AHCCCS

Janice K. Brewer, Governor
Anthony D. Rodgers, Director

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

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May 29, 2009

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 January 1, 2009 to March 31, 2009, which also includes the Quarterly Budget Neutrality Tracking Schedule and the Quarterly Quality Initiative.

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

Sincerely,

Monica Coury
Assistant Director
AHCCCS Office of Intergovernmental Relations

Enclosure

cc: Cheryl Young
Hee Young Ansell
Tonya Moore

# AHCCCS Quarterly Report
# January 1, 2009 to March 31, 2009

## TITLE

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

Section 1115 Quarterly Report
Demonstration Year: 27
Federal Fiscal Quarter: 2nd/2009 (January 1, 2009 – March 31, 2009)

## 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) | No. Voluntarily Disenrolled in current Quarter | No. Involuntarily Disenrolled in current Quarter |
|---|---|---|---|
| **Acute AFDC/SOBRA** | 983,534 | 1068 | 411,752 |
| **Acute SSI** | 136,854 | 87 | 21,074* |
| **Acute AC/MED** | 194,464 | 219 | 77,317 |
| **Family Planning** | 4,799 | 3 | 2,021 |
| **LTC DD** | 21,690 | 20 | 1,729 |
| **LTC EPD** | 28,896 | 40 | 3,986 |
| **Total** | 1,446,993 | 1,741 | 540,125 |

| State Reported Enrollment in the Demonstration (as requested) | Current Enrollees |
|---|---|
| **Title XIX funded State Plan**[1] | 931,852 |
| **Title XXI funded State Plan**[2] | 56,380 |
| **Title XIX funded Expansion**[3] | 144,328 |
| **Title XXI funded Expansion**[4] | 9,373 |
| **DSH Funded Expansion** | |
| **Other Expansion** | |
| ***Pharmacy Only*** | |
| ***Family Planning Only*** | 4,154 |
| **Enrollment Current as of** | 04/01/09 |

[1] SSI, 1931 Families and Children, 1931 Related, TMA, SOBRA child and pregnant, ALTCS, FTW, QMB, BCCP, SLMB, QI-1
[2] KidsCare
[3] MI/MN
[4] AHCCCS for Parents

## Outreach/Innovative Activities:

During this quarter, AHCCCS discontinued its education and partnership activities in the community.

## Operational/Policy Developments/Issues:

Since implementation of the online application screens for Medicaid and CHIP, as well as Food Stamps and Cash Assistance on December 15, 2009, public use of Arizona's online application, Health-e-Arizona, has steadily grown. Increased use of this online application improves processing efficiency and reduces traffic in eligibility offices.

Applications submitted by Public Users:
December 2008 271
January 2009 1207
February 2009 3253
March 2009 4633

*Waiver Update*

Upon CMS request, Arizona submitted its withdrawal of the modification to the 1115 Waiver, originally submitted on June 25, 2007.

*State Plan Update*

During this quarter, Arizona continued to work with CMS on State Plan Amendments (SPA) 08-005(A) and (B). Arizona also submitted SPA 09-001, which updates the amount in which monies related to Graduate Medical Education are distributed.

## Consumer Issues:

In support of the quarterly report to CMS, presented below is a summary of complaint issues received in OCA for the quarter January 1, 2009 – March 31, 2009.

| Complaint Issue | January | February | March | Total |
|---|---|---|---|---|
| ALTCS | 19 | 10 | 16 | 45 |
| Can’t get coverage (eligibility issues) | 351 | 396 | 450 | 1197 |
| Caregiver issues | 1 | 2 | 1 | 4 |
| Credentialing | 0 | 0 | 0 | 0 |
| DES | 44 | 44 | 47 | 135 |
| Equipment | 3 | 1 | 1 | 5 |
| Fraud | 1 | 3 | 1 | 5 |
| Good customer service | 0 | 2 | 0 | 2 |
| Information | 140 | 132 | 113 | 385 |
| Lack of documentation | 1 | 0 | 0 | 1 |
| Lack of providers | 0 | 2 | 1 | 3 |

| Malfunctioning equipment | 1 | 0 | 1 | 2 |
|---|---|---|---|---|
| Medicare | 4 | 12 | 10 | 26 |
| Medicare Part D | 21 | 35 | 27 | 83 |
| Member reimbursement | 19 | 26 | 15 | 60 |
| Misconduct | 0 | 0 | 0 | 0 |
| No notification | 0 | 0 | 0 | 0 |
| No Payment | 0 | 0 | 0 | 0 |
| Nursing home POS | 0 | 4 | 1 | 5 |
| Optical coverage | 1 | 1 | 1 | 3 |
| Over income | 2 | 0 | 1 | 3 |
| Paying bills | 0 | 2 | 5 | 7 |
| Policy | 0 | 0 | 2 | 2 |
| Poor customer service | 0 | 2 | 2 | 4 |
| Prescription | 53 | 64 | 37 | 154 |
| Prescription denial | 24 | 18 | 16 | 58 |
| Process | 0 | 0 | 0 | 0 |
| Surgical procedures | 1 | 1 | 0 | 2 |
| Termination of Coverage | 30 | 43 | 74 | 144 |
| | | | | |

**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.

**HIFA Issues:**

Below is enrollment information for the quarter: January 1, 2009 to March 31, 2009.

HIFA Parents ever enrolled: 74,526
HIFA Parents enrolled at any time between 01/01/2009 and 3/31/2009: 11,571
HIFA Parent enrollment:
01/01/09: 9,418
02/01/09: 9,215
03/01//09: 9,182

**Employer Sponsored Insurance Issues:**

AHCCCS received CMS approval on 10/02/08 to implement the ESI program. AHCCCS implemented the program on 12/01/08 and began sending out information to families with children approved for KidsCare who have access to employer sponsored health insurance.

## Family Planning Extension Program (FPEP):

AHCCCS monitors utilization of family planning services by women who are covered under the demonstration and enrolled with Acute-care health plans on a quarterly basis. Reports are based on an approximately three-month claims lag; thus, the most recent data available are for the quarter ending December 31, 2008. AHCCCS enrollment data show that 4,587 unduplicated recipients were enrolled with Acute-care Contractors under the Family Planning Extension (FPE) program (contract type Q) during the quarter.

Encounter data received through March 2009 indicate that 636 women in the SOBRA Family Planning Extension demonstration used a family planning service during the quarter, for a utilization rate of 13.9 percent (it should be noted that these data may be incomplete, as Contractors have up to eight months to submit encounters to AHCCCS). The 636 women participating in the SOBRA FPE program used an average of 1.9 services during the quarter. Oral contraceptives accounted for 79.9 percent of services used. As expected, the majority of utilizers (76.1 percent) were in the age range of 21 to 39 years old.

Family Planning Enrollment by Month:

01/09: 4,431
02/09: 4,326
03/09: 4,207

## 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):

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## Date Submitted to CMS:

May 29, 2009

Quarterly Tracking
Mar'09 Qtr ...

Arizona Health Care Cost Containment System

# Attachment II to the Section 1115 Quarterly Report

# Quality Assurance/Monitoring Activity

**Demonstration/Quarter Reporting Period**
Demonstration Year: 26
Federal Fiscal Quarter: 2/2009 (1/09 – 3/09)

*Prepared by the Division of Health Care Management*
*May 2009*

# 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 Arizona Health Care Cost Containment System (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 1115 Waiver and 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 Asthma Coalition

Working with the Arizona Asthma Coalition and other stakeholders, AHCCCS has been helping to lead an initiative to develop recommendations in response to a Governor's 2008 Executive Order (EO). The EO directs the Agency and others to develop ways to improve management of asthma and other respiratory diseases for better health outcomes and reduced costs. AHCCCS, in collaboration with the Arizona Department of Health Services (ADHS) and the Arizona Department of Administration (ADOA), convened executive leadership workgroups to identify priority strategies and recommendations. The invitees to the workgroups represented public health, insurers, health care practitioners and community education experts.

AHCCCS also has participated in regular meetings of the coalition and hopes to identify additional quality improvement resources that contracted health plans may use to support optimal health outcomes among members with asthma and other respiratory diseases.

**Arizona Department of Economic Security (DES) Division of Developmental Disabilities**
Periodic meetings covering quality improvement topics continue between AHCCCS and the Arizona Department of Economic Security Division of Developmental Disabilities (DES/DDD). Topics discussed during joint meetings this quarter included Notices of Action, EPSDT coverage, and attendant care. AHCCCS also is providing ongoing technical assistance to DDD to improve its performance measure rates. AHCCCS has received a corrective action plan (CAP) for clinical quality performance measures from DDD, and worked with the Division to finalize the CAP. During the quarter, AHCCCS continued a work group with DDD to develop strategies related to quality of care, quality management and peer review processes.

**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. The CRS Notice to Cure related to how it handles quality of care concerns and delegated functions was closed. AHCCCS is holding ongoing meetings with CRS Administration to monitor its progress in meeting AHCCCS requirements.
During the quarter, CRSA implemented its contract with Arizona Physician's IPA, a United Health Care company and long-standing Arizona Medicaid contractor, to manage the care and operations of the CRSA program, effective October 1, 2008.

**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. Due to budget concerns, State vaccine budgets have been reduced; however, the reductions do not impact the Medicaid or SCHIP programs. AHCCCS also 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.

In 2007, AHCCCS convened a work group between ADHS, The Arizona Partnership for Immunization (TAPI), the Pinal County Health Department, and the two acute-care Contractors that serve Pinal County to improve childhood immunization rates in the county, which are among the lowest in the state. The group reviewed data from AHCCCS and ADHS, and identified barriers and resources to address some of the reasons for the low rates. A barrier identified was the need for education among provider offices in immunization requirements, use of the ASIIS registry, and strategies for office staff to reassure parents about immunization safety and encourage return visits to complete vaccinations. Increased education and outreach appear to be having some success in improving rates. More definitive results will be available after AHCCCS conducts a statewide measurement of childhood immunization rates using Healthcare Effectiveness Data and Information Set (HEDIS) methodology, which is planned for 2010.

The work group has evolved to include Apache, Coconino, Mohave and Navajo counties, and two teleconferences with representatives of health plans and county health departments serving these counties were held during the quarter. The group reviewed data from AHCCCS and ADHS showing the most current rates in the area and discussed interventions used in Pinal County to support improvement. One of the challenges going forward is the ability of ADHS to continue providing the same level of provider education in outlying areas of the state, due to state budget deficits in the current and upcoming fiscal years.

**Arizona Department of Health Services Office of Environmental Health**

Ongoing collaboration with ADHS also 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.

**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 continues to work 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. The AHCCCS health plans educate providers to utilize EPSDT services such as nutritional counseling, behavioral health services and physical therapy/physiology to assist and support children who are overweight to become more active and to choose healthy foods.

In collaboration with ADHS, AHCCCS developed a Medicaid policy to implement state legislation passed last session that requires AHCCCS to cover smoking cessation drugs and nicotine replacement therapy. Members are being encouraged to participate in ADHS Tobacco Education and Prevention Program (TEPP) smoking cessation support programs such as the "QUIT Line" and/or counseling, in addition to seeking assistance from their Primary Care Physician. AHCCCS continues to work with Contractors and ADHS to streamline processes to improve availability and accessibility to nicotine replacement/smoking cessation products.

**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. Acute Care contracts require AHCCCS–contracted health plans to reimburse AzEIP providers who provide medically necessary therapy to members. The AzEIP providers do not have to be contracted with the health plans, but must be registered as AHCCCS providers.

**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). 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. As noted above, TAPI is part of the collaborative effort to improve low rates of childhood immunization in Pinal, Apache, Mohave and Navajo Counties. AHCCCS also collaborated with TAPI in efforts to assist county health departments with billing AHCCCS/AHCCCS Contractors for immunizations provided to Medicaid members.

**Arizona Perinatal Trust**

The Arizona Perinatal Trust (APT) oversees voluntary certification of hospitals for the appropriate level of perinatal care according to established guidelines, and conducts site visits for initial certification and recertification. CQM staff participates in site reviews of hospitals and provides consultation to the APT's Board of Directors. Since AHCCCS covers approximately half the births in Arizona, the site reviews give the agency an in-depth look at the hospitals that provide care, from normal labor and delivery to neonatal intensive care. In collaboration with the APT and its members, which include perinatal providers and the ADHS Bureau of Women's and Children's Health, AHCCCS reviews processes to ensure quality of care and culturally appropriate care, as well as quality improvement initiatives and collaboration with community resources to promote good birth outcomes. AHCCCS participated in several site reviews during the quarter.

**Arizona Quality Counts Partnership (AQCP)**

This partnership is coordinated by the Arizona Quality Improvement Organization, Health Services Advisory Group (HSAG). In addition to HSAG and AHCCCS, the meetings are attended by representatives of AHCCCS health plans, Medicare health plans, providers, health care associations and the Arizona Department of Health Services. AQCP serves as a forum to coordinate partners' efforts to improve quality across the continuum of health care services. Through this collaborative, AHCCCS was approached by the nursing home industry to apply for a type of pay-for-performance CMS grant. AHCCCS applied for and was selected as one of four states to participate in the CMS pay-for-performance program focused on rewarding quality of care in nursing homes.

**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 completed development of 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 has developed a stand-alone website for Baby Arizona that educates providers and potential enrollees about the Baby Arizona program, as well as lists the most current participating Baby Arizona providers. The three state agencies collaborating on the Baby Arizona Program — AHCCCS, DES and ADHS — are working closely with the March of Dimes to develop Baby Arizona outreach materials to distribute to the community.

**Contractor Meetings**
The Division of Health Care Management regularly hosts a Quality Management/Maternal and Child Health (QM/MCH) meeting with Contractors to provide new information and resources, as well as solicit feedback from health plan staff. A meeting was held April 9, 2009, with topics that included: Arizona Rural Women's Health Network; ADHS Bureau of Women's and Children's Health; ADHS Licensing, Immediate Jeopardy; Nurse Family Partnership (NFP) Program and updates on AHCCCS Performance Measures and Performance Improvement Projects (PIPs).

**Governor's Executive Order Workgroups**
AHCCCS staff from several units/divisions are supporting efforts of a broad group of community, government and private stakeholders to address such serious health conditions as diabetes, cardiovascular disease/stroke, respiratory diseases, cancer and low birth weight, with data, information and administrative support. These workgroups, coordinated by AHCCCS with the help of the Arizona Department of Health Services, are in response to Executive Orders signed in early 2008 by Gov. Janet Napolitano, charging the Agency with leading a collaborative effort to address the rising cost of health care through disease prevention and management strategies. This could ultimately lead to improvements in the quality of care received and health outcomes among all Arizona residents. Implementation of any recommendations is pending further direction, with the change in the Arizona Governor in January 2009.

**Governor's Commission on Women's and Children's Health**
AHCCCS is represented by CQM staff on the Governor's Commission on Women's and Children's Health. The Commission was assembled to fast track development of a realistic, relatively short-term action plan to promote wellness and/or improve access to care for Arizona's women, children, and adolescents. The Commission's focus is on physical activity and nutrition toward a healthy weight to combat the growing obesity epidemic in Arizona and developed subcommittees to approach the epidemic on three fronts: Where we Learn, Where we Live and Where we Work. AHCCCS staff attended commission meetings on March 9 and March 24, 2009.

**Healthy Mothers, Healthy Babies**
CQM staff participates 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 is 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.

**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 established an objective, systematic process for identifying priority areas for improvement and selecting new Performance Measures and Performance Improvement Projects (PIPs). This process involves a review of data from a variety of sources, both internal and external. Preliminary recommendations for measures or PIP topics are developed and scored by an interdepartmental AHCCCS team that takes into account such factors as the prevalence of a particular condition and population affected, the resources required by both AHCCCS and Contractors to conduct studies and effect improvement, and whether the areas currently are priorities of CMS or state leadership and/or can be combined with existing initiatives. Contractor input also is sought in prioritizing areas for improvement. AHCCCS is now in the process of reviewing potential topics for implementation effective October 1, 2010.

- Establishing realistic outcome-based performance measures

***ALTCS Contractors***

In 2008, AHCCCS developed the methodology for a Performance Improvement Project to reduce the rate of refusal of influenza vaccination for inappropriate reasons. The PIP includes Arizona Long Term Care System (ALTCS) Elderly and Physically Disabled (E/PD) members age 18 and older. Members are considered to have refused an influenza immunization if they did not receive a vaccination in the 2007/2008 flu season and did not have specific contraindications to the vaccine. In the previous quarter, DHCM selected a sample of members for the baseline measurement (measurement period of Sept. 1, 2007, through March 31, 2008) and collected preliminary data from its encounter system. ALTCS Contractors were sent these results with detailed instructions and a data collection tool to gather additional numerator data.

During the quarter, quality checks were performed on data received back from Contractors and data were cleaned as necessary. Data were then aggregated and analyzed with the following results:

**AHCCCS Influenza Vaccine Refusal Baseline Results:**
**ALTCS Elderly/Physically Disabled Members**

| Contractor | n | Number of members who refused Influenza Vaccination | Percent of members who refused Influenza Vaccination |
|---|---|---|---|
| Bridgeway Health Solutions | 291 | 184 | 63.2% |
| Cochise Health Systems | 255 | 110 | 43.1% |
| Evercare Select | 360 | 220 | 61.1% |
| Mercy Care LTC | 374 | 205 | 54.8% |
| Pima Health System LTC | 347 | 140 | 40.3% |
| Pinal/Gila County LTC | 279 | 219 | 78.5% |
| Scan Long Term Care | 281 | 153 | 54.4% |
| Yavapai County LTC | 250 | 84 | 33.6% |
| TOTAL | 2437 | 1315 | 54.0% |

These results were shared with Contractors, who are implementing interventions to better educate members of the benefits of influenza immunization and the minimal risks associated with vaccines compared with the risks of disease. Improvements are expected to decrease unnecessary or uninformed refusal of vaccination and potential mortality and morbidity from influenza. Contractor interventions also are aimed at improving documentation of members' receipt of the vaccine. A remeasurement in 2010 will show whether Contractors achieved statistically significant reductions in the percents of members who refused vaccination.

In addition, AHCCCS incorporated an influenza vaccination measure into ALTCS Contracts effective Oct. 1, 2008 (CYE 2009), along with another new measure of the prevalence of pressure ulcers. Data for the new Performance Measures will be collected in 2010 for the measurement period of CYE 2009. Methodologies developed by AHCCCS with Contractor input have been provided to Contractors, which have begun implementing processes to internally monitor and improve performance in these areas.

***Acute-care Contractors***

AHCCCS also incorporated new Acute-care Performance Measures into contracts effective Oct. 1, 2008. These include three measures that are part of the HEDIS measure of Comprehensive Diabetes Care – hemoglobin A1c tests, lipid screening and eye exams – as well as the HEDIS measure of Use of Appropriate Medications for People with Asthma. As noted below, AHCCCS already has implemented a Performance Improvement Project (PIP) among Acute-care Contractors to improve use of appropriate asthma medicines, using the HEDIS specifications for measuring performance. Data for the new measures will be collected in 2010 for the measurement period of CYE 2009.

Also during the quarter, Acute-care Contractors continued working on interventions for another AHCCCS PIP implemented in CYE 2008, to increase well care visits among adolescent members, with a focus on racial/ethnic disparities. In developing this project, AHCCCS analyzed data to identify whether racial and ethnic disparities existed in the HEDIS measure of Adolescent Well Care Visits for individual Contractors. This analysis revealed that some Contractors had disparities in rates of visits by Native American members, compared with non-Hispanic white members. All Contractors will have to show significant and sustained improvement in their overall rates of Adolescent Well Care Visits under the PIP, and those that have disparities related to race must reduce or eliminate them. During the quarter, baseline data was sent to Contractors, who submitted further analysis and reported their planned interventions for CYE 2009.

- Identifying, collecting and assessing relevant data

***Performance Improvement Projects (PIPS)***

- **Appropriate Use of Medications for People with Asthma**. Utilizing HEDIS specifications, AHCCCS collected and analyzed data for Medicaid members 5 through 56 years of age with persistent asthma who were dispensed maintenance medications. The percent of members dispensed at least one maintenance medication was 81.3 percent overall. Rates by Contractor ranged from 76.6 percent to 87.5 percent. AHCCCS also provided to Contractors data by age group, county, and race/ethnicity. These results assisted Contractors in developing interventions, which were under way during the quarter.

- **Completion of Advance Directives.** Implemented in CYE 2007, 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. ALTCS Contractors have reported on the status of interventions implemented in CYE 2008 under this PIP, whether they appear to be effective, and any new interventions being implemented in CYE 2009.

- **Behavioral Health PIPs.** AHCCCS continues to work with the ADHS Division of Behavioral Health Services (DBHS) staff to refine its 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 addresses Child and Family Teams (CFTs), to better ensure fidelity to the CFT process, which has been associated with improved functional and health outcomes.

  During the quarter, AHCCCS approved ADHS/DBHS' revised baseline report for the CFT PIP, based on recommendations made by AHCCCS to ensure that it meets agency and federal Medicaid Managed Care regulations, and will allow an External Quality Review Organization (EQRO) to effectively evaluate the project. ADHS/DBHS incorporated changes and clarifications requested by AHCCCS to strengthen its analysis and reporting of results and interventions. Also, during the quarter, AHCCCS approved a revised proposal for a new PIP, to improve participation in supported employment programs among seriously mentally ill members. AHCCCS also had made extensive recommendations to shore up the study methodology, analysis and intervention plan in order to make the PIP more meaningful, and to help ensure that it yields valid and reliable results.

***Performance Measures***

- **ALTCS Performance Measures.** During the quarter, AHCCCS collected data for the measure of Initiation of Home and Community Based Services. The measurement is used to determine the percent of E/PD members in HCBS settings other than assisted living facilities or hospice who received specific medical, nursing or support services within 30 days of enrollment. These services are designed to enable members to maintain function and continue living in their own homes or other community settings rather than nursing facilities. The measurement period for this study is October 1, 2007, through September 30, 2008.

  During the quarter, data were collected through a hybrid methodology from the AHCCCS encounter system and case management or medical record data supplied by Contractors. Contractors also supplied supporting documentation for any numerator data collected, in order to ensure valid and reliable results. AHCCCS will analyze rates for each measure by Contractor, rural and urban counties, and by race/ethnicity.

- **Acute-care Performance Measures**. AHCCCS completed analysis of Acute-care HEDIS measures and reported results in December. Measures in 10 areas of access to care and use of preventive services were reported. Using HEDIS 2007 technical specifications, the report includes results for the measurement period of CYE 2007.

The data reported indicate that children and adults enrolled with AHCCCS have a relatively high degree of access to the health care system, as evidenced by the use of several preventive care services. Compared with Medicaid managed care plans nationally, AHCCCS excels in rates of Annual Dental Visits, with rates for Adults' Access to Preventive/Ambulatory Health Services and Well-Child Visits in the First 15 months of Life also above national Medicaid means.

KidsCare members, in particular, have higher rates of utilization than Medicaid and Children's Health Insurance Program beneficiaries nationally. KidsCare rates for four measures — Well-Child Visits in the First 15 months of Life, Adolescents' Access to PCPs at 12 through 19 Years, Adolescent Well Care Visits and Annual Dental Visits — are above the most recent HEDIS national Medicaid means, which includes members in this beneficiary group.

During the quarter, AHCCCS issued new Notices to Cure to two Acute-care Contractors and reissued existing notices to the remaining Contractors as a result of failure to meet AHCCCS Minimum Performance Standards for all acute-care measures. The Contractors were required to submit new or updated corrective action plans (CAPs) to improve their rates for specific measures, with an evaluation of interventions under existing CAPs. All Contractors made the required submission to AHCCCS.

**Behavioral Health Performance Measures.** AHCCCS also continues working with ADHS/DBHS to improve collection of valid and reliable data for the Performance Measures it reports to AHCCCS. During the quarter, AHCCCS worked intensively with DBHS to revise and enhance the Division's Performance Measures, including the addition of two new measures, and move the behavioral health program toward more outcomes-oriented results.

- Providing incentives for excellence and imposing sanctions for poor performance

Notices to Cure or Letters of Concern were issued in 2007 to Contractors that have not met Minimum Performance Standards (MPSs) for Acute-care Performance Measures for multiple years and/or multiple measures. Contractors also were advised of 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. With the most recent report of Acute-care measures, DHCM analyzed each Contractor's performance and prepared recommendations for continuing or issuing new Notices to Cure, with potential sanction amounts based on results reported in December. Contractors will be required to evaluate any existing CAPs for measures for which they did not meet AHCCCS minimum standards and/or develop new CAPs and submit them to AHCCCS.

During the quarter, AHCCCS continued providing technical assistance to Contractors to help them improve their ability to effectively monitor their performance from internal data and reinforced strategies to improve rates for these measures. Many of the AHCCCS minimum standards were increased in the Acute-care Contract effective October 1, 2008, to push Contractor performance to levels that meet or exceed HEDIS national Medicaid means.

As previously noted, AHCCCS analyzed and reported data for three ALTCS Performance Measures for Diabetes Care during the quarter. Based on previous results of these measures, one Contractor was required to implement a Corrective Action Plan (CAP) to improve its rates for one of the measures, Hb A1c testing. AHCCCS reviewed and approved the CAP prior to implementation, making recommendations to improve the effectiveness of correction actions. AHCCCS also followed up on CAP implementation during the annual on-site review, reinforcing that the Contractor must show improvement or it may be subject to financial sanctions. The combination of Contractor interventions and AHCCCS oversight was successful, with the Contractor's rate increasing from 73.9 percent in the previous period to 82.5 percent in the current measurement.

To further incentivize overall improvement in Contractor rates for Diabetes Care measures, AHCCCS has raised the Minimum Performance Standard MPS for one of the measures in the ALTCS contract effective Oct. 1, 2008. The MPS for Hb A1c testing was increased from 77 percent to 80 percent to encourage continued improvement toward the long-range goal of 89 percent. If Contractors do not meet the MPS in the next measurement, they will be required to submit CAPs and may be subject to financial sanctions if they fail to show improvement.

Given that all or most Contractors are meeting the MPS for another ALTCS measure, Initiation of Home and Community Based Services, AHCCCS also raised the contractual minimum performance level for this measure, in order to encourage continued progress toward the long-range goal of 98 percent. In the next measurement, Contractors must achieve rates of 92 percent to meet the AHCCCS MPS. If they do not meet the MPS, they will be required to submit CAPs and may be subject to financial sanctions if they fail to show improvement.

The Agency also continues work related to 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 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, AHCCCS has continued facilitating a targeted effort to improve childhood immunization rates in certain counties during the quarter. The collaborative effort includes AHCCCS, its contracted health plans, the ADHS Office of Immunization, The Arizona Partnership for Immunization and the Pinal County Health Department. Evidence-based practices to improve delivery of immunizations and keep children up to date are disseminated through provider outreach and educational sessions for medical offices, health department staff and health plans.

One of the AHCCCS PIPs, to increase provider reporting to the Arizona Statewide Immunization Information System (ASIIS), has demonstrated promising practices in collaboration across the health care delivery system to improve rates of completed immunizations among AHCCCS members. This project was implemented in CYE 2005 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 led a collaborative effort between health plans, ADHS and The Arizona Partnership for Immunization (TAPI) to analyze reasons for provider non-compliance with reporting and develop interventions. AHCCCS Contractors shared responsibility for educating providers, using consistent messages and materials that reinforce the use of registries as a proven tool for increasing immunization rates.

Results of the first remeasurement of this PIP show that rates of provider sites reporting vaccinations within 30 days increased significantly among all health plans, with a median of 86.4 percent, compared with a median of 74.2 percent in the baseline measurement. A second remeasurement of the PIP, conducted during the quarter, showed that the improvement was sustained an additional year.

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 Innovations website and resources from Health Services Advisory Group, a federally contracted quality improvement organization. CQM provides appropriate resources and tools to Contractors. During the quarter, Contractors were provided best practice tools for:

- diabetes, nutrition and cardiovascular disease management and patient education resources
- leading health indicators and reducing disparities related to race/ethnicity
- influenza vaccination, including resources from the Centers for Disease Control and Prevention as part of National Influenza Vaccination Week

Contractors also were apprised of and encouraged to take advantage of upcoming education events, including “The Immunization Encounter: Critical Issues,” a CDC webcast in December, and the Arizona Asthma Coalition’s annual conference in May 2009.

During the quarter, CQM staff participated in the CMS workgroups that are developing a National Medicaid Quality Framework. A team developed potential goals and measures for various populations that might be included in the framework, and submitted them to CMS prior to the workgroup teleconferences, as requested by CMS. During the calls, AHCCCS discussed its quality improvement priorities and challenges with other state representatives and CMS, and shared some promising strategies to improve performance. During the quarter, AHCCCS was apprised that this initiative was being put on hold, pending clarification regarding the direction the new Administration wishes CMS to take with regard to the Framework.

CQM staff participated in calls/surveys that included CMS contractors and the National Committee for Quality Assurance (NCQA) regarding the standardization of performance measures for Medicaid. AHCCCS also shared tools developed to assist in the selection of Performance Improvement Projects.

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

Contracts with health plans are reviewed at least annually to ensure that they include all federally required elements prior to renewal, including provisions that support an ongoing program of quality assessment and performance improvement. AHCCCS sets a Minimum Performance Standard (MPS) for each contractual Performance Measure. For HEDIS measures, the MPS is generally set at the most recent Medicaid mean reported by the National Committee for Quality Assurance or, if the AHCCCS statewide average already is above the national mean, slightly above the current AHCCCS mean. Language strengthening sanctions for poor performance on clinical quality measures was added with the CYE 2009 contract renewals. These provisions should encourage Contractors to invest resources in ensuring that members receive preventive care services at rates that meet or exceed national Medicaid means.

As noted, AHCCCS worked intensively with the ADHS Division of Behavioral Health Services during the quarter to improve performance measurement methodologies, in order to yield more valid, reliable and meaningful data for quality assessment and performance improvement. CQM staff developed or rewrote methodologies for all of DBHS' Performance Measures for inclusion in the CYE 2010 contract renewal. The contract amendment also includes an MPS and long-range Goal for each measure.

**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 to improve quality of care and service outcomes for members. Contractors submit CAPs for standards for which they scored less than full compliance, and AHCCCS reviews and approves those CAPs or requires additional documentation that Contractors have or will implement interventions to correct deficiencies. OFR results are reviewed annually by an External Quality Review Organization, which summarizes each Contractors' performance, as well as strengths and opportunities for improvement.

Five reviews were conducted by AHCCCS during the quarter. These included reviews of two Acute-care Contractors, Phoenix Health Plan and Health Choice Arizona; two ALTCS E/PD Contractors, SCAN Long Term Care and Pinal/Gila Long Term Care; and one Contractor that has both Acute and ALTCS contracts, Mercy Care Plan.

- 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.

  Contractors submitted their annual plans and PIP reports in December 2008. CQM developed checklists for Contractors to use in developing and submitting their QA/PI Plans and Evaluations and Maternity Care/EPSDT/Dental Plans and Evaluations. These checklists help ensure that all required components related to improving the quality of care and service delivery for enrollees are addressed. They also assist AHCCCS staff in reviewing the plans in a more efficient manner. During the quarter, DHCM staff completed review of these extensive documents, and requested changes from several Contractors to ensure they meet all state and federal requirements for quality assessment and performance improvement. Contractors made revisions to the plans and resubmitted them as requested. AHCCCS began reviewing these responses during the quarter. AHCCCS also will follow up to ensure the changes are incorporated in Contractors' CYE 2010 Quality Assessment and Performance Improvement plans and related deliverables, such as PIP reports.

- **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. These reports were received and reviewed during the quarter. CQM staff responded to Contractors with requests for clarification and some recommendations for improvement in future reports.

- **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. CQM received reports from Contractors during the quarter and will utilize the data in analyzing QOC concerns for the program overall, by Contractor, line of business, and complaint type.

- 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. Contractors also could face significant financial sanctions if they do not improve performance to a level that meets or exceeds the minimum standard.

As noted earlier in this report, AHCCCS has collected, analyzed and reported to Contractors their results for several PIPs and Performance Measures during this and previous quarters.

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

The AHCCCS Data Decision Support (ADDS) system 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 is used to support performance monitoring, as well as provide data through specific queries to guide new quality initiatives. During the quarter, AHCCCS continued the transition from a Business Objects application to COGNOS. The new application is designed to make analysis and reporting of data easier for AHCCCS users.

In addition, AHCCCS has an ongoing process of reviewing and updating its programming for collecting and analyzing Performance Measures according to HEDIS specifications through the ADDS data warehouse. Measures are validated against historical data, as well as individual recipient and service records in PMMIS, to ensure accuracy and reliability of data. During the quarter, DHCM completed an annual detailed review of HEDIS 2009 specifications to identify any changes from previous measure specifications and document programming changes needed for the next measurement, which will be conducted in late Summer 2009.

Also during the quarter, AHCCCS began working with one of its Contractors on a detailed analysis of Performance Measure programming, to ensure consistent results between AHCCCS and Contractors' internal monitoring processes. Working with its NCQA-certified HEDIS vendor, the AHCCCS Contractor is using detailed data on its members and programming definitions from the last HEDIS measurement conducted by AHCCCS to rerun results. These results will be provided to AHCCCS to review and further analyze any differences in the Contractor's results. The process will assist in ongoing validation of Performance Measure results and identification of any programming issues that need to be addressed.

**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. At the end of 2008, AHCCCS completed a thorough review and revision 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 State Medicaid Advisory Committee (SMAC) also provided input into the strategy. This process has resulted in a revised Quality Strategy that aligns with Medicaid Managed Care requirements, including the CMS toolkit, 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. The final product, which also has been presented to Contractors, offers users a more complete view of quality initiatives throughout the Agency and provides updates on activities and progress since the Quality Strategy was developed in 2003.

During the quarter, AHCCCS completed some revisions to the Quality Strategy and posted the revised document to its website. The changes were not substantive in nature, but ensure that the document reflects the current status of AHCCCS' comprehensive array of quality activities.

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended March 31, 2009**

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 | 67.95% | 170.02 | 1,173,997 | 1,308,845 | 2,482,842 | $ 422,125,237 | |
| SSI | $414.28 | 1.0688 | 473.25 | 67.31% | 318.55 | 266,245 | 275,436 | 541,681 | 172,553,523 | |
| | | | | | | | | | $ 594,678,760 | MAP Subtotal |
| | | | | | | | | | 75,946,612 | Add DSH Allotment |
| | | | | | | | | | $ 670,625,372 | 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 | 67.95% | 186.16 | 1,435,178 | 1,525,565 | 1,595,490 | 1,684,893 | 6,241,126 | $ 1,161,848,422 | |
| SSI | 505.81 | 67.31% | 340.47 | 284,731 | 291,404 | 297,919 | 304,560 | 1,178,614 | 401,280,697 | |
| | | | | | | | | | $ 1,563,129,118 | MAP Subtotal |
| | | | | | | | | | 86,014,710 | Add DSH Allotment |
| | | | | | | | | | $ 1,649,143,828 | 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 | 71.12% | 213.36 | 1,774,511 | 1,844,434 | 1,939,344 | 2,028,465 | 7,586,754 | $ 1,618,696,242 | |
| SSI | 540.60 | 70.58% | 381.58 | 310,954 | 317,994 | 325,772 | 333,581 | 1,288,301 | 491,595,468 | |
| | | | | | | | | | $ 2,110,291,710 | MAP Subtotal |
| | | | | | | | | | 82,215,000 | Add DSH Allotment |
| | | | | | | | | | $ 2,192,506,710 | 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 | 71.43% | 234.63 | 2,041,376 | 2,016,845 | 2,015,064 | 2,094,593 | 8,167,878 | $ 1,916,392,337 | |
| SSI | 577.80 | 70.72% | 408.60 | 343,781 | 347,644 | 354,622 | 361,523 | 1,407,570 | 575,132,759 | |
| | | | | | | | | | $ 2,491,525,095 | MAP Subtotal |
| | | | | | | | | | 95,369,400 | Add DSH Allotment |
| | | | | | | | | | $ 2,586,894,495 | 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 | 69.53% | 250.06 | 2,199,819 | 2,179,514 | 2,207,258 | 2,210,083 | 8,796,674 | $ 2,199,728,264 | |
| SSI | 617.55 | 68.74% | 424.51 | 371,444 | 377,455 | 382,389 | 384,224 | 1,515,512 | 643,351,088 | |
| | | | | | | | | | $ 2,843,079,351 | MAP Subtotal |
| | | | | | | | | | 95,369,400 | Add DSH Allotment |
| | | | | | | | | | $ 2,938,448,751 | 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 | 69.13% | 272.26 | 2,207,234 | | | | 2,207,234 | $ 600,947,496 | |
| SSI | | 660.04 | 68.44% | 451.70 | 385,786 | | | | 385,786 | 174,258,740 | |
| AFDC/SOBRA | Post MMA | 392.97 | 69.13% | 271.68 | | 2,169,941 | 2,164,125 | 2,151,669 | 6,485,735 | 1,762,012,534 | |
| SSI | Adj | 590.02 | 68.44% | 403.78 | | 385,828 | 382,849 | 382,749 | 1,151,426 | 464,922,407 | |
| | | | | | | | | | | $ 3,002,141,177 | MAP Subtotal |
| | | | | | | | | | | 95,369,400 | Add DSH Allotment |
| | | | | | | | | | | $ 3,097,510,577 | Total BN Limit |

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended March 31, 2009**

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 | 68.80% | 289.84 | 2,149,702 | 2,143,354 | 2,170,489 | 2,215,836 | 8,679,381 | $ 2,515,653,660 | |
| SSI | 590.02 | 1.072 | 632.50 | 68.09% | 430.69 | 382,828 | 383,178 | 386,742 | 389,103 | 1,541,851 | 664,067,486 | |
| ALTCS-DD | | 1.072 | 3516.33 | 66.58% | 2341.02 | 55,509 | 56,307 | 57,251 | 58,200 | 227,267 | 532,037,704 | |
| ALTCS-EPD | | 1.072 | 3409.91 | 66.63% | 2272.14 | 74,641 | 74,257 | 74,681 | 75,704 | 299,283 | 680,012,454 | |
| | | | | | | | | | | | $ 4,391,771,304 | MAP Subtotal |
| | | | | | | | | | | | 95,369,400 | Add DSH Allotment |
| | | | | | | | | | | | $ 4,487,140,704 | Total BN Limit |

| | DY 07 PM/PM | Effective FMAP | Federal Share PM/PM | Member Months QE 12/07 | QE 3/08 | QE 6/08 | QE 9/08 | Total | Federal Share Budget Neutrality Limit FFY 2008 | |
|---|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 451.60 | 68.52% | 309.42 | 2,253,506 | 2,264,168 | 2,299,949 | 2,344,240 | 9,161,863 | 2,834,865,211 | |
| SSI | 678.04 | 67.74% | 459.29 | 391,342 | 392,848 | 393,261 | 393,911 | 1,571,362 | 721,715,648 | |
| ALTCS-DD | 3769.51 | 66.32% | 2499.79 | 59,161 | 60,073 | 61,100 | 62,034 | 242,368 | 605,869,485 | |
| ALTCS-EPD | 3655.42 | 66.40% | 2427.19 | 76,662 | 77,251 | 78,167 | 79,726 | 311,806 | 756,810,879 | |
| | | | | | | | | | $ 4,919,261,222 | MAP Subtotal |
| | | | | | | | | | 95,369,400 | Add DSH Allotment |
| | | | | | | | | | $ 5,014,630,622 | Total BN Limit |

| | DY 08 PM/PM | Effective FMAP | Federal Share PM/PM | Member Months QE 12/08 | QE 3/09 | QE 6/09 | QE 9/09 | Total | Federal Share Budget Neutrality Limit FFY 2009 | |
|---|---|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | 484.12 | 67.83% | 328.36 | 2,405,599 | 2,476,180 | | | 4,881,779 | 1,602,975,236 | |
| SSI | 726.86 | 67.23% | 488.66 | 394,173 | 394,164 | | | 788,337 | 385,230,557 | |
| ALTCS-DD | 4040.91 | 65.86% | 2661.25 | 62,988 | 63,874 | | | 126,862 | 337,611,474 | |
| ALTCS-EPD | 3918.61 | 65.94% | 2584.00 | 80,752 | 80,924 | | | 161,676 | 417,770,982 | |
| | | | | | | | | | $ 2,743,588,249 | MAP Subtotal |
| | | | | | | | | | 101,663,780 | Add DSH Allotment |
| | | | | | | | | | $ 2,845,252,029 | Total BN Limit |

Based on CMS-64 certification date of 5/28/09

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended March 31, 2009**

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 | $ 284,412,251 | $ - | $ 284,412,251 | $ 141,986,847 | $ 59,681,038 | $ 31,346,872 | $ - | $ - | $ - | $ 49,741,851 | $ 294,745,993 | $ (10,333,742) |
| QE 9/01 | 310,266,508 | 75,946,612 | 386,213,120 | 190,394,084 | 89,174,119 | 35,440,263 | - | - | - | 9,964,155 | 319,071,317 | 67,141,803 |
| QE 12/01 | 364,114,707 | - | 364,114,707 | 212,600,041 | 91,278,326 | 54,069,757 | - | - | - | - | 357,948,124 | 6,166,583 |
| QE 3/02 | 383,213,102 | - | 383,213,102 | 279,700,520 | 129,324,172 | 69,531,395 | - | - | - | (59,706,006) | 412,762,000 | (29,548,898) |
| QE 6/02 | 398,448,495 | - | 398,448,495 | 251,569,392 | 119,396,617 | 69,516,073 | - | - | - | - | 440,482,082 | (42,033,587) |
| QE 9/02 | 417,352,814 | 86,014,710 | 503,367,524 | 254,526,472 | 100,795,403 | 72,123,681 | - | - | - | - | 427,445,556 | 75,921,968 |
| QE 12/02 | 497,261,660 | - | 497,261,660 | 283,042,237 | 112,605,459 | 81,611,127 | - | - | - | - | 477,258,823 | 20,002,837 |
| QE 3/03 | 514,866,660 | - | 514,866,660 | 307,833,501 | 124,015,853 | 83,135,076 | - | - | - | - | 514,984,430 | (117,770) |
| QE 6/03 | 538,084,450 | - | 538,084,450 | 335,897,265 | 153,636,989 | 103,921,589 | - | - | - | - | 593,455,843 | (55,371,393) |
| QE 9/03 | 560,078,939 | 82,215,000 | 642,293,939 | 326,904,740 | 130,779,492 | 99,910,965 | - | - | - | - | 557,595,197 | 84,698,742 |
| QE 12/03 | 619,427,667 | - | 619,427,667 | 342,194,130 | 141,669,588 | 117,472,377 | - | - | - | - | 601,336,095 | 18,091,572 |
| QE 3/04 | 615,250,490 | - | 615,250,490 | 356,575,718 | 144,541,374 | 121,487,252 | - | - | - | - | 622,604,344 | (7,353,854) |
| QE 6/04 | 617,683,831 | - | 617,683,831 | 378,397,587 | 178,126,369 | 119,699,074 | - | - | - | - | 676,223,030 | (58,539,199) |
| QE 9/04 | 639,163,108 | 95,369,400 | 734,532,508 | 357,025,418 | 145,285,954 | 127,097,490 | - | - | - | - | 629,408,862 | 105,123,646 |
| QE 12/04 | 707,776,692 | - | 707,776,692 | 374,496,706 | 153,711,596 | 134,379,346 | - | - | - | - | 662,587,648 | 45,189,044 |
| QE 3/05 | 705,250,883 | - | 705,250,883 | 389,097,040 | 171,977,149 | 152,130,280 | - | - | - | - | 713,204,469 | (7,953,586) |
| QE 6/05 | 714,283,185 | - | 714,283,185 | 400,547,496 | 165,585,571 | 167,446,873 | - | - | - | - | 733,579,940 | (19,296,755) |
| QE 9/05 | 715,768,592 | 95,369,400 | 811,137,992 | 413,657,520 | 174,077,443 | 162,560,598 | - | - | - | - | 750,295,561 | 60,842,431 |
| QE 12/05 | 775,206,236 | - | 775,206,236 | 404,061,498 | 191,370,840 | 160,614,226 | - | - | - | - | 756,046,564 | 19,159,672 |
| QE 3/06 | 745,308,382 | - | 745,308,382 | 405,005,129 | 235,354,779 | 118,877,866 | - | - | - | - | 759,237,774 | (13,929,392) |
| QE 6/06 | 742,525,461 | - | 742,525,461 | 141,514,299 | (35,409,090) | 184,960,886 | - | - | - | 509,691,703 | 800,757,798 | (58,232,337) |
| QE 9/06 | 739,101,098 | 95,369,400 | 834,470,498 | 400,869,032 | 166,963,246 | 193,842,243 | - | - | - | 17,513,729 | 779,188,250 | 55,282,248 |
| 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 | 1,087,499,790 | - | 1,087,499,790 | 433,715,853 | 176,371,015 | 190,249,157 | 124,180,959 | 154,103,335 | 270,452 | - | 1,078,890,771 | 8,609,019 |
| QE 3/07 | 1,086,806,250 | - | 1,086,806,250 | 420,960,087 | 175,385,343 | 175,652,301 | 128,103,178 | 160,067,805 | 265,323 | 15,570,598 | 1,076,004,635 | 10,801,615 |
| QE 6/07 | 1,099,379,437 | - | 1,099,379,437 | 430,645,025 | 181,860,134 | 160,414,980 | 109,129,722 | 164,184,289 | 267,338 | 63,265,880 | 1,109,767,368 | (10,387,931) |
| QE 9/07 | 1,118,085,827 | 95,369,400 | 1,213,455,227 | 451,362,225 | 183,298,829 | 206,505,026 | 131,045,943 | 172,571,072 | 251,682 | 17,380,376 | 1,162,415,153 | 51,040,074 |
| QE 12/07 | 1,210,983,906 | - | 1,210,983,906 | 441,087,082 | 158,955,002 | 172,368,837 | 141,711,614 | 179,249,253 | 217,152 | 281,350 | 1,093,870,290 | 117,113,616 |
| QE 3/08 | 1,218,684,061 | - | 1,218,684,061 | 474,365,681 | 187,556,226 | 209,641,419 | 141,151,012 | 180,491,321 | 897,152 | 281,350 | 1,194,384,161 | 24,299,900 |
| QE 6/08 | 1,234,735,699 | - | 1,234,735,699 | 482,388,876 | 199,304,269 | 212,059,299 | 155,838,638 | 182,521,867 | 280,379 | 76,673,242 | 1,309,066,570 | (74,330,871) |
| QE 9/08 | 1,254,857,556 | 95,369,400 | 1,350,226,956 | 541,335,374 | 211,292,752 | 261,662,599 | 152,639,539 | 195,919,083 | 229,663 | 281,350 | 1,363,360,360 | (13,133,404) |
| QE 12/08 | 1,358,807,219 | - | 1,358,807,219 | 525,677,827 | 202,250,698 | 274,725,051 | 148,096,235 | 196,824,526 | 226,470 | 17,589,300 | 1,365,390,107 | (6,582,888) |
| QE 3/09 | 1,384,781,031 | 101,663,780 | 1,486,444,811 | 524,965,413 | 200,642,044 | 282,940,670 | 163,216,095 | 195,589,822 | 215,314 | 279,523 | 1,367,848,881 | 118,595,930 |
| 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 | | | | | | | | | | | | |
| | $ 24,659,465,988 | $ 822,687,102 | $ 25,482,153,090 | $ 11,674,400,115 | $ 4,820,858,599 | $ 4,607,394,648 | $ 1,395,112,935 | $ 1,781,522,373 | $ 3,120,925 | $ 718,808,401 | $ 25,001,217,996 | $ 480,935,094 |

Last Updated: 6/8/2009

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended March 31, 2009**

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 | $ 2,319,769,200 | $ 2,409,681,940 | $ (89,912,740) | -3.88% | | | | |
| DY 02 | 2,192,506,710 | 2,108,224,592 | 84,282,118 | 3.84% | | | | |
| DY 03 | 2,586,894,495 | 2,480,866,662 | 106,027,833 | 4.10% | | | | |
| DY 04 | 2,938,448,751 | 2,854,906,983 | 83,541,768 | 2.84% | | | | |
| DY 05 | 3,097,510,577 | 3,136,471,432 | (38,960,855) | -1.26% | $ 13,135,129,734 | $ 12,990,151,609 | $ 144,978,125 | 1.10% |
| DY 06 | 4,487,140,704 | 4,502,389,291 | (15,248,587) | -0.34% | | | | |
| DY 07 | 5,014,630,622 | 5,002,460,339 | 12,170,283 | 0.24% | | | | |
| DY08 | 2,845,252,029 | 2,506,216,757 | 339,035,272 | 11.92% | 12,347,023,355 | 12,011,066,387 | 335,956,968 | 2.72% |
| | $ 25,482,153,090 | $ 25,001,217,996 | $ 480,935,094 | | $ 25,482,153,090 | $ 25,001,217,996 | $ 480,935,094 | 1.89% |

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended March 31, 2009**

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 | 525,877,500 | 543,442,065 | 622,427,735 | 834,536,756 | 1,061,129,413 | 1,086,622,742 | 1,289,792,199 | 757,470,024 | | | 6,721,298,434 |
| AFDC/SOBRA | 1,940,320,042 | 1,651,668,062 | 1,898,415,421 | 2,183,972,397 | 2,361,297,029 | 2,533,407,372 | 2,854,638,705 | 1,439,493,270 | | | 16,863,212,298 |
| SSI | 853,935,358 | 659,649,132 | 830,515,163 | 968,008,476 | 1,002,494,565 | 1,051,612,886 | 1,138,298,260 | 527,287,190 | | | 7,031,801,030 |
| ALTCS-DD | - | - | - | - | - | 783,877,631 | 863,371,676 | 456,568,068 | | | 2,103,817,375 |
| ALTCS-EPD | - | - | - | - | - | 1,024,800,007 | 1,103,081,112 | 555,372,895 | | | 2,683,254,014 |
| Family Planning Extension | - | - | - | - | - | 1,746,613 | 1,207,881 | 467,961 | | | 3,422,455 |
| DSH/CAHP | - | - | - | - | - | 145,177,300 | 142,818,307 | 850,000 | | | 288,845,607 |
| Residual DSH | 245,233,394 | 122,242,958 | 141,792,150 | 141,392,735 | 138,354,399 | - | - | | | | 789,015,636 |
| Total | 3,565,366,294 | 2,977,002,217 | 3,493,150,469 | 4,127,910,364 | 4,563,275,406 | 6,627,244,551 | 7,393,208,140 | 3,737,509,408 | | | 36,484,666,849 |

**Federal Share**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 354,932,100 | 385,745,874 | 442,209,274 | 575,709,860 | 725,309,807 | 740,803,047 | 875,112,888 | 507,571,798 | | | 4,607,394,648 |
| AFDC/SOBRA | 1,318,359,247 | 1,174,658,748 | 1,355,975,175 | 1,518,408,747 | 1,632,433,504 | 1,742,669,224 | 1,955,636,436 | 976,259,034 | | | 11,674,400,115 |
| SSI | 574,802,127 | 465,611,581 | 587,312,813 | 665,418,976 | 686,058,344 | 716,092,161 | 771,068,596 | 354,494,001 | | | 4,820,858,599 |
| ALTCS-DD | - | - | - | - | - | 521,872,818 | 572,554,966 | 300,685,151 | | | 1,395,112,935 |
| ALTCS-EPD | - | - | - | - | - | 682,858,974 | 732,440,996 | 366,222,403 | | | 1,781,522,373 |
| Family Planning Extension | - | - | - | - | - | 1,594,863 | 1,100,738 | 425,324 | | | 3,120,925 |
| DSH/CAHP | - | - | - | - | - | 96,498,204 | 94,545,719 | 559,046 | | | 191,602,969 |
| Residual DSH | 161,588,466 | 82,208,389 | 95,369,400 | 95,369,400 | 92,669,777 | - | - | | | | 527,205,432 |
| Total | 2,409,681,940 | 2,108,224,592 | 2,480,866,662 | 2,854,906,983 | 3,136,471,432 | 4,502,389,291 | 5,002,460,339 | 2,506,216,757 | | | 25,001,217,996 |

**Adjustments to Schedule C**

**Total Computable**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | - | - | - | - | - | 446,293 | 358,997 | 264,911 | | | 1,070,201 |
| AFDC/SOBRA | - | - | - | - | - | 2,666,908 | 1,886,012 | 905,948 | | | 5,458,868 |
| SSI | - | - | - | - | - | 333,412 | 237,872 | 147,102 | | | 718,386 |
| ALTCS-DD (Cost Sharing)[1] | - | - | - | - | - | - | - | - | | | - |
| Family Planning Extension[2] | - | - | - | - | - | (1,746,613) | (1,207,881) | (467,961) | | | (3,422,455) |
| CAHP[3] | - | - | - | - | - | (1,700,000) | (1,275,000) | (850,000) | | | (3,825,000) |
| Total | - | - | - | - | - | - | - | - | | | - |

**Federal Share**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | - | - | - | - | - | 296,345 | 237,656 | 174,232 | | | 708,233 |
| AFDC/SOBRA | - | - | - | - | - | 2,205,962 | 1,549,661 | 713,388 | | | 4,469,011 |
| SSI | - | - | - | - | - | 221,399 | 157,471 | 96,750 | | | 475,620 |
| ALTCS-DD (Cost Sharing)[1] | - | - | - | - | - | - | - | - | | | - |
| Family Planning Extension[2] | - | - | - | - | - | (1,594,863) | (1,100,738) | (425,324) | | | (3,120,925) |
| CAHP[3] | - | - | - | - | - | (1,128,843) | (844,050) | (559,046) | | | (2,531,939) |
| 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
## Budget Neutrality Tracking Report
## For the Period Ended March 31, 2009

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

**Revised Schedule C**

**Total Computable**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 525,877,500 | 543,442,065 | 622,427,735 | 834,536,756 | 1,061,129,413 | 1,087,069,035 | 1,290,151,196 | 757,734,935 | | | 6,722,368,635 |
| AFDC/SOBRA | 1,940,320,042 | 1,651,668,062 | 1,898,415,421 | 2,183,972,397 | 2,361,297,029 | 2,536,074,280 | 2,856,524,717 | 1,440,399,218 | | | 16,868,671,166 |
| SSI | 853,935,358 | 659,649,132 | 830,515,163 | 968,008,476 | 1,002,494,565 | 1,051,946,298 | 1,138,536,132 | 527,434,292 | | | 7,032,519,416 |
| ALTCS-DD | - | - | - | - | - | 783,877,631 | 863,371,676 | 456,568,068 | | | 2,103,817,375 |
| ALTCS-EPD | - | - | - | - | - | 1,024,800,007 | 1,103,081,112 | 555,372,895 | | | 2,683,254,014 |
| Family Planning Extension | - | - | - | - | - | - | - | - | | | - |
| DSH/CAHP | - | - | - | - | - | 143,477,300 | 141,543,307 | - | | | 285,020,607 |
| Residual DSH | 245,233,394 | 122,242,958 | 141,792,150 | 141,392,735 | 138,354,399 | - | - | - | | | 789,015,636 |
| Total | 3,565,366,294 | 2,977,002,217 | 3,493,150,469 | 4,127,910,364 | 4,563,275,406 | 6,627,244,551 | 7,393,208,140 | 3,737,509,408 | | | 36,484,666,849 |

**Federal Share**

| Waiver Name | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AC/MED | 354,932,100 | 385,745,874 | 442,209,274 | 575,709,860 | 725,309,807 | 741,099,392 | 875,350,544 | 507,746,030 | | | 4,608,102,881 |
| AFDC/SOBRA | 1,318,359,247 | 1,174,658,748 | 1,355,975,175 | 1,518,408,747 | 1,632,433,504 | 1,744,875,186 | 1,957,186,097 | 976,972,422 | | | 11,678,869,126 |
| SSI | 574,802,127 | 465,611,581 | 587,312,813 | 665,418,976 | 686,058,344 | 716,313,560 | 771,226,067 | 354,590,751 | | | 4,821,334,219 |
| ALTCS-DD | - | - | - | - | - | 521,872,818 | 572,554,966 | 300,685,151 | | | 1,395,112,935 |
| ALTCS-EPD | - | - | - | - | - | 682,858,974 | 732,440,996 | 366,222,403 | | | 1,781,522,373 |
| Family Planning Extension | - | - | - | - | - | - | - | - | | | - |
| DSH/CAHP | - | - | - | - | - | 95,369,361 | 93,701,669 | - | | | 189,071,030 |
| Residual DSH | 161,588,466 | 82,208,389 | 95,369,400 | 95,369,400 | 92,669,777 | - | - | - | | | 527,205,432 |
| Total | 2,409,681,940 | 2,108,224,592 | 2,480,866,662 | 2,854,906,983 | 3,136,471,432 | 4,502,389,291 | 5,002,460,339 | 2,506,216,757 | | | 25,001,217,996 |

**Calculation of Effective FMAP:**

| | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 |
|---|---|---|---|---|---|---|---|---|
| AFDC/SOBRA | | | | | | | | |
| Federal | 1,318,359,247 | 1,174,658,748 | 1,355,975,175 | 1,518,408,747 | 1,632,433,504 | 1,744,875,186 | 1,957,186,097 | 976,972,422 |
| Total | 1,940,320,042 | 1,651,668,062 | 1,898,415,421 | 2,183,972,397 | 2,361,297,029 | 2,536,074,280 | 2,856,524,717 | 1,440,399,218 |
| Effective FMAP | 0.679454532 | 0.711195412 | 0.714266835 | 0.695250887 | 0.691329165 | 0.688022113 | 0.685163368 | 0.678265032 |
| SSI | | | | | | | | |
| Federal | 574,802,127 | 465,611,581 | 587,312,813 | 665,418,976 | 686,058,344 | 716,313,560 | 771,226,067 | 354,590,751 |
| Total | 853,935,358 | 659,649,132 | 830,515,163 | 968,008,476 | 1,002,494,565 | 1,051,946,298 | 1,138,536,132 | 527,434,292 |
| Effective FMAP | 0.673121357 | 0.705847334 | 0.707166876 | 0.687410278 | 0.684351185 | 0.680941186 | 0.677383919 | 0.672293699 |
| ALTCS-DD | | | | | | | | |
| Federal | | | | | | 521,872,818 | 572,554,966 | 300,685,151 |
| Total | | | | | | 783,877,631 | 863,371,676 | 456,568,068 |
| Effective FMAP | | | | | | 0.665758018 | 0.663161628 | 0.658576830 |
| ALTCS-EPD | | | | | | | | |
| Federal | | | | | | 682,858,974 | 732,440,996 | 366,222,403 |
| Total | | | | | | 1,024,800,007 | 1,103,081,112 | 555,372,895 |
| Effective FMAP | | | | | | 0.666333889 | 0.663995592 | 0.659417135 |

## Arizona Health Care Cost Containment System
## Budget Neutrality Tracking Report
## For the Period Ended March 31, 2009

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 | 1,173,997 | 266,245 | | |
| Quarter Ended September 30, 2001 | 1,308,845 | 275,436 | | |
| Quarter Ended December 31, 2001 | 1,435,178 | 284,731 | | |
| Quarter Ended March 31, 2002 | 1,525,565 | 291,404 | | |
| Quarter Ended June 30, 2002 | 1,595,490 | 297,919 | | |
| Quarter Ended September 30, 2002 | 1,684,893 | 304,560 | | |
| Quarter Ended December 31, 2002 | 1,774,511 | 310,954 | | |
| Quarter Ended March 31, 2003 | 1,844,434 | 317,994 | | |
| Quarter Ended June 30, 2003 | 1,939,344 | 325,772 | | |
| Quarter Ended September 30, 2003 | 2,028,465 | 333,581 | | |
| Quarter Ended December 31, 2003 | 2,041,376 | 343,781 | | |
| Quarter Ended March 31, 2004 | 2,016,845 | 347,644 | | |
| Quarter Ended June 30, 2004 | 2,015,064 | 354,622 | | |
| Quarter Ended September 30, 2004 | 2,094,593 | 361,523 | | |
| Quarter Ended December 31, 2004 | 2,199,819 | 371,444 | | |
| Quarter Ended March 31, 2005 | 2,179,514 | 377,455 | | |
| Quarter Ended June 30, 2005 | 2,207,258 | 382,389 | | |
| Quarter Ended September 30, 2005 | 2,210,083 | 384,224 | | |
| Quarter Ended December 31, 2005 | 2,207,234 | 385,786 | | |
| Quarter Ended March 31, 2006 | 2,169,941 | 385,828 | | |
| Quarter Ended June 30, 2006 | 2,164,125 | 382,849 | | |
| Quarter Ended September 30, 2006 | 2,151,669 | 382,749 | | |
| Quarter Ended December 31, 2006 | 2,149,702 | 382,828 | 55,509 | 74,641 |
| Quarter Ended March 31, 2007 | 2,143,354 | 383,178 | 56,307 | 74,257 |
| Quarter Ended June 30, 2007 | 2,170,489 | 386,742 | 57,251 | 74,681 |
| Quarter Ended September 30, 2007 | 2,215,836 | 389,103 | 58,200 | 75,704 |
| Quarter Ended December 31, 2007 | 2,253,506 | 391,342 | 59,161 | 76,662 |
| Quarter Ended March 31, 2008 | 2,264,168 | 392,848 | 60,073 | 77,251 |
| Quarter Ended June 30, 2008 | 2,299,949 | 393,261 | 61,100 | 78,167 |
| Quarter Ended September 30, 2008 | 2,344,240 | 393,911 | 62,034 | 79,726 |
| Quarter Ended December 31, 2008 | 2,405,599 | 394,173 | 62,988 | 80,752 |
| Quarter Ended March 31, 2009 | 2,476,180 | 394,164 | 63,874 | 80,924 |

| | ALTCS Developmentally Disabled | |
|---|---|---|
| Cost Sharing Premium Collections: | Total Computable | Federal Share |
| Quarter Ended December 31, 2006 | $ - | $ - |
| Quarter Ended March 31, 2007 | - | - |
| Quarter Ended June 30, 2007 | - | - |
| Quarter Ended September 30, 2007 | - | - |
| Quarter Ended December 31, 2007 | - | - |
| Quarter Ended March 31, 2008 | - | - |
| Quarter Ended June 30, 2008 | - | - |
| Quarter Ended September 30, 2008 | - | - |
| Quarter Ended December 31, 2008 | - | - |
| Quarter Ended March 31, 2009 | - | - |

**Arizona Health Care Cost Containment System**
**Budget Neutrality Tracking Report**
**For the Period Ended March 31, 2009**

VI. Allocation of Disproportionate Share Hospital Payments

**Federal Share**

| Reported in QE | FFY 2001 * | FFY 2002 | FFY 2003 | FFY 2004 | FFY 2005 | FFY 2006 | FFY 2007 | FFY 2008 | FFY 2009 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Allotment** | **75,946,612** | **86,014,710** | **82,215,000** | **95,369,400** | **95,369,400** | **95,369,400** | **95,369,400** | **95,369,400** | **101,663,780** | **822,687,102** |
| 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 | - | - | - | - | - | - | - | 76,391,892 | - | 76,391,892 |
| Sep-08 | - | - | - | - | - | - | - | - | - | - |
| Dec-08 | - | - | - | - | - | - | - | 17,309,777 | - | 17,309,777 |
| Mar-09 | - | - | - | - | - | - | - | - | - | - |
| 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 | 93,701,669 | - | 716,276,461 |
| **Unused Allotment** | **1** | **372,855** | **6,611** | **1** | **-** | **2,699,623** | **39** | **1,667,731** | **101,663,780** | **106,410,641** |

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