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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November 30, 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 July 1, 2007 through September 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
July 1, 2007- September 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: 4th Quarter /2007 (July 1, 2007- September 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	830,413	1,502	325,065
Acute SSI	132,056	90	17,684
Acute AC/MED	147,726	275	49,361
Family Planning	7,574	17	2,392
LTC DD	19,654	23	1,215
LTC EPD	26,596	45	2,937
Total	1,237,595	2,355	404,772

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan	828,404
Title XXI funded State Plan	65,189
Title XIX funded Expansion	116,610
Title XXI funded Expansion	13,704
DSH Funded Expansion	
Other Expansion	
Pharmacy Only	
Family Planning Only	6,590
Enrollment Current as of	10/1/07

Outreach/Innovative Activities:

AHCCCS continues to develop its year-one plans for a statewide KidsCare outreach, enrollment, and retention campaign. This campaign is made possible due to State funding for Fiscal Year 2007-2008. The campaign will target families with eligible uninsured children and rely upon partnerships with trusted community messengers. Messages conveyed during the campaign will educate families about the importance of health coverage and about KidsCare as an affordable health care option.

The KidsCare Outreach campaign will strive to achieve the following goals:

- Increase the number of children with health care coverage
- Develop an effective statewide outreach and enrollment assistance network led by community partners
- Build capacity in Arizona's schools to connect children with available health care coverage

During this reporting period, two requests for grant applications have been prepared and released for Community Outreach Partners and Enrollment Assistance Partners. Deadlines for those grants are in early and late December. The grants represent the largest portion of outreach funding and allow AHCCCS to contract with trusted messengers. Community Partnerships will focus in ten geographic areas with the highest potentially to reach uninsured eligible children.

AHCCCS has also continued to redesign collateral program materials, website and the overall KidsCare image. The goal of the redesign is to present an innovative, creative approach while communicating with inviting and straightforward messages. The KidsCare Outreach Campaign is scheduled to begin in January 2008.

AHCCCS continues to present 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, it became evident that to reduce risk, the project should be divided up into a sequence of phases, the first phase would be the foundation upon which the following phases would build. Exact detailed specifications and timing for each phase are still being developed.

The State Legislature was not in session during this quarter. However, an internal group regularly met to implement many of the programmatic changes that were enacted during the 2007 Legislative Session, effective October 1st, including the SOBRA coverage expansion from 133%-150% FPL; the expansion of hospice services to be offered to all non-ALTCS patients; additional funding for Graduate Medical Education; and the

provision of dental services (up to $1000 per member/per year) for ALTCS patients. AHCCCS is still awaiting final approval from CMS regarding some of these corresponding changes that were needed in the waiver.

The internal team formed to analyze and implement the various requirements and updates under Arizona's Waiver continues to meet. During this quarter, CMS approved State Plan Amendments for Outlier, Third Party Liability, SOBRA, Hospice, and Graduate Medical Education.

In August, AHCCCS sent CMS the final policy for the Spouses as Paid Caregiver Program as well as service descriptions for the "Behavioral Health Therapeutic Home Care Service." In September, Arizona submitted a request to update Attachment C of the Family Planning Extension Program. Also in September, Arizona requested guidance on structuring an approvable ESI program as required under STC #38, considering the current uncertainty regarding the State Children's Health Insurance Program (SCHIP) reauthorization debate and the coverage of adults.

Consumer Issues:

The Table below provides a summary of the types of complaints or problems by consumers for the reporting period July 1- September 30. Please note, AHCCCS continues to expand its data collection, resulting in increasingly capturing more accurate data.

Complaint Issue	July	August	September	Total
ALTCS	3	11	16	30
Can't get coverage (eligibility issues)	37	58	82	177
Caregiver issues				
Credentialing				
DES				
Equipment				
Fraud				
Good customer service				
Information	49	50	80	179
Lack of documentation				
Lack of providers				
Malfunctioning equipment				
Medicare	21	31	28	80
Medicare Part D	24	31	31	86
Member reimbursement				
Misconduct				
No notification				

No payment				
Nursing home POS				
Optical coverage				
Over income				
Paying bills	37	72	165	274
Policy				
Poor customer service				
Prescription				
Prescription denial				
Process				
Surgical procedures				
Termination of coverage	1	3	29	33

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. 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 61,096.
HIFA Parents enrolled at any time between 7/1/2007 and 9/30/2007: 16,315.

HIFA Parent enrollment:
7/1/2007: 14,045
8/1/2007: 14,819
9/1/2007: 14,843

ESI Issues:

On September 26, 2007, AHCCCS submitted a request to Central Office requesting guidance on the structure of the ESI program in light of the current uncertainty of SCHIP Reauthorization pending before Congress. Specifically, AHCCCS is concerned with the requirement under STC 38(b) to implement and provide services through an approved ESI program by October 1, 2008 for Arizona's Health Insurance Flexibility and Accountability eligible population.

Family Planning Extension Program (FPEP):

The Department of Economic Security began sending renewal notices in July 2007 to FPEP members due for an upcoming annual review. The first reviews were completed in August and 284 FPEP members were discontinued effective September 1, 2007 due to excess income or failure to complete the review process. The terms were sent to AHCCCS and the system was updated. AHCCCS retains the responsibility of discontinuing Family Planning for members with Third Party Liability. AHCCCS received six requests for fair hearings regarding discontinuance of Family Planning coverage during the quarter.

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 April 1, 2007, through June 30, 2007. AHCCCS enrollment and encounter data show 8,439 unduplicated recipients enrolled with the family planning extension program during the quarter, with 1,019 recipients using services, for a utilization rate of 12.1 percent for the three-month period. In addition, 2,105 women who had postpartum eligibility as SOBRA pregnant women also received a family planning service during the quarter.

Also during this quarter, on September 26, 2007, AHCCCS submitted proposed changes to the list of the Current Procedural Terminology and Healthcare Common Procedural Coding Systems codes known as Attachment C under the Waiver. Specifically, AHCCCS is requesting to cover Hysteroscopic Tubal Sterilization for AHCCCS members with risk factors that prevent a physician from performing a safe and effective laparoscopic tubal ligation when certain factors exist.

Family Planning Enrollment:
7/07 7241
8/07 7115
9/07 6853

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:

November 30, 2007

Attachments:

Quarterly Budget Neutrality Tracking Schedule
Quarterly Quality Initiative

Quarterly Tracking Sep'07 Qtr....


4th Qtr 2007 Quality attachmen...

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended September 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%	172.06	1,174,018	1,308,865	2,482,883	$ 427,204,707	
SSI	$414.28	1.0688	473.25	68.59%	324.61	266,245	275,435	541,680	175,833,749	
									$ 603,038,456	MAP Subtotal
									75,946,612	Add DSH Allotment
									$ 678,985,068	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%	188.40	1,435,196	1,525,585	1,595,518	1,684,927	6,241,226	$ 1,175,828,469	
SSI	505.81	68.59%	346.94	284,731	291,401	297,915	304,553	1,178,600	408,904,902	
									$ 1,584,733,371	MAP Subtotal
									86,014,710	Add DSH Allotment
									$ 1,670,748,081	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	1,774,554	1,844,497	1,939,431	2,028,549	7,587,031	$ 1,629,554,805	
SSI	540.60	71.27%	385.30	310,946	317,973	325,746	333,548	1,288,213	496,346,492	
									$ 2,125,901,298	MAP Subtotal
									82,215,000	Add DSH Allotment
									$ 2,208,116,298	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	2,041,444	2,016,910	2,015,145	2,094,701	8,168,200	$ 1,925,062,735	
SSI	577.80	71.18%	411.29	343,743	347,596	354,565	361,427	1,407,331	578,826,510	
									$ 2,503,889,244	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 2,599,258,644	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	2,199,949	2,179,641	2,207,438	2,210,333	8,797,361	$ 2,209,766,125	
SSI	617.55	69.20%	427.37	371,304	377,259	382,091	383,786	1,514,440	647,220,386	
									$ 2,856,986,511	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 2,952,355,911	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%	273.14	2,207,557				2,207,557	$ 602,963,339	
SSI		660.04	68.71%	453.52	385,156				385,156	174,675,654	
AFDC/SOBRA	Post MMA	392.97	69.35%	272.55		2,170,365	2,164,622	2,152,144	6,487,131	1,768,044,902	
SSI	Adj	590.02	68.71%	405.41		384,912	381,566	381,107	1,147,585	465,239,855	
										$ 3,010,923,750	MAP Subtotal
										95,369,400	Add DSH Allotment
										$ 3,106,293,150	Total BN Limit

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended September 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	68.65%	289.18	2,149,908	2,143,093	2,169,313	2,205,725	8,668,039	$ 2,506,635,840	
SSI	590.02	1.072	632.50	68.07%	430.54	380,585	380,141	381,859	380,841	1,523,426	655,893,159	
ALTCS-DD		1.072	3516.33	66.57%	2340.88	55,520	56,320	57,265	58,023	227,128	531,678,407	
ALTCS-EPD		1.072	3409.91	66.63%	2271.91	74,600	74,193	74,601	74,949	298,343	677,807,520	
											$ 4,372,014,926	MAP Subtotal
											95,369,400	Add DSH Allotment
											$ 4,467,384,326	Total BN Limit

Based on CMS-64 certification date of 10/31/07

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended September 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	$ 288,426,770	$ -	$ 288,426,770	$ 141,986,847	$ 59,681,038	$ 31,346,872	$ -	$ -	$ -	$ 49,741,851	$ 294,745,993	$ (6,319,223)
QE 9/01	314,611,686	75,946,612	390,558,298	190,394,084	89,174,119	35,440,263	-	-	-	9,964,155	319,071,317	71,486,981
QE 12/01	369,171,586	-	369,171,586	212,600,041	91,278,326	54,069,757	-	-	-	-	357,948,124	11,223,462
QE 3/02	388,514,703	-	388,514,703	279,700,520	129,324,172	69,531,395	-	-	-	(59,706,006)	412,762,000	(24,247,297)
QE 6/02	403,949,848	-	403,949,848	251,569,392	119,396,617	69,516,073	-	-	-	-	440,482,082	(36,532,234)
QE 9/02	423,097,234	86,014,710	509,111,944	254,526,472	100,795,403	72,123,681	-	-	-	-	427,445,556	81,666,388
QE 12/02	500,948,599	-	500,948,599	283,042,237	112,605,459	81,611,127	-	-	-	-	477,258,823	23,689,776
QE 3/03	518,678,562	-	518,678,562	307,833,501	124,015,853	83,135,076	-	-	-	-	514,984,430	3,694,132
QE 6/03	542,063,565	-	542,063,565	335,897,265	153,636,989	103,921,589	-	-	-	-	593,455,843	(51,392,278)
QE 9/03	564,210,572	82,215,000	646,425,572	326,904,740	130,779,492	99,910,965	-	-	-	-	557,595,197	88,830,375
QE 12/03	622,502,226	-	622,502,226	342,194,130	141,669,588	117,472,377	-	-	-	-	601,336,095	21,166,131
QE 3/04	618,304,824	-	618,304,824	356,575,718	144,541,374	121,487,252	-	-	-	-	622,604,344	(4,299,520)
QE 6/04	620,755,160	-	620,755,160	378,397,587	178,126,369	119,699,074	-	-	-	-	676,223,030	(55,467,870)
QE 9/04	642,327,034	95,369,400	737,696,434	357,025,418	145,285,954	127,097,490	-	-	-	-	629,408,862	108,287,572
QE 12/04	711,277,200	-	711,277,200	374,496,706	153,711,596	134,379,346	-	-	-	-	662,587,648	48,689,552
QE 3/05	708,721,098	-	708,721,098	389,097,040	171,977,149	152,130,280	-	-	-	-	713,204,469	(4,483,371)
QE 6/05	717,768,324	-	717,768,324	400,547,496	165,585,571	167,446,873	-	-	-	-	733,579,940	(15,811,616)
QE 9/05	719,219,890	95,369,400	814,589,290	413,657,520	174,077,443	162,560,598	-	-	-	-	750,295,561	64,293,729
QE 12/05	777,638,993	-	777,638,993	404,061,498	191,370,840	160,614,226	-	-	-	-	756,046,564	21,592,429
QE 3/06	747,571,711	-	747,571,711	405,005,129	235,354,779	118,877,866	-	-	-	-	759,237,774	(11,666,063)
QE 6/06	744,649,982	-	744,649,982	141,514,299	(35,409,090)	184,960,886	-	-	-	509,691,703	800,757,798	(56,107,816)
QE 9/06	741,063,064	95,369,400	836,432,464	400,869,032	166,963,246	193,842,243	-	-	-	17,513,729	779,188,250	57,244,214

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	1,085,019,522	-	1,085,019,522	433,715,853	176,371,015	190,249,157	124,180,959	154,103,335	270,452	-	1,078,890,771	6,128,751
QE 3/07	1,083,805,626	-	1,083,805,626	420,960,087	175,385,343	175,652,301	128,103,178	160,067,805	265,323	15,570,598	1,076,004,635	7,800,991
QE 6/07	1,095,266,693	-	1,095,266,693	430,645,025	181,860,134	160,414,980	109,129,722	164,184,289	267,338	63,265,880	1,109,767,368	(14,500,675)
QE 9/07	1,107,923,086	95,369,400	1,203,292,486	451,362,225	183,298,829	206,505,026	131,045,943	172,571,072	251,682	17,380,376	1,162,415,153	40,877,333
QE 12/07												
QE 3/08												
QE 6/08												
QE 9/08												
QE 12/08												
QE 3/09												
QE 6/09												
QE 9/09												
QE 12/09												
QE 3/10												
QE 6/10												
QE 9/10												
QE 12/10												
QE 3/11												
QE 6/11												
QE 9/11												
	$ 17,057,487,557	$ 625,653,922	$ 17,683,141,479	$ 8,684,579,862	$ 3,660,857,608	$ 3,193,996,773	$ 492,459,802	$ 650,926,501	$ 1,054,795	$ 623,422,286	$ 17,307,297,627	$ 375,843,852

Last Updated: 11/5/2007

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended September 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	$ 2,349,733,149	$ 2,446,649,253	$ (96,916,104)	-4.12%				
DY 02	2,208,116,298	2,127,258,337	80,857,961	3.66%				
DY 03	2,599,258,644	2,497,216,658	102,041,986	3.93%				
DY 04	2,952,355,911	2,872,233,295	80,122,616	2.71%				
DY 05	3,106,293,150	3,140,660,792	(34,367,642)	-1.11%	$ 13,215,757,152	$ 13,084,018,335	$ 131,738,817	1.00%
DY 06	4,467,384,326	4,223,279,292	244,105,034	5.46%	4,467,384,326	4,223,279,292	244,105,034	5.46%
	$ 17,683,141,479	$ 17,307,297,627	$ 375,843,852		$ 17,683,141,479	$ 17,307,297,627	$ 375,843,852	2.13%

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended September 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	526,038,876	543,661,200	622,624,379	835,510,472	1,067,230,466	989,171,241					4,584,236,634
AFDC/SOBRA	1,940,340,891	1,651,924,702	1,898,742,678	2,184,349,632	2,349,324,828	2,404,820,071					12,429,502,802
SSI	853,940,839	659,690,241	830,689,246	967,261,441	998,254,583	967,173,422					5,277,009,772
ALTCS-DD	-	-	-	-	-	739,745,047					739,745,047
ALTCS-EPD	-	-	-	-	-	976,976,999					976,976,999
Family Planning Extension	-	-	-	-	-	1,150,730					1,150,730
DSH/CAHP	-	-	-	-	-	144,752,300					144,752,300
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-					789,015,636
Total	3,565,554,000	2,977,519,101	3,493,848,453	4,128,514,280	4,553,164,276	6,223,789,810					24,942,389,920

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	365,111,402	392,197,874	448,247,010	582,004,095	732,713,269	673,723,123					3,193,996,773
AFDC/SOBRA	1,334,215,484	1,182,679,177	1,362,291,160	1,525,481,925	1,629,366,475	1,650,545,641					8,684,579,862
SSI	585,733,901	470,172,897	591,309,088	669,377,875	685,911,271	658,352,576					3,660,857,608
ALTCS-DD	-	-	-	-	-	492,459,802					492,459,802
ALTCS-EPD	-	-	-	-	-	650,926,501					650,926,501
Family Planning Extension	-	-	-	-	-	1,054,795					1,054,795
DSH/CAHP	-	-	-	-	-	96,216,854					96,216,854
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-					527,205,432
Total	2,446,649,253	2,127,258,337	2,497,216,658	2,872,233,295	3,140,660,792	4,223,279,292					17,307,297,627

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	-	-	-	-	-	1,840,930					1,840,930
SSI	-	-	-	-	-	251,685					251,685
ALTCS-DD (Cost Sharing)[1]	-	-	-	-	-	-					-
Family Planning Extension[2]	-	-	-	-	-	(1,150,730)					(1,150,730)
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	-	-	-	-	-	1,513,571					1,513,571
SSI	-	-	-	-	-	167,295					167,295
ALTCS-DD (Cost Sharing)[1]	-	-	-	-	-	-					-
Family Planning Extension[2]	-	-	-	-	-	(1,054,795)					(1,054,795)
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 September 30, 2007

Revised Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	526,038,876	543,661,200	622,624,379	835,510,472	1,067,230,466	989,504,356					4,584,569,749
AFDC/SOBRA	1,940,340,891	1,651,924,702	1,898,742,678	2,184,349,632	2,349,324,828	2,406,661,001					12,431,343,732
SSI	853,940,839	659,690,241	830,689,246	967,261,441	998,254,583	967,425,107					5,277,261,457
ALTCS-DD	-	-	-	-	-	739,745,047					739,745,047
ALTCS-EPD	-	-	-	-	-	976,976,999					976,976,999
Family Planning Extension	-	-	-	-	-	-					-
DSH/CAHP	-	-	-	-	-	143,477,300					143,477,300
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-					789,015,636
Total	3,565,554,000	2,977,519,101	3,493,848,453	4,128,514,280	4,553,164,276	6,223,789,810					24,942,389,920

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	365,111,402	392,197,874	448,247,010	582,004,095	732,713,269	673,944,545					3,194,218,195
AFDC/SOBRA	1,334,215,484	1,182,679,177	1,362,291,160	1,525,481,925	1,629,366,475	1,652,059,212					8,686,093,433
SSI	585,733,901	470,172,897	591,309,088	669,377,875	685,911,271	658,519,871					3,661,024,903
ALTCS-DD	-	-	-	-	-	492,459,802					492,459,802
ALTCS-EPD	-	-	-	-	-	650,926,501					650,926,501
Family Planning Extension	-	-	-	-	-	-					-
DSH/CAHP	-	-	-	-	-	95,369,361					95,369,361
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-					527,205,432
Total	2,446,649,253	2,127,258,337	2,497,216,658	2,872,233,295	3,140,660,792	4,223,279,292					17,307,297,627

Calculation of Effective FMAP:

AFDC/SOBRA						
Federal	1,334,215,484	1,182,679,177	1,362,291,160	1,525,481,925	1,629,366,475	1,652,059,212
Total	1,940,340,891	1,651,924,702	1,898,742,678	2,184,349,632	2,349,324,828	2,406,661,001
Effective FMAP	0.687619114	0.715940125	0.717470132	0.698368934	0.693546697	0.686452812
SSI						
Federal	585,733,901	470,172,897	591,309,088	669,377,875	685,911,271	658,519,871
Total	853,940,839	659,690,241	830,689,246	967,261,441	998,254,583	967,425,107
Effective FMAP	0.685918596	0.712717678	0.711829473	0.692034073	0.687110565	0.680693385
ALTCS-DD						
Federal						492,459,802
Total						739,745,047
Effective FMAP						0.665715579
ALTCS-EPD						
Federal						650,926,501
Total						976,976,999
Effective FMAP						0.666265942

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

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	1,308,865	275,435		
Quarter Ended December 31, 2001	1,435,196	284,731		
Quarter Ended March 31, 2002	1,525,585	291,401		
Quarter Ended June 30, 2002	1,595,518	297,915		
Quarter Ended September 30, 2002	1,684,927	304,553		
Quarter Ended December 31, 2002	1,774,554	310,946		
Quarter Ended March 31, 2003	1,844,497	317,973		
Quarter Ended June 30, 2003	1,939,431	325,746		
Quarter Ended September 30, 2003	2,028,549	333,548		
Quarter Ended December 31, 2003	2,041,444	343,743		
Quarter Ended March 31, 2004	2,016,910	347,596		
Quarter Ended June 30, 2004	2,015,145	354,565		
Quarter Ended September 30, 2004	2,094,701	361,427		
Quarter Ended December 31, 2004	2,199,949	371,304		
Quarter Ended March 31, 2005	2,179,641	377,259		
Quarter Ended June 30, 2005	2,207,438	382,091		
Quarter Ended September 30, 2005	2,210,333	383,786		
Quarter Ended December 31, 2005	2,207,557	385,156		
Quarter Ended March 31, 2006	2,170,365	384,912		
Quarter Ended June 30, 2006	2,164,622	381,566		
Quarter Ended September 30, 2006	2,152,144	381,107		
Quarter Ended December 31, 2006	2,149,908	380,585	55,520	74,600
Quarter Ended March 31, 2007	2,143,093	380,141	56,320	74,193
Quarter Ended June 30, 2007	2,169,313	381,859	57,265	74,601
Quarter Ended September 30, 2007	2,205,725	380,841	58,023	74,949

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	-	-
Quarter Ended September 30, 2007	-	-

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended September 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	-	-	-	-	-	-	17,380,376	17,380,376
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	95,369,361	622,574,792
Unused Allotment	**1**	**372,855**	**6,611**	**1**	**-**	**2,699,623**	**39**	**3,079,130**

* 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: 4/2007 (7/07 – 9/07)

Prepared by the Division of Health Care Management
November 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. In addition, AHCCCS is providing technical assistance to DDD to improve performance measure rates.

Also during the quarter, AHCCCS compiled a document that represented a more comprehensive overview of DES/DDD's performance issues. For example, DDD continues to have a significant number of Medicaid Managed Care (MMC) standards that are found out of compliance at the annual Operational and Financial Review (OFR) and identified through daily operations. The 2007 External Quality Review Report identifies DDD's continued challenges in complying with MMC regulations. A key factor impacting DDD's operation over the past several months has been the implementation and resolution of problems related to its FOCUS management information system. These issues were forwarded to the DES Director by AHCCCS Director Tony Rodgers in August., in order to focus greater attention and resources on these problems so that DDD can significantly improve its performance and ability to meet MMC standards.

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 in March.

CRSA has delegated the functional areas of claims, grievances, medical management, recipient services, 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 initial oversight of subcontractors on a quarterly basis 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. Some of the progress made by CRSA, which was noted in the last quarter, includes:

- Implementation of policies for credentialing processes at one subcontractor site that is not JCAHO accredited, peer review, administrative reviews, quality of care resolution, and quality of care tracking/trending reports.
- Agreement on the use of InterQual criteria for hospitalization reviews
- Development of 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.
- Development of standards, to be audited annually and as needed, relative to the education and training of subcontractors in cultural competency.
- Development and implementation of standards for the member handbook for all subcontractor sites.
- Development of a comprehensive Cultural Competency Program, which understands and accommodates the cultural challenges faced by CRS recipients.

CRSA is currently examining their delivery of care model based on feedback from multiple community stakeholders, including the public, AHCCCS acute health plans and 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 Medicaid Managed Care, contractual and regulatory requirements as soon as possible.

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 July, 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.

In addition, AHCCCS is collaborating with ADHS regarding tobacco education/prevention initiatives. 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 work together to ensure early intervention services are provided without delay and covered by the appropriate state agency.

Meetings between AHCCCS, AzEIP, and AHCCCS health plans continue 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 (AMCQEP)
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. There was no AMCQEP meeting during the quarter.

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
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 coordinates 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. During the quarter, AHCCCS and DES began developing on-line training for physician office staff to ensure that they are up to date in the process and understand the program's goals.

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.

Contractor Meetings

The Division of Health Care Management hosted a Quality Management/Maternal and Child Health meeting with Contractors on July 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, long term care facility surveys and what recommendations mean to AHCCCS Contractors presented by the Arizona Department of Health Services (ADHS) Office of Long-Term Care Licensing, ADHS licensure definitions/actions and facility closure guidelines, and AHCCCS Performance Measures and Performance Improvement Projects.

On July 18, the Division of Health Care Management hosted an ALTCS Program Contractor Administrators Meeting. Quality-related topics included an agency legislative update, the CYE 2008 ALTCS contract, notices of action, self-directed attendant care, spouses as paid caregivers, community reintegration, adult dental services, home health nursing issues, transportation for adult day health and electronic health records.

On July 20, the Division of Health Care Management hosted an Acute-care Administrators Meeting. Quality-related topics included national and Arizona perspectives on electronic health records and health information exchange, legislative updates, Enteral feedings, notices to cure for Performance Measures, transition of new behavioral health contractor for Maricopa County, EQRO reports, notice of action policy and guide, and CYE 2008 contracts.

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

AHCCCS has identified potential new performance measures for the ALTCS program, which 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 is working on 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. Contractors reviewed methodologies for both projects and provided input.

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. 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.

Identifying, collecting and assessing relevant data

During the quarter, DHCM analyzed data collected 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. Results will be reported in November 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. During the quarter, Contractors were issued Notices to cure or Letters of Concern, and were advised on sanctions they would face if they do not meet Minimum Performance Standards for the measurement periods consisting of CYE 2007 and CYE 2008. Contractors were required to develop Corrective Actions Plans to bring their performance up to the AHCCCS minimum standards or evaluate each activity under CAPs currently in place to determine their effectiveness. Contractors also were required to identify whether they will continue activities or implement 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 dovetails 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 July 2007 meeting included topics such as the Women Infants and Children (WIC) program, an updates on the federal VFC program and utilizing the Arizona Immunization Information System (ASIIS) electronic registry.

During the quarter, AHCCCS began facilitating a targeted effort to improve childhood immunization rates in Pinal County. Based on the most recent data from AHCCCS and other assessments, this area is one that could benefit greatly from provider and community education in best practices to improve childhood immunization rates. A collaborative effort between AHCCCS, contracted health plans, the ADHS Office of Immunization, The Arizona Partnership for Immunization and the Pinal County Health Department is pursuing activities to disseminate best practices among providers to increase rates of immunization completion. These activities will be launched in the next quarter.

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 began 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, AHCCCS completed its annual OFR cycle with one final review:

- **DES/DDD** – September 18 through 20, 2007. Among the findings in the Quality Management and Maternal and Child Health areas were: There are a number of areas in quality management that require corrective action, including revision of the Peer Review policy, communication with the person who originates a quality of care concern, credentialing of organizational providers and annual review of all quality management policies. It was determined that there is inadequate monitoring of subcontracted health plans' compliance with maternal health policies. There is no tracking of whether pregnant members receive prenatal or postpartum care and no monitoring of overall EPSDT participation. In the Medical Management area, it was found that DDD has made progress in receiving data from the subcontracted health plans. Recommendations were made for the Contractor to enhance its inter-rater reliability process, as well as to develop Clinical Practice Guidelines more specific to its population. AHCCCS Medical Management will be providing technical assistance in implementing the disease management program. DDD must implement a process to formally respond to health plan variances (provider and member). DDD also must aggregate utilization management data from health plans to see if there are variances between health plan providers.

AHCCCS is requiring corrective action plans for all standards for which the Contractor did not fully meet contract and BBA requirements.

- 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.

  - **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.** Contractors 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.

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 being 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 next quarter.

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 and interventions have been under way since CYE 2006. During the quarter, AHCCCS conducted the first remeasurement of performance and will report results to Contractors in the next quarter.

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.

- 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. Data collection for the next report of Acute-care measures was under way during the quarter.

ALTCS Performance Measures
During the quarter, AHCCCS analyzed 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. Enhancements have been made to the ADDS function that generates Performance Measure data. The system will be used to support performance monitoring, 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.

The Agency completed internal review and revision of the strategy in the fourth quarter. The revised draft of the document was distributed to the State Medicaid Advisory Committee (SMAC) for comment, and was subsequently discussed at a SMAC meeting during the following quarter. This process will result in a revised Quality Strategy that aligns with Medicaid Managed Care requirements and links to other significant documents, including annual External Quality Review reports, the AHCCCS Five Year Strategic Plan, AHCCCS E-Health Initiative, managed care contracts and reports by the Agency. It is expected that the final product will offer users a more complete view of quality initiatives throughout the Agency, as well as provide updates on activities and progress since the Quality Strategy was initially developed in 2003.