EPD
Quarter Ended June 30, 2001	1,174,018	266,245		
Quarter Ended September 30, 2001	1,308,863	275,435		
Quarter Ended December 31, 2001	1,435,196	284,731		
Quarter Ended March 31, 2002	1,525,589	291,400		
Quarter Ended June 30, 2002	1,595,526	297,912		
Quarter Ended September 30, 2002	1,684,933	304,553		
Quarter Ended December 31, 2002	1,774,558	310,944		
Quarter Ended March 31, 2003	1,844,521	317,970		
Quarter Ended June 30, 2003	1,939,442	325,741		
Quarter Ended September 30, 2003	2,028,556	333,541		
Quarter Ended December 31, 2003	2,041,454	343,736		
Quarter Ended March 31, 2004	2,016,927	347,588		
Quarter Ended June 30, 2004	2,015,161	354,552		
Quarter Ended September 30, 2004	2,094,722	361,394		
Quarter Ended December 31, 2004	2,199,976	371,248		
Quarter Ended March 31, 2005	2,179,677	377,159		
Quarter Ended June 30, 2005	2,207,486	381,939		
Quarter Ended September 30, 2005	2,210,397	383,592		
Quarter Ended December 31, 2005	2,207,634	384,863		
Quarter Ended March 31, 2006	2,170,473	384,570		
Quarter Ended June 30, 2006	2,164,752	381,123		
Quarter Ended September 30, 2006	2,152,228	380,518		
Quarter Ended December 31, 2006	2,149,944	379,581	55,555	74,521
Quarter Ended March 31, 2007	2,142,861	378,120	56,357	74,102
Quarter Ended June 30, 2007	2,160,729	378,428	57,147	73,968

Cost Sharing Premium Collections:	ALTCS Developmentally Disabled Total Computable	Federal Share
Quarter Ended December 31, 2006	$ -	$ -
Quarter Ended March 31, 2007	-	-
Quarter Ended June 30, 2007	-	-

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended June 30, 2007

VI. Allocation of Disproportionate Share Hospital Payments

Federal Share

	FFY 2001 *	FFY 2002	FFY 2003	FFY 2004	FFY 2005	FFY 2006	FFY 2007	
Total Allotment	**75,946,612**	**86,014,710**	**82,215,000**	**95,369,400**	**95,369,400**	**95,369,400**	**95,369,400**	**625,653,922**
Reported in QE								
Jun-01	49,741,851	-	-	-	-	-	-	49,741,851
Sep-01	9,964,155	-	-	-	-	-	-	9,964,155
Dec-01	-	-	-	-	-	-	-	-
Mar-02	-	31,742,730	-	-	-	-	-	31,742,730
Jun-02	-	25,195,280	-	-	-	-	-	25,195,280
Sep-02	-	-	-	-	-	-	-	-
Dec-02	6,706,135	6,911,991	-	-	-	-	-	13,618,126
Mar-03	-	-	30,321,680	-	-	-	-	30,321,680
Jun-03	7,391,794	10,860,127	45,641,513	-	-	-	-	63,893,434
Sep-03	2,142,676	70,751	6,248,559	-	-	-	-	8,461,986
Dec-03	-	-	-	-	-	-	-	-
Mar-04	-	-	-	29,594,400	-	-	-	29,594,400
Jun-04	-	10,760,702	-	63,177,451	-	-	-	73,938,153
Sep-04	-	100,274	-	2,597,548	-	-	-	2,697,822
Dec-04	-	-	-	-	-	-	-	-
Mar-05	-	-	-	-	32,038,750	-	-	32,038,750
Jun-05	-	-	-	-	46,343,073	-	-	46,343,073
Sep-05	-	-	-	-	16,987,577	-	-	16,987,577
Dec-05	-	-	-	-	-	-	-	-
Mar-06	-	-	-	-	-	34,829,600	-	34,829,600
Jun-06	-	-	(3,363)	-	-	40,326,448	-	40,323,085
Sep-06	-	-	-	-	-	17,513,729	-	17,513,729
Dec-06	-	-	-	-	-	-	-	-
Mar-07	-	-	-	-	-	-	15,288,100	15,288,100
Jun-07	-	-	-	-	-	-	62,700,885	62,700,885
Sep-07								-
Dec-07								-
Mar-08								-
Jun-08								-
Sep-08								-
Total Reported to Date	75,946,611	85,641,855	82,208,389	95,369,399	95,369,400	92,669,777	77,988,985	605,194,416
Unused Allotment	**1**	**372,855**	**6,611**	**1**	**-**	**2,699,623**	**17,380,415**	**20,459,506**

* Total Allotment FFY 2001	83,835,000
Reported in QE 3/31/01	7,888,388
Balance of Allotment Limit Calculation	75,946,612

Arizona Health Care Cost Containment System

Attachment II to the Section 1115 Quarterly Report

Quality Assurance/Monitoring Activity

Demonstration/Quarter Reporting Period
Demonstration Year: 24
Federal Fiscal Quarter: 3/2007 (4/07 – 6/07)

Prepared by the Division of Health Care Management
August 2007

INTRODUCTION

This report describes Quality Assurance/Monitoring Activities of AHCCCS during the quarter, as required in STC 26 of the State's Section 1115 Waiver. The report also includes updates on implementation of the AHCCCS Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

The AHCCCS Division of Health Care Management (DHCM) is responsible for directly overseeing the quality of health care services provided to members enrolled with managed care organizations (also known as Contractors), as well as the administrative and financial functions of these contracted health plans. The Division works collaboratively and in conjunction with other AHCCCS divisions and external organizations to fulfill the AHCCCS mission of: Reaching across Arizona to provide comprehensive, quality health care for those in need.

The following sections provide an update on the State's progress and activities under each of the components of the AHCCCS Quality Strategy.

QUALITY ASSESSMENT ACTIVITIES

Receiving stakeholder input

The success of AHCCCS can be attributed, in part, to concerted efforts by the Agency to foster partnerships with its sister agencies, Contractors, providers, and the community. During the quarter, AHCCCS continued these ongoing collaborations to improve the delivery of health services to Medicaid recipients and KidsCare members, including those with special needs, and to facilitate networking to address common issues and solve problems. Feedback obtained from sister agencies, providers and community organizations also is included in the agency's process for identifying priority areas for quality improvement and development of new initiatives.

Arizona Department of Economic Security (DES) Division of Developmental Disabilities
Periodic meetings continue between different divisions within AHCCCS and the Arizona Department of Economic Security Division of Developmental Disabilities (DES/DDD). Agenda items during this reporting period included quality management and behavioral health issues, quality of care resolution processes, and early intervention services. AHCCCS also is providing technical assistance to DDD to improve performance measure rates.

Arizona Department of Health Services (ADHS) Children's Rehabilitative Services
DHCM continues to work with AHCCCS Contractors and the Children's Rehabilitative Services (CRS) program to address issues such as data sharing, provider education, timely referral and care coordination for children with special health care needs. CRS is currently under a Notice to Cure for issues related to how it handles quality of care concerns and delegated functions. AHCCCS is holding ongoing meetings with CRS Administration to monitor progress of corrective actions related to the Notice to Cure, as well as its Network Development Plan and CYE 2005 and 2006 OFRs. Implementation of CAP activities was evaluated in the CRSA CYE 2007 Operational and Financial Review (OFR) conducted March 12 through 16.

Generally, the Contractor has made progress on creating the necessary infrastructure, such as hiring qualified staff and developing polices and procedures to adequately manage its contract with AHCCCS. However, additional progress must be made in the actual implementation of contract requirements, and ensuring that processes are standardized and quality of care/services is uniform across regional clinics. Some of the findings from the OFR include:

- CRSA must improve oversight of contracted clinics, including strengthening and validating reports from the subcontracted clinics.
- Documentation provided at the time of the OFR did not show any demonstrable improvement in wait times for specialty appointments; however, CRSA is consistently monitoring appointment availability, which is an improvement over previous years.
- CRSA has submitted a revised peer review policy that meets the community standard for peer review, yet it has not implemented the process, as no cases had been presented as of the March 2007 OFR.
- CRSA has identified problems with its health information system but, as of the last review, it did not consistently collect, integrate, analyze or report data necessary to implement its Quality Management/Quality Improvement (QM/QI) program.
- CRSA had partially implemented a quality of care tracking database received from AHCCCS. CRSA has developed a work plan to address the resolution process for quality of care concerns and showed significant improvement over prior performance on the OFR, but is still below full compliance.
- The Contractor has developed a comprehensive Cultural Competency Program, which understands and accommodates the cultural challenges faced by CRS recipients.

The Agency provided a quarterly update to CMS on CAP activities and OFR findings in April 2007. AHCCCS and CRSA representatives met on May 31 to review progress on all corrective actions to date and accepted several CAP components.

Arizona Department of Health Services Immunization Program

Ongoing collaboration with the Arizona Department of Health Services (ADHS) helps ensure efficient and effective administration and oversight of the federal Vaccines for Children (VFC) Program. This includes closely monitoring vaccine supplies and ensuring that Contractors have up-to-date information on availability of these vaccines, as well as assisting Contractors and providers as necessary to ensure that members are immunized. In addition, when ADHS takes actions regarding VFC providers (e.g., placing a provider on probation for failing to comply with vaccine management requirements), AHCCCS works with Contractors to ensure that members assigned to that provider continue to receive necessary immunizations.

In April, Arizona VFC staff gave vaccine and program updates at the quarterly Quality Management/Maternal and Child Health meeting with Acute-care Contractors. In addition, AHCCCS is working with Contractors and staff of the Arizona State Immunization Information System (ASIIS) to improve reporting by primary care practitioners to the state's immunization registry, which is operated by ADHS; this activity is discussed under Performance Improvement Projects.

Arizona Department of Health Services Office of Environmental Health
Ongoing collaboration with ADHS supports efforts to eliminate childhood lead poisoning in Arizona. The ADHS Office of Environmental Health (OEH) notifies MCH staff in the CQM unit when AHCCCS members have laboratory tests indicating elevated blood-lead levels. CQM then notifies the appropriate Contractor with this information for timely follow up and coordination of care. In addition, AHCCCS and several Contractors participate in the Arizona Childhood Lead Poisoning Elimination Coalition. This coalition is working on strategies to increase testing of children who are enrolled in AHCCCS or who live in areas with the highest risk of lead poisoning due to the prevalence of older housing, industries that use/produce lead, and the use of lead-containing pottery or folk medicines. During the quarter, AHCCCS notified Contractors of members identified through OEH as having elevated blood lead levels.

Arizona Department of Health Services Office of Nutrition and Chronic Disease Prevention
In response to the Governor's Call to Action on Childhood Obesity, AHCCCS is working with the ADHS Office of Nutrition, which has the lead on this statewide initiative. AHCCCS adapted the Chronic Care Model for planning and development of a comprehensive approach to reduce or prevent childhood obesity. Components include medical guidelines for better screening and treatment of children who are or are at risk of becoming obese and implementation of data systems to evaluate outcomes. During the quarter, the outcomes report for the first phase of the childhood obesity project was completed.

In addition, AHCCCS is collaborating with ADHS regarding tobacco education/prevention initiatives. A survey has been completed to determine awareness levels in the provider community related to tobacco education resources and services available through ADHS. An AHCCCS member interview survey also is in process. Members agreeing to be interviewed at specific service sites will be asked a series of questions to determine awareness of tobacco cessation programs and interest in quitting smoking. AHCCCS and ADHS have developed a work plan to work collaboratively with AHCCCS health plans to increase awareness of public health smoking cessation programs. Member outreach, such as the CYE 2008 member handbooks and fall member and provider newsletters will contain information on how members may access smoking cessation programs through ADHS.

Arizona Early Intervention Program
The Arizona Early Intervention Program (AzEIP), Arizona's IDEA Part C program, is administered by DES. MCH staff in the CQM unit continues working with AzEIP to facilitate early intervention services for children under 3 years of age who are enrolled with AHCCCS Contractors. During the quarter, AHCCCS CQM/MCH staff attended meetings of the AzEIP State Interagency Team and the Interagency Coordinating Council. Also during the quarter, AHCCCS and AzEIP representatives continued work on a major initiative to create a more "seamless" system of providing early intervention services to AHCCCS-enrolled children, which utilizes AzEIP's expertise in this area, but ensures that AHCCCS or AHCCCS Contractors coordinate care and pay for all medically necessary services covered under Medicaid. AzEIP and AHCCCS MCH staff is working to refine the process for care coordination between the contracted health plans and AzEIP, to ensure early intervention services are provided without delay and covered by the appropriate state agency.

Meetings between AHCCCS, AzEIP, and AHCCCS health plans continued during the quarter to ensure issues are addressed in a timely manner and communication remains open. AzEIP is undergoing changes to improve access to timely services through their program. AHCCCS is collaborating with the AzEIP program in this redesign process.

Arizona Managed Care Quality Enhancement Program
AHCCCS participates in this group comprised mostly on Medicare Advantage plans, which meets quarterly and is coordinated by Health Services Advisory Group, an Arizona Quality Improvement Organization. Topics at the April 2007 meeting included an update on the Arizona Diabetes Prevention and Control Program and the impact of kidney disease on managed care plans..

Arizona Medical Association and American Academy of Pediatrics
AHCCCS collaborates with the Arizona Medical Association (ArMA) and the Arizona chapter of the American Academy of Pediatrics (AAP) in a number of ways. The AAP has been instrumental in the implementation of the Parental Evaluation of Developmental Status (PEDS) tool recommended by the Governor's School Readiness Board. Online training via the AAP website is available to physicians who wish to use the tool, as well as dates and times for training sessions. During the quarter, CQM staff attended ArMA Maternal and Child Health Committee and Adolescent Health Subcommittee meetings.

The Arizona Partnership for Immunization
This initiative is critical to achieving statewide goals for immunization of children, adolescents and adults. CQM staff attended The Arizona Partnership for Immunization (TAPI) Steering Committee and adult immunization subcommittee meetings during the quarter. AHCCCS Contractors also are members of TAPI.

Baby Arizona
CQM staff continue coordinating this streamlined eligibility process to ensure Medicaid-eligible women have access to early prenatal care. A network of community-based organizations continues to support the project by informing women of this avenue to service and referring them to care. Training sessions for provider offices that assist women in applying for AHCCCS were held during the quarter, and CQM continues to support provider participation in the project and keep the referral list of participating providers up to date.

AHCCCS also has initiated the development of a stand-alone website for Baby Arizona that will allow the three state agencies collaborating on the project — AHCCCS, DES and ADHS — the opportunity to update participating provider lists. The website will link to all agency websites in order to reach more potential members. AHCCCS is considering developing an electronic application for coverage through Baby Arizona.

Contractor Meetings
The Division of Health Care Management hosted a Quality Management/Maternal and Child Health meeting with Contractors on April 12. Updates and information covered the following topics: Vaccines for Children program; the Arizona State Immunization Information System; the Women, Infants and Children supplemental nutrition program, the Arizona Department of Health Services' Tobacco Education and Prevention Program, AHCCCS Performance Measures and Performance Improvement Projects, and a presentation on elder abuse and neglect by a representative of the Arizona Office of the Attorney General.

On April 18, the Division of Health Care Management hosted an ALTCS Program Contractor Administrators Meeting. Quality-related topics included an update on nursing facility prescription medications, Self-directed Attendant Care, development and implement of a Comprehensive Care for the Elderly grant, updates on HCBS services including spouses as paid caregivers and transition services, updates affecting data/ encounter collection.

On April 20, the Division of Health Care Management hosted an Acute-care Administrators Meeting. Quality-related topics included an update on nursing facility prescription medications and updates affecting data/ encounter collection.

An AHCCCS Medical Directors Meeting was held on May 18. Quality-related topics included: a speaker on poly-pharmacy from the University of Arizona College of Medicine-Phoenix, a Pay-for-Performance Program that is under development by AHCCCS, Notice of Action letters, inter-rater reliability, SOBRA family planning program, the Maricopa Medical Center-March of Dimes Internatal Care Project, ophthalmologists and optometrists, breast implant and reconstruction policies, and use of codes for health and behavior assessment/intervention.

Healthy Mothers, Healthy Babies
CQM staff participate in the Maricopa County Healthy Mothers, Healthy Babies (HM,HB) Coalition, as well as a related project in the Maryvale area of west-central Phoenix, designed to promote early prenatal care and good birth outcomes. CQM staff are working with the state HMHB organization to assist in educating communities about AHCCCS-covered services for women and children and the Baby Arizona process for AHCCCS application and initiation of prenatal care. CQM staff also attended monthly coalition meetings during the quarter.

Work Group for Members who are Seriously Mentally Ill and have Medical Complexities
The purpose of this workgroup is to identify and meet the needs of members who have psychiatric conditions that inhibit their ability to manage their medical conditions/needs, subsequently creating a barrier to their successfully residing in the community. The workgroup consists of representatives of AHCCCS, Arizona Department of Health Services/Division of Behavioral Health Services (ADHS/DBHS), various Regional Behavioral Health Authorities (RBHAs) and AHCCCS health plans. The group is currently focusing on a small but complex population of members with stable psychiatric disorders who need medical intervention due to their diabetes and refusal to self medicate. This has resulted in collaborative meetings with DBHS and providers to work together to come up with a solution that will allow these members to live in the community and not at a higher level of care.

Developing and assessing the quality and appropriateness of care/services for members

AHCCCS develops measures and assesses the quality and appropriateness of care/services for its members, including those with special health care needs, using a variety of processes.

- Identifying priority areas for improvement

During the quarter, an AHCCCS team identified potential new performance measures for the ALTCS program. After an extensive search and review of measures currently in use across the nation, as well as an analysis of state/program data and trends and input from ALTCS Contractors, AHCCCS narrowed down a list of potential measures. As part of this process, an objective ranking system was used to prioritize measures/areas for improvement, using criteria such as the prevalence of a particular condition or problem, resources needed to conduct measurements, ability to effect change, whether the area is a national or state priority, etc. The Performance Measures include Pressure Ulcers (with rates for high- and low-risk members determined overall and by Contractor) and Influenza Vaccination (including measurement of refusal rates). DHCM staff began working on rationale to support the measures, as well as methodologies for review and approval by AHCCCS Administration.

Also during the quarter, DHCM staff continued working on new Performance Improvement Projects to include all Acute-care and ALTCS Contractors. A PIP on asthma management is being implemented for Acute-care health plans and a PIP on Advance Directives is being implemented for ALTCS Contractors. Development and review of methodology is under way.

Briefly, these projects will entail the following:

- ***Appropriate Use of Medications for People with Asthma***. This PIP will utilize HEDIS 2006 specifications for the baseline measurement. In addition, AHCCCS anticipates analyzing emergency room and hospital inpatient utilization to evaluate the effectiveness of this PIP.
- ***Completion of Advance Directives.*** This PIP is intended to increase the proportion of long-term care members who have advance directives documented in medical charts and/or case management systems. This also may include documentation of an advance directive with an Arizona registry that is maintained by the Secretary of State.

- Establishing realistic outcome-based performance measures

The new ALTCS Performance Measures will be incorporated into contracts effective Oct. 1, 2008. After soliciting Contractor input and internal review and approval, DHCM will identify minimum standards and goals by which Contractor performance will be measured. To the extent possible, these minimum standards and goals will be based on national and/or state objectives and other benchmarks if applicable.

Also during the quarter, AHCCCS continued working with CRSA on two AHCCCS-approved PIPs that it has under way. One PIP is designed to identify and reduce the number of CRS recipients who are not utilizing needed services; the other is designed to improve the rate of initiation of transition planning for children in the program by their 15th birthdays, so they can make a smooth and supportive transition to adult-oriented services by the time they "age out" of the program.

Identifying, collecting and assessing relevant data

During the quarter, DHCM conducted data collection for the ALTCS Performance Measures of Diabetes Care. These measures utilize HEDIS methodology for three indicators from the Comprehensive Diabetes Care measure set: hemoglobin A1c (Hb A1c) testing, lipid screening and eye exams. The measurement period for this study is October 1, 2005, through September 30, 2006.

After selecting a sample of members from the recipient universe of the Prepaid Medical Management Information System (PMMIS), the Data Analysis and Research Unit of DHCM collected information on services to those members from the Encounter universe. For those members for whom qualifying services were not identified in PMMIS, DHCM sent an electronic data collection file to each Contractor. According to specific instructions, Contractors collected additional information on services provided to these members, along with documentation of services received. These data are being analyzed in the fourth quarter of CYE 2007.

Data for another ALTCS Performance Measure, Initiation of Home and Community Based Services, was analyzed during the quarter and data were published in August 2007, with a copy sent to the CMS Central and Regional offices. The measure assesses the proportion of newly enrolled HCBS members for whom services are initiated within 30 days of enrollment. The overall rate for this measure reached a historical high, at 92.5 percent.

- Providing incentives for excellence and imposing sanctions for poor performance

A DHCM team reviewed the most recent results of the Acute-care Contractor Performance Measures and analyzed historical trends in Contractor performance. The Clinical Quality Management (CQM) Unit has made recommendations for possible sanctions of Contractors that have not met Minimum Performance Standards for more than one year. Contractors will be required to develop Corrective Actions Plans to bring their performance to the AHCCCS minimum standards, and those Contractors that currently have CAPs in place will be required to evaluate each activity under the CAP to determine its effectiveness. Contractors will be expected to identify whether they will continue activities or recommend new interventions to improve performance.

The Agency also is participating in initiatives led by the Agency for Healthcare Research and Quality (AHRQ) and the Center for Health Care Strategies (CHCS), which are exploring innovative ways to reward quality. The AHCCCS Chief Medical Officer and the CQM Administrator are participating in the AHRQ initiative, which is focusing on collaborative opportunities to develop quality-based pay-for-performance programs. Working with other states and employers in Community Purchasing Groups, AHCCCS is participating in the development of a pay-for-performance program that rewards evidence-based care resulting in quality outcomes to members, and discourages negative outcomes. AHCCCS also is working with medical associations in the state to seek input in the development process. Work has been completed, using the AHCCCS Data Decision Support System (ADDS), the Agency's data warehouse, to identify target populations.

This work dovetailes with the CHCS initiative regarding Return on Investment. A team comprised of the AHCCCS Chief Medical Officer and CQM Administrator, as well as the Medical Management Manager and a Manager in the Data Analysis and Research Unit, are involved in this project. This should ensure subject-specific data that can be utilized to request legislative funding for the Pay for Performance Program.

- Sharing best practices

AHCCCS regularly shares best practices with and provides technical assistance to its Contractors. In addition, Contractors are encouraged to share evidence-based best practices with each other and their providers. An example of this is the sharing of successful interventions during AHCCCS Contractor quality management meetings. As previously mentioned, the April 2007 meeting included topics such as the Women Infants and Children (WIC) program, updates on the federal VFC program and utilizing the Arizona Immunization Information System (ASIIS) electronic registry, and a presentation on preventing elder abuse and neglect.

The CQM Unit also regularly monitors sources for evidence-based tools to improve member access to and utilization of health services, such as the AHRQ Quality Tools website. CQM provides appropriate resources and tools to Contractors.

Including medical quality assessment and performance improvement requirements in the AHCCCS contracts

Contracts with health plans are reviewed to ensure that they include all federally required elements prior to renewal. During the quarter, DHCM reviewed contracts for renewal with Acute-care and ALTCS health plans, and made changes as necessary.

CQM also has begun working on recommendations to be incorporated into Acute-care contracts in the future, in order to incentivize improvement and/or discourage poor performance. Strategies to drive improvement may take the form of raising minimum performance standards, requiring Contractors to dedicate additional resources and/or staff with specific qualifications to quality/performance improvement efforts, or including a contractual requirement to allow AHCCCS to direct Contractors to implement specific evidence-based interventions when necessary.

Regular monitoring and evaluating of Contractor compliance and performance

AHCCCS monitors and evaluates access to care, organizational structure and operations, clinical and non-clinical quality measurement and performance improvement outcomes through the following methods.

Annual on-site Operational and Financial Reviews (OFRs)

During annual on-site reviews, AHCCCS conducts a review of each Contractor's compliance related to development and implementation of policies, performance related to quality measures, progress toward applicable plans of correction in place to improve quality of care, and service outcomes for members. During the quarter, six OFRs were conducted, including two Contractors that operate both Acute-care and ALTCS plans:

- **Bridgeway Health Solutions** – April 3 through 6, 2007. Among the findings in the Quality Management area were: The Contractor has appropriate staff to carry out the necessary Quality Management functions. The Provider's rights to appeal a Peer Review decision should be firmly stated in writing in a document readily available to providers. The contracted provider should be made aware that a provider of the same or similar specialty will be part of a Peer Review process. The resolution of Quality of Care (QOC) cases must be well documented in the QOC charts. Behavioral Health should be involved in quality of care cases when appropriate. Regarding delegated entities, the Contractor must evaluate the entity's ability to perform the delegated activities prior to delegation and develop monitoring tools for all delegated functions.

- **Care1st HealthPlan Arizona** – April 9 through 13, 2007. Among the findings in the Quality Management area were: The Contractor has an effective Peer Review process in place. Successful quality of care interventions were not always incorporated into the quality improvement process. The Contractor's process for monitoring organizational providers did not improve since the Operational and Financial Review completed in CYE 2005. In follow up to the CYE 2006 OFR, provisional credentialing files were reviewed and did not show evidence of improvement in completing the credentialing process within the 14-day timeframe.

- **DES Comprehensive Medical and Dental Program** – April 23 through 26, 2007. Among the findings in the Quality Management area were: The Contractor has implemented the structure and processes to educate all areas of the organization that quality of care complaints made throughout the system are referred to Quality Management for investigation. The Contractor has made significant improvements in the quality of care process since the last review. However, continued opportunities for improvement exist in the areas of documentation of case research, resolution and tracking of interventions. The Contractor has developed creative methods to facilitate the participation of practitioners who specialize in children with special health care needs on the Peer Review Committee. The Contractor has achieved a high level of performance for several AHCCCS contractual Performance Measures, but continues to have difficulty meeting the AHCCCS Minimum Performance Standards for some Childhood Immunization measures. The Contractor is actively engaged in a Corrective Action Plan to try to improve its rates for these measures and for Well Child Visits in the First 15 Months of Life.

- **Mercy Care Plan (Acute and ALTCS)** – May 14 through 18, 2007. Among the findings in the Quality Management area for both the Acute-care and ALTCS plans were: The Contractor has an effective process for verifying the credentials of organizational providers. Successful quality of care interventions were not always incorporated into Mercy Care Plan quality improvement processes. Current Mercy Care policy and procedures do not appear to invest final authority in peer review decisions with the Quality Management Committee/Peer Review Committee; that authority appears to reside with the Mercy Care Plan governing body. Both the Acute-care and ALTCS plans are performing very well on contractual performance measures.

- **Pima Health System (Acute and ALTCS)** – June 4 through 7, 2007. Among the findings in the Quality Management area were: The Contractor has an effective process for verifying the credentials of organizational providers. Evidence of reporting appropriate quality of care issues to AHCCCS was not always incorporated into the Pima Health System quality improvement process. The Contractor needs to improve its rates for AHCCCS contractual Performance Measures, as it is not meeting Minimum Performance Standards for several ALTCS and Acute-care measures. Because of a data system conversion last year, the Contractor is unable to internally monitor rates for several of its Performance Measures according to the standardized methodology adopted by AHCCCS. It also is limited in evaluating the effectiveness of corrective actions to improve performance in measures that are not meeting AHCCCS Minimum Performance Standards because it cannot monitor rates on a timely, ongoing basis in order to relate them to interventions.

- **University Family Care and Maricopa Health Plan** – June 25 through 28, 2007. Among the findings in the Quality Management area for **Maricopa Health Plan** were: The Contractor credentialing and delegation files reviewed were well organized and complied with AHCCCS standards. Most of the Quality Management processes met AHCCCS requirements with the exception of two areas needing improvement, including Peer Review process. In addition, the Contractor must improve its rates for Performance Measures.

  Findings for **University Family Care** included: The credentialing and delegation files reviewed were well organized and complied with AHCCCS standards. Documentation of Contractor activities to ensure providers meet Federal, State and Contractor standards was not evident in some organizational credentialing files. The Contractor is meeting nearly all AHCCCS minimum standards for clinical quality Performance Measures, and has implemented actions to improve rates as needed.

ACCCS is requiring corrective action plans for standards for which the Contractors do not fully meet contract and BBA requirements in all areas reviewed.

- Review and analysis of periodic reports

A number of contract deliverables are used to monitor and evaluate Contractor compliance and performance. AHCCCS reviews these reports, provides feedback and approves them as appropriate.

- **Annual Quality Management/Performance Improvement Plans**. AHCCCS ensures that each Contractor has an ongoing quality assessment and performance improvement program for the services it furnishes to its members, consistent with BBA regulations. Annually, Contractors submit their annual Quality Management/Performance Improvement (QM/PI) Plans and Evaluations of the previous year's activities, Utilization Management (UM) Plans and Evaluations, Performance Improvement Project (PIP) proposals and reports, annual Maternity Care Plans, annual EPSDT/Dental Plans, and related Work Plans. CQM coordinates this review with other units in the division. During the quarter, Contractors submitted any revisions still required by AHCCCS to bring the plans into full compliance with AHCCCS policy.

- **Quarterly EPSDT/Oral Health Progress Reports**. AHCCCS requires Acute and ALTCS Contractors to submit quarterly reports demonstrating their efforts to inform families/caregivers of EPSDT services and ensure that members receive these services according to the AHCCCS Periodicity Schedule. AHCCCS has developed a template for Contractors to report data on member and provider outreach, as well as Contractor rates for various services, such as blood-lead and tuberculosis screening, PCP oral exams, and referrals. The template prompts Contractors to evaluate the effectiveness of activities, including care coordination, follow up and new or revised interventions to improve quality and access to care. The template also provides a vehicle for Contractors to report the results of their internal monitoring of contractual Performance Measures on a quarterly basis.

- **Quarterly Quality Management Reports.** Contractor's submit reports on Quality of Care (QOC) concerns received and the disposition of those concerns (e.g., whether or not they were substantiated). The concerns also are reported by category, such as availability/accessibility/adequacy, effectiveness/appropriateness of care, member rights and non-quality issues, to identify trends. Contractors also report the types of actions taken to resolve concerns.

• Review and analysis of program-specific Performance Measures and Performance Improvement Projects

AHCCCS considers a Performance Improvement Project (PIP) as a planned process of data gathering, evaluation, and analysis to determine interventions or activities that are anticipated to have a positive outcome. PIPs are designed to improve the quality of care and service delivery and usually last at least four years. While Contractors may select and implement their own PIPs to address problems specific to their plans, AHCCCS mandates other program-wide PIPs in which Contractors must participate, and monitors performance until each health plan meet requirements for demonstrable and sustained improvement.

Another method by which AHCCCS monitors the quality and appropriateness of care provided to members is through Performance Measures. Contractors submit encounter data to AHCCCS, which measures each plan's performance and evaluates its compliance in meeting contractual performance standards for specific health care services. Under their contracts with AHCCCS, Contractors are required to improve their rates for Performance Measures and achieve specific goals for each. AHCCCS requires corrective action plans from Contractors that do not meet the Minimum Performance Standard, or that show a statistically significant decline in their rates. The following summarizes the status of current AHCCCS PIPs and Performance Measures during the quarter.

- Performance Improvement Projects

Oral Health Performance Improvement Project (All Contractors)

Utilizing HEDIS methodology, AHCCCS has measured annual dental visits among Acute-care and ALTCS members younger than 21 under this PIP. CQM has worked with Contractors to identify educational opportunities and resources as part of their interventions to improve performance.

All Acute-care Contractors and DDD showed demonstrable improvement in the first remeasurement of performance for this PIP. Because of small cell sizes by ALTCS Contractor, changes in that population must be analyzed as a whole, rather than by individual plan. During the quarter, AHCCCS conducted a third remeasurement for this project to determine whether all Contractors have achieved or sustained improvement. Results will be reported in the fourth quarter of 2007.

Childhood Immunization Performance Improvement Project (Acute-care Contractors and the Division of Developmental Disabilities)

Working with Contractors, AHCCCS has been focusing additional efforts on improving 2-year-old immunization rates over the last few years. An assessment of immunization levels completed in early 2004 was being utilized as the baseline measurement for this PIP. Since Contractors had already implemented corrective actions to improve childhood immunization rates, the first remeasurement of performance for this PIP was conducted in late 2004. AHCCCS retained Health Services Advisory Group (HSAG), a Quality Improvement Organization, to conduct the remeasurement, which showed significant overall improvement in immunization rates.

During the second remeasurement of performance, all but three Contractors sustained improvement or achieved a benchmark rate for the five-antigen vaccination series. The other three Contractors will continue the PIP, with a third remeasurement to be conducted in the fall of 2007.

Management of Comorbidities Performance Improvement Project (ALTCS Contractors)

The purpose of this project is to help prevent the onset of additional comorbid diseases and/or reduce the effects of coexisting diseases by improving case management and care coordination services for ALTCS members. It focuses specifically on members in home- and community-based settings, in order to improve the likelihood that these members may remain in the HCBS program and avoid institutionalization longer.

A parallel component of this PIP will test activities to improve coordination of care of dual-eligible (DE) members. Thus, a small sample of DE members was selected to be followed over the four-year period. This group will be evaluated to see what effect care coordination with Medicare Advantage health plans and their providers had on outcomes. Some ALTCS Contractors also have Special Needs Plans (SNPs), others are coordinating with SNPs and Medicare Advantage Plans to improve care of these members.

During the quarter, AHCCCS completed analysis of data for the first remeasurement for this project. Results will be reported in the fourth quarter of 2007.

Physician Reporting to the Arizona Statewide Immunization Information System (ASIIS)
This project was implemented in CYE 2005, and is designed to increase the number of primary care practitioners contracted with AHCCCS acute-care health plans who report vaccination data to ASIIS, and to increase the total number of reported vaccinations administered to AHCCCS members.

AHCCCS has reported to each Contractor its baseline rate of PCPs who are reporting immunizations within 30 days of administering vaccinations. Interventions have been under way since CYE 2006, and AHCCCS will conduct the first remeasurement at the end of CYE 2007.

Behavioral Health PIPs
AHCCCS continues to work with the ADHS Division of Behavioral Health Services (DBHS) staff to refine their PIPs, in order to make them more focused on outcomes that demonstrate an increase in member satisfaction and/and member care. One of the DBHS PIPs is focused on assessments of children from birth through 5 years of age, and is designed to capture additional data on this population in order to develop more comprehensive assessment plans and improve positive outcomes, possibly avoiding further involvement in the mental health system. The other PIP addresses Child and Family Teams (CFTs), to better ensure that every child has a CFT in place. This has never been done on a statewide level and DBHS is developing fidelity measures with two outside consultants to ensure efficacy and positive outcomes.

o Performance Measures

Acute-care Performance Measures
During the quarter, AHCCCS continued to refine its programming for collecting and analyzing Performance Measures according to HEDIS specifications through the ADDS data warehouse. The ADDS brings more efficiency in generating the measures, allowing quarterly monitoring of rates and improves flexibility in analyzing data, allowing AHCCCS staff to calculate rates by such stratifications as county, geographic service area, age, and race or ethnicity.

ALTCS Performance Measures
During the quarter, AHCCCS began collecting data for the measures of Diabetes Management, as previously reported. Results will be reported in the first quarter of CYE 2008.

Maintaining an information system that supports initial and ongoing operations and review of the established Quality Strategy

The ADDS provides greater flexibility and timeliness in monitoring a broad spectrum of data, including information that supports ongoing operations and review of quality management and performance improvement activities. During the quarter, enhancements were made to the ADDS function that generates Performance Measure data. The system will be used to support performance monitoring under future PIPs, as well as provide data through specific queries to guide new quality initiatives.

In addition, AHCCCS worked on refining its programming for collecting and analyzing Performance Measures according to HEDIS specifications through the ADDS data warehouse. Measures were validated against historical data, as well as individual recipient and service records in PMMIS, to ensure the reliability of the data.

Reviewing, revising and beginning new projects in any given area of the Quality Strategy

Review and revision of the components of the Quality Strategy is an ongoing process for AHCCCS. During the quarter, AHCCCS continued a thorough review of the Agency's Quality Strategy, utilizing the CMS Medicaid Quality Strategy Toolkit, to ensure that all required components are addressed and that the document is up to date. This review and revision is expected to be completed in the fourth quarter.

Children's Rehabilitative Services Administration
Quarterly Update
August 2007

This update is submitted in accordance with the Arizona Health Care Cost Containment System (AHCCCS) 1115 Waiver Special Terms and Conditions, STC #35. This document provides a summary of Children's Rehabilitation Services Administration's (CRSA) progress on their corrective action plan regarding the BBA requirements and Quality Management program. The Contractor continues to work on the implementation of the newly developed polices and procedures needed to meet the minimum requirements and adequately manage their contract. The need to assure that all care is delivered in a timely manner, uniformly with the highest level of quality continues to be the areas of focus for the CRSA system. The uniform implementation of the policies, standards and procedures across subcontractors has not been completed.

CRSA has delegated the functional areas of claims, grievances, medical management, recipient services, the provider network and quality management to its four regional subcontractors. CRSA had no mechanisms in place to provide adequate oversight of the subcontracted functions until the development of a comprehensive Administrative Audit tool to be used annually at the subcontractor site visit, and the implementation of quarterly reporting in the areas of quality and medical management. CRSA began the initial oversight of the subcontractors on a quarterly basis effective in the fall of 2007. CRSA had planned on completing the Administrative audits by June 2007, but requested an extension to 2008. AHCCCS granted an extension to September 2007 and is awaiting the final reports on these audits. The initial findings of the annual audits are included in the updates provided in this document. CRSA has begun to implement corrective actions when deficiencies are found.

Quality Management

CRSA is under a Notice to Cure related to its Quality Management processes. CRSA has developed a work plan to address the areas of concern in the Notice to Cure.

Progress Made:

- CRSA has developed policies and procedures that address the minimum requirements specified in contract.
- CRSA is in the process of initiating implementation of the following policies:
    - Credentialing processes at the one subcontractor site that is not JCAHO accredited
    - Peer Review
    - Administrative reviews (monitoring and oversight of subcontractors)
    - A work plan to address the quality of care resolution process
    - A quality of care tracking/trending report
- CRSA has implemented processes to receive self-reported data from the four subcontractors.

- CRSA has developed an administrative oversight audit tool to monitor delegated functions.

Challenges remaining:

- CRSA reported at their Administrator's meeting July 17, 2007 that the Administrative reviews found that consistently, across all four (4) subcontractors, there was a lack of communication of quality of care issues between utilization review, case management, and the quality management program.
- CRSA has identified problems with the current health information system and processes. These have not been corrected at this time and have been an area of non-compliance for over two (2) years.
- CRSA's health information system does not consistently collect, integrate, analyze or report data necessary to implement its Quality Management/Quality Improvement (QM/QI) program.
- Limited implementation of the use of health information system data in monitoring and oversight processes or for quality improvement purposes.
- CRSA has not yet implemented validation or processes to ensure data received from subcontractors is accurate, complete, logical and consistent.
- Evidence of implementation of Peer Review processes.
- CRSA review of the performance standards mandated by AHCCCS has resulted in two of four subcontractors being placed on a Notice to Cure for failure to meet the minimum performance standards. These two (2) subcontractors comprise more than 70% of the CRSA population.
- Performance Measures including preliminary eligibility determination, time to schedule first appointment, and time to initiate services rates were all below the contractual minimum performance standards.
- CRSA's data collection processes related to the contractual Performance Measures continues to present challenges in collecting and accurately reporting data for the calculation of the measures.

Medical Management

CRSA's medical management department has subcontractors on corrective action plans based on their performance which was measured on their quarterly site visits. CRSA will need to continue to monitor and report on the corrective action plans of the subcontractors.

Progress Made:

- Agreement on the use of InterQual criteria for hospitalization reviews
- Developing practice guidelines that all subcontractors will be responsible for utilizing in their decision making.
- Instituting a Medical Management committee for review of all utilization data.

- Development and implementation of standards for timely processing of prior authorization requests, concurrent reviews and retrospective reviews.
- Implementation of quarterly oversight visits to the subcontractors to audit compliance.

Challenges remaining:

- Administration of inter-rater reliability testing to all clinical decision makers to assure that decisions are made in a uniform and consistent manner, and are in compliance with the CRSA guidelines adopted.
- CRSA must identify areas for improvement and implement improvement activities based on data/-utilization trends and act on any over- or under-utilization issues. Following implementation, CRSA must evaluate the effectiveness of the interventions.
- Develop and implement medical criteria for services not outlined in InterQual, such as durable medical equipment and pediatric guidelines based on valid and reliable clinical evidence, consider the needs of the member, are adopted in consultation with contracting health care professionals. Upon adoption, CRSA must assure that the guidelines are disseminated and adhered to.
- Documentation of the analysis of data, including trends and the development of measurable outcomes over time.

Recipient Services and Cultural Competency

CRSA has delegated recipient notifications and services to its subcontractors. In the meeting minutes from the July 17, 2007 CRS Administrators meeting CRSA reported that the subcontractors are trained on the Cultural Competency program.

Progress Made:

- Development of standards, to be audited annually and as needed, relative to the education and training of the subcontractor.
- Develop standards for the member handbook for all subcontractor sites, and implementation of these standards into member handbooks that reflect all requirements.
- CRSA has developed a comprehensive Cultural Competency Program which understands and accommodates the cultural challenges faced by CRS recipients.

Challenges remaining:

- CRSA must continue to improve its process for overseeing, recording and analyzing subcontractor compliance.
- CRSA and subcontractor's staff must receive training on the culture of being a child with a CRS health condition, evaluate the proficiency of their interpretation and translation services, and follow up on each subcontractor who had identified deficiencies.

- CRSA must monitor the use and effectiveness of their translation services in conjunction with the subcontracted clinics in order to assure that needs are being met.

Claims and Third Party Liability

CRSA has created an internal Administration level position that will be responsible for overseeing the individual subcontractor claim processing compliance. CRSA will be utilizing the new position to monitor the claims processing system to determine efficiency and accuracy. Claims standards are included in the CRSA Administrative Audit tool. The audits were to be conducted by CRSA during May and June, 2007, but are just now occurring since CRSA opted for a reorganization of this area that resulted in the new position being combined with the existing Department of Health Services claims area. The Department of Health Services claims area is also responsible for the oversight of the Regional Behavioral Health Administration subcontractors in Arizona.

Progress Made:

- CRSA has policies in place to monitor the subcontractor TPL cost avoidance, post payment recovery and reporting activities on a quarterly and annual basis.
- CRSA has conducted a data validation audit/ review for the purpose of training and to assess what the training needs are at the subcontractor level.

Challenges remaining:

- CRSA previous review results show that a lack of uniform practice amongst subcontractors has created difficulty in collecting claim validating/auditing from the subcontractors' claims processing units. The lack of a standard claim processing system forces CRSA to be able to accept various formats and be able to report this data for encounters to AHCCCS.
- CRSA must still review and follow up on the cost avoidance and post payment recovery process to ensure that it meets the contractual requirements of both CRSA and AHCCCS.
- CRSA must also provide AHCCCS with documentation that they have the infrastructure in place to assure that their system is able to accept and utilize all TPL information provided by AHCCCS to CRSA.

Grievance Systems

CRSA had issued a Notice to Cure to all of the four (4) subcontractors regarding compliance with the Notice of Action (adverse decision) letters and compliance with BBA standards. AHCCCS has continued to conduct a review of all of the Notice of Action letters generated by the subcontractors, including the service request documentation, timeliness of the service requests and how CRSA is providing oversight of the delegated functions.

Progress Made:

- CRSA is providing direct oversight and training to the subcontractors.
- CRSA has implemented a monitoring and oversight tool and that provides consistent and uniform feedback to the subcontractors.
- CRSA is independent in conducting the initial review of the notice of action letters and provides direction to the subcontractors.
- CRSA has taken the function of the appeal resolution, tracking and grievance system tracking away from the subcontractors and is managing the system through their administration.

Challenges remaining:

- The subcontractors have not been able to demonstrate compliance on a consistent basis and actions are now being taken by CRSA to manage these delegated functions. Areas of noncompliance remain with the language used, use of the correct legal template, and descriptions of the legal and medical basis of the decisions.

Financial Management

AHCCCS has required a corrective action plan to provide evidence that CRSA reviews and conducts follow up on the reporting submitted by the subcontractors to ensure it is complete and accurate according to the financial reporting guide for the contract years ending in 2006 and 2007.

Progress Made:

- CRSA has policies in place to monitor the subcontractor financial reporting on a quarterly and annual basis.
- CRSA has added this to their audit tool and is implementing the process during the Administrative Audits conducted this quarter.

Challenges remaining:

- Implementation and validation that the finances reported from the subcontractors is valid. This process will be dependent upon the capabilities and validation related to the claims processing.

Conclusion

CRSA is currently examining their delivery of care model based on feedback from multiple community stakeholders, including the public, AHCCCS acute health plans and the CRSA subcontractors to determine the most efficient and effective means of delivering specialty care to children with special health care needs. AHCCCS has communicated the need to meet all the BBA, contractual and regulatory guidelines as expeditiously as possible.