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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March 16, 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 October 1, 2008 to December 31, 2008, 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 Carol Chicharello at (602) 417-4610.

Sincerely,

Monica Coury
Assistant Director
AHCCCS Office of Intergovernmental Relations

Enclosure

cc: Ron Reepen
Lynette Burke
Hee Young Ansell
Tonya Moore

AHCCCS Quarterly Report
October 1, 2008 to December 31, 2008

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: 1st/2009 (October 1, 2008 – December 31, 2008)

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	904,714	1,119	355,936
Acute SSI	136,349	79	19,835*
Acute AC/MED	180,699	218	70,142
Family Planning	4,935	8	2,137
LTC DD	21,319	25	1,429
LTC EPD	28,738	42	3,794
Total	1,340,472	1,733	460,148

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan[1]	895,422
Title XXI funded State Plan[2]	61,201
Title XIX funded Expansion[3]	134,368
Title XXI funded Expansion[4]	9,418
DSH Funded Expansion	
Other Expansion	
Pharmacy Only	
Family Planning Only	4,431
Enrollment Current as of	01/01/09

[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:

Funding for the KidsCare education campaign ended August 2008. The community outreach partners were successful in building a strong infrastructure in targeted communities by developing core grassroots strategies such as one-on-one application assistance and partnerships with schools in order to maximize their potential. Such grassroots efforts resulted in over 500 events, 5,000 applications submitted for medical coverage, over 31,000 families educated on AHCCCS and KidsCare programs, a strengthening in community and school partnerships, and increase in children enrolled in medical coverage during the entire campaign. Although funding has ended, many of the community partners continue to educate families about health coverage options.

AHCCCS continues to present to community, non-profit groups, and local governments about other AHCCCS Medicaid programs and policy changes, as well as attend and participate in community events across the state. For the months of October through December, AHCCCS Community Relations staff participated in thirty one presentations or health fairs and reached and/or trained about 2,857 people.

Operational/Policy Developments/Issues:

Beginning December 2008, AHCCCS implemented an online application that can be completed anywhere with an internet connection. The online application screens for potential Medicaid and SCHIP, as well as Food Stamps and Cash Assistance, and sends the electronic application to the appropriate agency for processing. Customers will also be able to submit verification documents via fax and the documents will automatically be transferred to the agency's imaging system. This will enable customers to access the application at their convenience, reduces printing and mailing costs for paper applications, and reduces the staff time required to enter the data into the eligibility system as the data is electronically transferred.

Waiver Update

The beginning of this quarter also marked the beginning of the new contract period for Acute Care Health Plans. Approximately 160,000 AHCCCS members were smoothly transitioned to a new health plan as a result of the recent Acute Care Request for Proposal.

Also during this quarter, CMS approved Arizona's statewide premium assistance program for Title XXI SCHIP-eligible children with access to employer-sponsored insurance with a family income between 100% of the Federal Poverty Level (FPL) through 200% FPL.

State Plan Update

During this quarter, CMS approved State Plan Amendment (SPA) 08-003, pursuant to requirements of Section 6021 of the Deficit Reduction Act so Arizona can participate in the Long Term Care Partnership Program.

AHCCCS submitted SPAs to revise Graduate Medical Education expenditures for hospitals (SPA 08-004), and freeze rates for outpatient and inpatient services (SPA 08-005A and B).

Consumer Issues:

In support of the quarterly report to CMS, presented below is a summary of complaint issues received in OCA for the quarter October 1, 2008 – December 31, 2008.

Complaint Issue	October	November	December	Total
ALTCS	14	14	19	47
Can't get coverage (eligibility issues)	356	192	295	843
Caregiver issues	2	1	0	3
Credentialing	0	0	0	0
DES	79	30	88	197
Equipment	4	1	3	8
Fraud	2	3	3	8
Good customer service	29	30	15	74
Information	98	79	136	313
Lack of documentation	0	1	0	1
Lack of providers	2	0	0	2
Malfunctioning equipment	0	0	0	0
Medicare	9	10	13	32
Medicare Part D	27	13	27	67
Member reimbursement	16	15	14	45
Misconduct	0	0	0	0
No notification	0	0	0	0
No payment	0	0	1	1
Nursing home POS	0	1	0	1
Optical coverage	2	0	0	2
Over income	0	1	0	1
Paying bills	0	0	0	0
Policy	1	0	0	1
Poor customer service	0	39	0	39
Prescription	51	39	34	124
Prescription denial	42	20	31	93
Process	1	2	0	3
Surgical procedures	0	2	3	5
Termination of coverage	20	19	9	48

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: October 1, 2008 to December 31, 2008.

HIFA Parents ever enrolled: 72,186
HIFA Parents enrolled at any time between 10/01/2008 and 12/31/2008: 12,407

HIFA Parent enrollment:
10/01/08: 10,038
11/01/08: 9,921
12/01//08: 9,866

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 four-month claims lag; thus, the most recent data available are for the quarter ending September 30, 2008. AHCCCS enrollment data show that 5,132 unduplicated recipients were enrolled with Acute-care Contractors under the Family Planning Extension program (contract type Q) during the quarter. Encounter data received through January 2009 indicate that 672 women in the SOBRA Family Planning Extension demonstration used a family planning service during the quarter, for a utilization rate of 13.1 percent. It should be noted, however, that these data may be incomplete, as Contractors have up to eight months to submit encounters to AHCCCS.

Family Planning Enrollment by Month:

10/08: 4,343
11/08: 4,320
12/08: 4,444

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:

March 5, 2009

Quarterly Tracking
Dec'08 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: 27
Federal Fiscal Quarter: 1/2009 (10/08 – 12/08)

Prepared by the Division of Health Care Management
February 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.

NEW CONTRACTS FOR ACUTE CARE SERVICES

During the quarter, new contracts with managed care organizations (MCOs) to deliver services under the Acute-care Program took effect. In May of 2008, AHCCCS awarded contracts to eight MCOs to provide acute-care services to approximately 900,000 low-income families and individuals. Contracts were awarded for a five-year term, with annual renewals, beginning Oct. 1, 2008. A capped contract for dual-eligible members also was awarded to one health plan.

The contracts include several new or enhanced strategies and requirements for ensuring timely access to quality services by Medicaid and State Child Health Insurance Program enrollees in the most cost-effective way. Contractors must continue to add value to the AHCCCS program under the new contracts by:

- Recognizing that Medicaid members are entitled to care and assistance navigating the service delivery system, and demonstrating special effort to ensure members receive necessary services, including prevention and screening services.

- Recognizing that Medicaid members with special health care needs or chronic health conditions require care coordination, and providing that coordination. This is particularly true if a member must receive services from other AHCCCS Contractors in addition to the Contractor.

- Recognizing that health care providers are an essential partner in the delivery of health care services, and operating in a manner that is efficient and effective for health care providers as well as their own organizations.

- Avoiding administrative practices that place unnecessary burdens on providers with little or no impact on quality of care or cost containment.

- Recognizing that performance improvement is both clinical and operational in nature, and that self-monitoring and self-correcting are necessary to improve contract compliance or operational excellence.

- Recognizing that the program is publicly funded and, as such, is subject to public scrutiny, and behaving in a manner that is supported by the general public.

- Recognizing that the program is subject to significant regulation, and operating in compliance with those regulations.

During the quarter, the Clinical Quality Management (CQM) unit of .DHCM held a day-long training for Contractors to focus on new or enhanced quality provisions of the contract and related AHCCCS Medical Policy Manual. The Behavioral Health Unit of DHCM also conducted one of the training sessions specific to coordination between AHCCCS Acute-care Contractors and the Arizona Department of Health Services/Division of Behavioral Health Services. All Acute-care Contractors were required to send appropriate staff to the various sessions; Arizona Long Term Care System (ALTCS) Contractors were encouraged to participate as well and all ALTCS plans sent representatives or joined by teleconference.

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 is also 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. Implementation of any recommendations is pending further direction, with the change in the Arizona Governor in January 2009.

AHCCCS also has participated in regular meetings of the Coalition. At its December meeting, a representative of the Maternal and Child Health Staff in the Clinical Quality Management Unit of AHCCCS gave a presentation to members on AHCCCS initiatives to improvement asthma outcomes of members, including a Performance Improvement Project (PIP) that is under way and the implementation of a new asthma performance measure (these projects are discussed later in this report). Working with the coalition, AHCCCS hopes to identify additional quality improvement resources and opportunities for contracted health plans.

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 convened 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 October, 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 the fall of 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 rates of childhood immunization 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 low rates of vaccination. One of the barriers identified was a 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, in order to bring patients up to date on their vaccinations. The work group has evolved to include Apache, Coconino, Mohave and Navajo counties, and teleconferences with representatives of health plans and county health departments serving the area will begin in the next quarter.

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.

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.

AHCCCS in collaboration with ADHS developed a Medicaid policy to implement state legislation passed last session that requires AHCCCS to cover smoking cessation drugs and nicotine replacement therapy. The new requirements began October 1, 2008. 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.

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. New Acute Care Contract requirements effective October 1, 2008 require AHCCCS Contractors to reimburse AzEIP providers who provide medically necessary therapy to members. The AzEIP providers do not have to be contracted with the Contractor, but must be registered as an AHCCCS provider.

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. Staff also attended the TAPI flu season campaign kick-off meeting. 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.

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. An AHCCCS representative also attended the APT Board of Directors meeting in October and provided a brief update on relevant agency activities.

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 will evaluate the community and state agencies' interest and apply for the grant in January, if support is available.

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 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. The Baby Arizona training process is currently conducted by DES and is difficult for rural provider office staff to attend. AHCCCS is developing online training for providers and their staffs who wish to participate in the program or receive refresher training in the process. This training was nearing completion during the quarter.

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 October 23, 2008, with topics that included: updates on USDA Nutrition Programs, the Vaccines for Children Program and state immunization registry

by Arizona Department of Health Services (ADHS) staff; a collaborative quality initiative for nursing facilities that is expanding to assisted living facilities; and overviews and updates on AHCCCS requirements, including Performance Measures and PIPs, EPSDT (member transitions, AzEIP, PEDS, childhood obesity and use of required EPSDT Tracking Forms) and the Office of Programs Integrity's work on fraud and abuse issues.

Governor's Executive Order Workgroups
AHCCCS staff from several units/divisions is supporting efforts of a broad group of community, government and private stakeholders to address such serious health conditions as diabetes, cardiovascular disease/stroke, asthma, 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 the CQM MCH manager 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 by focusing on a key area of the Commission's choosing such as: nutrition and physical activity; obesity or teen unplanned pregnancy. AHCCCS staff attended commission meetings on October 21 and November 19, 2008.

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 existing 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. The process was used to develop Performance Measures and PIPs that were implemented with new contracts effective October 1, 2008.

- Establishing realistic outcome-based performance measures

  AHCCCS has included two new performance measures, Pressure Ulcers and Influenza Vaccination, for ALTCS Contractors effective Oct. 1, 2008 (CYE 2009). Data for the new Performance Measures will be collected in 2010 for the measurement period of CYE 2009.

  AHCCCS also has developed the methodology for a Performance Improvement Project to reduce the rate of refusal of influenza vaccination for inappropriate reasons. This PIP was developed with Contractor input two years ago, but a severe shortage of flu vaccine put the project on hold. During the quarter, DHCM selected a sample of members for the baseline measurement for the PIP and collected preliminary data from its encounter system. Data are being collected through a hybrid methodology and ALTCS Contractors were sent preliminary results with detailed instructions and a data collection tool to gather additional numerator data. Results will be analyzed in the next quarter.

  AHCCCS also incorporated new Acute-care performance measures into contracts effective Oct. 1, 2008. These include three measures that are part of the Healthcare Effectiveness Data and Information Set (HEDIS) for 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 Performance Measures will be collected in 2010 for the measurement period of CYE 2009.

  Also during the quarter, DHCM staff continued working on another new PIP for Acute-care Contractors, 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 for the baseline measurement, AHCCCS collected and analyzed data for Medicaid members 5 through 56 years of age, overall and by Contractor. The percent of members with persistent asthma who were dispensed maintenance medications 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, according to HEDIS specifications, and by county, and by race and ethnicity. These results may assist in guiding interventions. During the quarter, Contractors reported on the status of interventions implemented under this PIP, whether they appear to be effective, and any new interventions being implemented in CYE 2009.

- **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. During the quarter, ALTCS Contractors reported on the status of interventions implemented 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 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 addresses Child and Family Teams (CFTs), to better ensure fidelity to the CFT process, which has been associated with improved functional and health outcomes. The Clinical Quality Management and Behavioral Health units of DHCM have been working closely with ADHS/DBHS to ensure the development and implementation of more robust PIPs, as well as other aspects of its quality assessment and performance improvement program.

  During the quarter, the CQM and Behavioral Health Units received and reviewed 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 received 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.** AHCCCS also analyzed and reported data for measures of Diabetes Care during the quarter. These include the HEDIS measures of Hb A1c testing, lipid screening and eye exams. The measurement period for this study is October 1, 2006, through September 30, 2007. Data were collected through a hybrid methodology from the AHCCCS encounter system and medical record data supplied by Contractors. Contractors also supply 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.

  For the measurement period of CYE 2007, AHCCCS overall rates remained stable for two of the three measures, Hb A1c testing and retinal exams. This is the first year that AHCCCS has measured lipid screening in a one-year period. Compared with the most recent HEDIS national means, AHCCCS overall rates for all three measures exceeded the averages for Medicaid managed care plans. The AHCCCS overall rate for retinal exams also exceeded the most recent HEDIS commercial mean.

- **Acute-care Performance Measures**. In addition, 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.

- AHCCCS also continues working with ADHS/DBHS to improve collection of valid and reliable data for the Performance Measures it reports to AHCCCS on a quarterly basis. During the quarter, AHCCCS reviewed user instructions for the DBHS Client Information system, a set of demographic data that is used for many of the Division's Performance Measures and PIPs. AHCCCS provided extensive feedback on the CIS Data User's Guide, which would improve data integrity.

- 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.

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. As discussed at the beginning of this report, AHCCCS awarded new contracts for Acute-care services during the quarter. New or enhanced provisions were incorporated into the contracts to incentivize improvement and discourage poor performance. As previously noted, AHCCCS has set the Minimum Performance Standard (MPS) for each of these measures 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, the MPS is set slightly above the current AHCCCS mean. Language strengthening sanctions for poor performance on clinical quality measures also was added, with possible sanctions of up to $100,000 per measure for which the Contractor does not meet the AHCCCS MPS. 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.

AHCCCS also added requirements to contracts so that Contractors dedicate staff with specific qualifications to quality/performance improvement efforts, and clarified responsibilities for some other key personnel to ensure that members receive preventive services, that those with special needs also receive care coordination services, and that Contractors interface with community partners to maximize resources and promote optimum health outcomes among members.

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.

There were no reviews of Acute-care Contractors during this quarter, while health plans implemented the new contracts awarded earlier in the year. However, policies and procedures relating to quality, medical management and operational/structural areas were submitted by health plans that have new AHCCCS contracts or contracts in new Geographic Service Areas. The documents were reviewed by DHCM staff, who approved them or required changes to meet AHCCCS and federal standards.

Annual reviews of ALTCS Contractors were completed in the previous quarter. AHCCCS has required corrective action plans relating to the ALTCS OFRS for all standards for which Contractors did not fully meet contract and BBA requirements. These plans have been received and reviewed by AHCCCS, which accepts the CAP or requires revisions in order to meet these requirements. Progress on the CAPs will be monitored through other activities, as described below, and during OFRs in the new contract year.

CYE 2009 OFRs of both Acute and ALTCS Contractors will begin in January 2009.

- 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. DHCM staff began reviewing these extensive documents during the quarter.

- **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 collected, analyzed and reported to Contractors their results for several PIPs and Performance Measures during the quarter.

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 began 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 made some revisions and improvements to its programming of HEDIS measures after an in-depth review and crosswalk of NCQA specifications, which will ensure continued comparability with national means and percentiles.

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 began reviewing the document as part of its regular process to ensure that it reflects the current status of AHCCCS' comprehensive array of quality activities.

Children's Rehabilitative Services Administration
Quarterly Update- March 2009
October through December, 2008

This update is submitted in accordance with the Arizona Health Care Cost Containment System (AHCCCS) 1115 Waiver Special Terms and Conditions, STC #35. This document provides a summary of Children's Rehabilitation Services Administration's (CRSA) progress on their corrective action plan regarding the BBA requirements and Quality Management program. The Contractor has made significant progress on the implementation of polices and procedures needed to meet the minimum requirements and adequately manage their contract. The need to assure that all care is delivered in a timely manner, uniformly with the highest level of quality continues to be the area of focus for the CRSA system.

CRSA has delegated the functional areas of claims; grievances; medical management; recipient services; the provider network; and quality management to a single subcontractor effective October 1, 2008. CRSAs subcontractor also holds contracts with AHCCCS to provide Acute Care services and therefore is familiar with the reporting requirements and expectations of the AHCCCS administration and is capable of providing CRSA with necessary data for periodic reporting to AHCCCS in the approved and preferred formats. The subcontractor has coordinated transition of member care processes and daily operations with CRSA, AHCCCS and network providers.

CRSA has mechanisms in place to provide adequate oversight of the subcontracted functions through use of a comprehensive Administrative Audit tool used annually at the subcontractor site visit and the implementation of quarterly reporting in the areas of quality and medical management. CRSA has performed an initial readiness review of the subcontractor's operations and found adequate infrastructure in place to provide all contracted services, and will conduct a formal Operational and Financial Review (OFR) in early 2009. AHCCCS conducted an annual OFR of CRSA in March, 2008, and is currently setting a schedule for a full review for 2009, which will occur after the next CRSA review of its subcontractor in order to allow for more complete and accurate findings of compliance.

As a result of the 2008 CRSA OFR, AHCCCS required the development of additional corrective action plans; the following demonstrates the progress made in those areas as well as general statements of program status:

<u>Quality Management</u>

Progress Made:

- CRSA and the subcontractor, hold quarterly meetings with the AHCCCS Contractors to identify, discuss, and resolve issues related to transition;

enrollment; eligibility; appointments; covered services; and data sharing. Data is shared with CRSA and the AHCCCS Contractors using the subcontractor's web based application. AHCCCS and CRSA representatives attend the meetings as well. AHCCCS will assess CRSA's monitoring of the subcontractor's quality management processes during the 2009 onsite Operational and Financial Review. CRSA conducted an initial readiness assessment of the subcontractor and will be conducting a 90 day follow up in the near future.

- CRSA submitted data for its contractual Performance Measures on October 1, 2008, including numerator and denominator data to allow AHCCCS to calculate it rates for each measure. AHCCCS found that CRSA now meets the AHCCCS Minimum Performance Standard (MPS) for two of the three measures; an improvement over the previous year, when it met the MPS for only one of the three measures. The measure for which it did not meet the MPS was First Appointment with a CRS Specialist. However, under the new subcontract, eligibility determination and access to CRS specialty services have been streamlined for AHCCCS members. Thus, AHCCCS began working with CRSA to redefine Performance Measures to effectively monitor the timeliness of eligibility determination and receipt of CRS services. Methodologies for the revised Performance Measures will be incorporated into a contract amendment in the next quarter.

Challenges remaining:

- AHCCCS must continue working with CRSA to ensure that Performance Measure data collected and submitted to AHCCCS are accurate, valid and reliable. In the past, CRSA has experienced data-collection issues that have hampered its ability to demonstrate that data are complete and accurate. The changes in the eligibility process and resulting Performance Measure methodologies mean that CRSA will need to redesign its internal data collection tools and these must be validated by AHCCCS.

Medical Management

Progress Made:

- CRSA has submitted the utilization data for all clinics through the end of contract year 2008.

Challenges remaining:

- As noted in the previous quarter's report, the CRSA-Subcontractor Medical Management Committee must develop a process or method that manages outcomes of the providers and the interventions proposed by the Committee. This remains an ongoing challenge and CRSA will not report on the first quarter until the second quarter of this year.
- CRSA must implement a plan to develop and monitor the medical management functions delegated to the subcontractor.
- CRSA must continue to monitor care coordination with the acute Health Plans.

Recipient Services and Cultural Competency

Progress Made:

- CRSA has received approval and will be conducting its annual Family Centered Survey for 2009, which reviews cultural competency; accessibility of service; appropriate use of services; as well as gathering member perceptions of levels of service.

All Corrective Action Plans resulting from the 2008 OFR have been completed.

Claims and Third Party Liability

Progress Made:

- CRSA is monitoring the completion of claims payment and Claim Dispute responsibilities from the former subcontractors to ensure that any services received prior to the transition are appropriately resolved. The current reporting demonstrates a reduction in volume over time in line with expectations.
- The CRSA Subcontractor has submitted 3 months worth of claims processing information under the new subcontract and all information is being reported within standards.

All Corrective Action Plans resulting from the 2008 OFR have been completed.

Grievance Systems

Progress Made:

- CRSA continues on 100% review of all Notice of Action letters generated through the subcontractor.
- CRSA is monitoring the prior authorization process implemented by the subcontractor on a monthly basis.

Challenges remaining:

- CRSA must implement a process to assure timely decisions regarding services are made by their subcontractor and that care coordination with the other AHCCCS Health Plans is assured.
- CRSA has the subcontractor on a corrective action plan and is auditing the processes of authorization, concurrent review and management of all adverse decisions.
- CRSA is monitoring the number of adverse decisions made by the subcontractor. CRSA issued two (2) adverse decisions from November, 2007 through September, 2008. CRSA has issued 47 adverse decisions from October through December, 2008.

Financial Management

Progress Made:

- N/A

Challenges remaining:

- CRS has a new subcontractor effective October 1, 2008. The first quarterly financial statement is not due to AHCCCS until March 1, 2009. Therefore AHCCCS does not have any financial information to report for this quarter.

Conclusion

CRSA's process of examining their delivery of care model based on feedback from multiple community stakeholders, including the public, AHCCCS acute health plans and the CRSA subcontractors has improved the efficiency and effectiveness of delivering specialty care to children with special health care needs. CRSA has awarded a contract based on a Request for Proposal (RFP) that incorporated the feedback from the delivery care model review. The awarded Contractor has an established relationship with the AHCCCS administration under an Acute Care Contract and has mature capabilities with regard to claims payment, data collection, utilization management, coordination of care and benefits, as well as member and provider communication channels.

CRSA has demonstrated progress in the areas under review. AHCCCS has been able to close the Notice to Cure issued on June 3, 2005 based on this continued progress. However, AHCCCS and CRSA continue to meet on a monthly basis to discuss transition and compliance information with the intended goal of maintaining open communication channels to identify and resolve any issues that may arise. CRSA has kept AHCCCS abreast of all corrective actions required of the new subcontractor in response to the stronger monitoring mechanisms that were implemented based on the previous Notice to Cure. CRSA must continue to submit all findings and results of monitoring conducted by CRSA to AHCCCS.

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2008

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	1,174,001	1,308,845	2,482,846	$ 422,125,912	
SSI	$414.28	1.0688	473.25	67.31%	318.55	266,243	275,436	541,679	172,552,884	
									$ 594,678,796	MAP Subtotal
									75,946,612	Add DSH Allotment
									$ 670,625,408	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	1,525,566	1,595,492	1,684,893	6,241,129	$ 1,161,848,966	
SSI	505.81	67.31%	340.47	284,731	291,404	297,919	304,560	1,178,614	401,280,692	
									$ 1,563,129,658	MAP Subtotal
									86,014,710	Add DSH Allotment
									$ 1,649,144,368	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	1,774,513	1,844,438	1,939,349	2,028,471	7,586,771	$ 1,618,699,932	
SSI	540.60	70.58%	381.58	310,954	317,990	325,769	333,577	1,288,290	491,591,289	
									$ 2,110,291,222	MAP Subtotal
									82,215,000	Add DSH Allotment
									$ 2,192,506,222	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	2,041,378	2,016,850	2,015,068	2,094,608	8,167,904	$ 1,916,398,545	
SSI	577.80	70.72%	408.60	343,778	347,638	354,615	361,513	1,407,544	575,122,295	
									$ 2,491,520,840	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 2,586,890,240	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	2,199,828	2,179,525	2,207,273	2,210,098	8,796,724	$ 2,199,739,085	
SSI	617.55	68.74%	424.51	371,434	377,448	382,382	384,207	1,515,471	643,333,525	
									$ 2,843,072,610	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 2,938,442,010	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	2,207,253				2,207,253	$ 600,951,557	
SSI		660.04	68.44%	451.70	385,757				385,757	174,245,647	
AFDC/SOBRA	Post MMA	392.97	69.13%	271.67		2,169,961	2,164,159	2,151,728	6,485,848	1,762,039,972	
SSI	Adj	590.02	68.44%	403.78		385,787	382,751	382,605	1,151,143	464,808,154	
										$ 3,002,045,331	MAP Subtotal
										95,369,400	Add DSH Allotment
										$ 3,097,414,731	Total BN Limit

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2008

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	2,149,795	2,143,449	2,170,592	2,215,965	8,679,801	$ 2,515,776,254	
SSI	590.02	1.072	632.50	68.10%	430.71	382,588	382,834	386,290	388,570	1,540,282	663,414,839	
ALTCS-DD		1.072	3516.33	66.58%	2341.03	55,512	56,310	57,256	58,205	227,283	532,075,902	
ALTCS-EPD		1.072	3409.91	66.63%	2272.14	74,628	74,246	74,668	75,690	299,232	679,897,652	
											$ 4,391,164,647	MAP Subtotal
											95,369,400	Add DSH Allotment
											$ 4,486,534,047	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	68.51%	309.37	2,253,601	2,264,100	2,299,809	2,343,957	9,161,467	2,834,291,787	
SSI	678.04	67.74%	459.33	390,687	392,001	392,134	391,899	1,566,721	719,636,260	
ALTCS-DD	3769.51	66.32%	2499.85	59,167	60,079	61,106	62,032	242,384	605,923,323	
ALTCS-EPD	3655.42	66.39%	2426.97	76,648	77,231	78,139	79,681	311,699	756,484,518	
									$ 4,916,335,888	MAP Subtotal
									95,369,400	Add DSH Allotment
									$ 5,011,705,288	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	67.47%	326.62	2,394,884				2,394,884	782,220,360	
SSI	726.86	66.99%	486.92	390,647				390,647	190,214,075	
ALTCS-DD	4040.91	65.84%	2660.51	62,783				62,783	167,034,507	
ALTCS-EPD	3918.61	65.87%	2581.02	79,999				79,999	206,478,657	
									$ 1,345,947,599	MAP Subtotal
									101,663,780	Add DSH Allotment
									$ 1,447,611,379	Total BN Limit

Based on CMS-64 certification date of 5/27/2009

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2008

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	$ 284,412,291	$ -	$ 284,412,291	$ 141,986,847	$ 59,681,038	$ 31,346,872	$ -	$ -	$ -	$ 49,741,851	$ 294,745,993	$ (10,333,702)
QE 9/01	310,266,505	75,946,612	386,213,117	190,394,084	89,174,119	35,440,263	-	-	-	9,964,155	319,071,317	67,141,800
QE 12/01	364,114,703	-	364,114,703	212,600,041	91,278,326	54,069,757	-	-	-	-	357,948,124	6,166,579
QE 3/02	383,213,284	-	383,213,284	279,700,520	129,324,172	69,531,395	-	-	-	(59,706,006)	412,762,000	(29,548,716)
QE 6/02	398,448,863	-	398,448,863	251,569,392	119,396,617	69,516,073	-	-	-	-	440,482,082	(42,033,219)
QE 9/02	417,352,809	86,014,710	503,367,519	254,526,472	100,795,403	72,123,681	-	-	-	-	427,445,556	75,921,963
QE 12/02	497,262,106	-	497,262,106	283,042,237	112,605,459	81,611,127	-	-	-	-	477,258,823	20,003,283
QE 3/03	514,866,007	-	514,866,007	307,833,501	124,015,853	83,135,076	-	-	-	-	514,984,430	(118,423)
QE 6/03	538,084,393	-	538,084,393	335,897,265	153,636,989	103,921,589	-	-	-	-	593,455,843	(55,371,450)
QE 9/03	560,078,715	82,215,000	642,293,715	326,904,740	130,779,492	99,910,965	-	-	-	-	557,595,197	84,698,518
QE 12/03	619,426,976	-	619,426,976	342,194,130	141,669,588	117,472,377	-	-	-	-	601,336,095	18,090,881
QE 3/04	615,249,278	-	615,249,278	356,575,718	144,541,374	121,487,252	-	-	-	-	622,604,344	(7,355,066)
QE 6/04	617,681,976	-	617,681,976	378,397,587	178,126,369	119,699,074	-	-	-	-	676,223,030	(58,541,054)
QE 9/04	639,162,610	95,369,400	734,532,010	357,025,418	145,285,954	127,097,490	-	-	-	-	629,408,862	105,123,148
QE 12/04	707,774,238	-	707,774,238	374,496,706	153,711,596	134,379,346	-	-	-	-	662,587,648	45,186,590
QE 3/05	705,250,206	-	705,250,206	389,097,040	171,977,149	152,130,280	-	-	-	-	713,204,469	(7,954,263)
QE 6/05	714,283,502	-	714,283,502	400,547,496	165,585,571	167,446,873	-	-	-	-	733,579,940	(19,296,438)
QE 9/05	715,764,663	95,369,400	811,134,063	413,657,520	174,077,443	162,560,598	-	-	-	-	750,295,561	60,838,502
QE 12/05	775,197,204	-	775,197,204	404,061,498	191,370,840	160,614,226	-	-	-	-	756,046,564	19,150,640
QE 3/06	745,296,176	-	745,296,176	405,005,129	235,354,779	118,877,866	-	-	-	-	759,237,774	(13,941,598)
QE 6/06	742,494,045	-	742,494,045	141,514,299	(35,409,090)	184,960,886	-	-	-	509,691,703	800,757,798	(58,263,753)
QE 9/06	739,057,906	95,369,400	834,427,306	400,869,032	166,963,246	193,842,243	-	-	-	17,513,729	779,188,250	55,239,056

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	1,087,407,268	-	1,087,407,268	433,715,853	176,371,015	190,249,157	124,180,959	154,103,335	270,452	-	1,078,890,771	8,516,497
QE 3/07	1,086,674,063	-	1,086,674,063	420,960,087	175,385,343	175,652,301	128,103,178	160,067,805	265,323	15,570,598	1,076,004,635	10,669,428
QE 6/07	1,099,203,252	-	1,099,203,252	430,645,025	181,860,134	160,414,980	109,129,722	164,184,289	267,338	63,265,880	1,109,767,368	(10,564,116)
QE 9/07	1,117,880,065	95,369,400	1,213,249,465	451,362,225	183,298,829	206,505,026	131,045,943	172,571,072	251,682	17,380,376	1,162,415,153	50,834,312
QE 12/07	1,210,582,572	-	1,210,582,572	441,087,082	158,955,002	172,368,837	141,711,614	179,249,253	217,152	281,350	1,093,870,290	116,712,282
QE 3/08	1,218,128,998	-	1,218,128,998	474,365,681	187,556,226	209,641,419	141,151,012	180,491,321	897,152	281,350	1,194,384,161	23,744,837
QE 6/08	1,234,008,451	-	1,234,008,451	482,388,876	199,304,269	212,059,299	155,838,638	182,521,867	280,379	76,673,242	1,309,066,570	(75,058,119)
QE 9/08	1,253,615,867	95,369,400	1,348,985,267	541,335,374	211,292,752	261,662,599	152,639,539	195,919,083	229,663	281,350	1,363,360,360	(14,375,093)
QE 12/08	1,345,947,599	101,663,780	1,447,611,379	525,677,827	202,250,698	274,725,051	148,096,235	196,824,526	226,470	17,589,300	1,365,390,107	82,221,272
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												
	$ 23,258,186,590	$ 822,687,102	$ 24,080,873,692	$ 11,149,434,702	$ 4,620,216,555	$ 4,324,453,978	$ 1,231,896,840	$ 1,585,932,551	$ 2,905,611	$ 718,528,878	$ 23,633,369,115	$ 447,504,577

Last Updated: 6/8/2009

Arizona Health Care Cost Containment System
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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	$ 2,319,769,776	$ 2,409,693,479	$ (89,923,703)	-3.88%				
DY 02	2,192,506,222	2,108,226,179	84,280,043	3.84%				
DY 03	2,586,890,240	2,480,880,067	106,010,173	4.10%				
DY 04	2,938,442,010	2,855,151,692	83,290,318	2.83%				
DY 05	3,097,414,731	3,136,657,318	(39,242,587)	-1.27%	$ 13,135,022,978	$ 12,990,608,735	$ 144,414,243	1.10%
DY 06	4,486,534,047	4,501,863,124	(15,329,077)	-0.34%				
DY 07	5,011,705,288	4,950,457,818	61,247,470	1.22%				
DY08	1,447,611,379	1,190,439,438	257,171,941	17.77%	10,945,850,714	10,642,760,380	303,090,334	2.77%
	$ 24,080,873,692	$ 23,633,369,115	$ 447,504,577		$ 24,080,873,692	$ 23,633,369,115	$ 447,504,577	1.86%

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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	525,894,153	543,445,249	622,447,708	834,836,980	1,061,356,364	1,086,998,390	1,272,609,575	352,640,659			6,300,229,078
AFDC/SOBRA	1,940,320,644	1,651,668,879	1,898,419,335	2,184,028,327	2,361,445,236	2,533,429,482	2,838,261,180	685,834,815			16,093,407,898
SSI	853,935,660	659,647,349	830,510,146	968,015,242	1,002,396,932	1,050,546,536	1,120,387,916	248,838,164			6,734,277,945
ALTCS-DD	-	-	-	-	-	783,884,857	848,263,655	223,984,486			1,856,132,998
ALTCS-EPD	-	-	-	-	-	1,024,615,129	1,092,949,025	269,558,773			2,387,122,927
Family Planning Extension	-	-	-	-	-	1,746,613	1,202,658	238,528			3,187,799
DSH/CAHP	-	-	-	-	-	145,177,300	142,818,307	425,000			288,420,607
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-				789,015,636
Total	3,565,383,851	2,977,004,435	3,493,169,339	4,128,273,284	4,563,552,931	6,626,398,307	7,316,492,316	1,781,520,425			34,451,794,888

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	354,943,049	385,748,075	442,223,191	575,912,357	725,463,045	741,078,832	863,519,677	235,565,752			4,324,453,978
AFDC/SOBRA	1,318,359,640	1,174,659,375	1,355,978,047	1,518,446,471	1,632,532,943	1,742,685,033	1,944,107,319	462,665,874			11,149,434,702
SSI	574,802,324	465,610,340	587,309,429	665,423,464	685,991,553	715,390,971	758,991,474	166,697,000			4,620,216,555
ALTCS-DD	-	-	-	-	-	521,878,356	562,548,757	147,469,727			1,231,896,840
ALTCS-EPD	-	-	-	-	-	682,736,865	725,649,400	177,546,286			1,585,932,551
Family Planning Extension	-	-	-	-	-	1,594,863	1,095,472	215,276			2,905,611
DSH/CAHP	-	-	-	-	-	96,498,204	94,545,719	279,523			191,323,446
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-				527,205,432
Total	2,409,693,479	2,108,226,179	2,480,880,067	2,855,151,692	3,136,657,318	4,501,863,124	4,950,457,818	1,190,439,438			23,633,369,115

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	123,675			928,965
AFDC/SOBRA	-	-	-	-	-	2,666,908	1,880,789	463,736			5,011,433
SSI	-	-	-	-	-	333,412	237,872	76,117			647,401
ALTCS-DD (Cost Sharing)[1]	-	-	-	-	-	-	-	-			-
Family Planning Extension[2]	-	-	-	-	-	(1,746,613)	(1,202,658)	(238,528)			(3,187,799)
CAHP[3]	-	-	-	-	-	(1,700,000)	(1,275,000)	(425,000)			(3,400,000)
Total	-	-	-	-	-	-	-	-			-

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	296,345	237,656	81,341			615,342
AFDC/SOBRA	-	-	-	-	-	2,205,962	1,544,395	363,395			4,113,752
SSI	-	-	-	-	-	221,399	157,471	50,063			428,933
ALTCS-DD (Cost Sharing)[1]	-	-	-	-	-	-	-	-			-
Family Planning Extension[2]	-	-	-	-	-	(1,594,863)	(1,095,472)	(215,276)			(2,905,611)
CAHP[3]	-	-	-	-	-	(1,128,843)	(844,050)	(279,523)			(2,252,416)
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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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	525,894,153	543,445,249	622,447,708	834,836,980	1,061,356,364	1,087,444,683	1,272,968,572	352,764,334			6,301,158,043
AFDC/SOBRA	1,940,320,644	1,651,668,879	1,898,419,335	2,184,028,327	2,361,445,236	2,536,096,390	2,840,141,969	686,298,551			16,098,419,331
SSI	853,935,660	659,647,349	830,510,146	968,015,242	1,002,396,932	1,050,879,948	1,120,625,788	248,914,281			6,734,925,346
ALTCS-DD	-	-	-	-	-	783,884,857	848,263,655	223,984,486			1,856,132,998
ALTCS-EPD	-	-	-	-	-	1,024,615,129	1,092,949,025	269,558,773			2,387,122,927
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	3,565,383,851	2,977,004,435	3,493,169,339	4,128,273,284	4,563,552,931	6,626,398,307	7,316,492,316	1,781,520,425			34,451,794,888

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	354,943,049	385,748,075	442,223,191	575,912,357	725,463,045	741,375,177	863,757,333	235,647,093			4,325,069,320
AFDC/SOBRA	1,318,359,640	1,174,659,375	1,355,978,047	1,518,446,471	1,632,532,943	1,744,890,995	1,945,651,714	463,029,269			11,153,548,454
SSI	574,802,324	465,610,340	587,309,429	665,423,464	685,991,553	715,612,370	759,148,945	166,747,063			4,620,645,488
ALTCS-DD	-	-	-	-	-	521,878,356	562,548,757	147,469,727			1,231,896,840
ALTCS-EPD	-	-	-	-	-	682,736,865	725,649,400	177,546,286			1,585,932,551
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	2,409,693,479	2,108,226,179	2,480,880,067	2,855,151,692	3,136,657,318	4,501,863,124	4,950,457,818	1,190,439,438			23,633,369,115

Calculation of Effective FMAP:

AFDC/SOBRA								
Federal	1,318,359,640	1,174,659,375	1,355,978,047	1,518,446,471	1,632,532,943	1,744,890,995	1,945,651,714	463,029,269
Total	1,940,320,644	1,651,668,879	1,898,419,335	2,184,028,327	2,361,445,236	2,536,096,390	2,840,141,969	686,298,551
Effective FMAP	0.679454524	0.71119544	0.714266876	0.695250356	0.691327886	0.688022349	0.685054386	0.674676157
SSI								
Federal	574,802,324	465,610,340	587,309,429	665,423,464	685,991,553	715,612,370	759,148,945	166,747,063
Total	853,935,660	659,647,349	830,510,146	968,015,242	1,002,396,932	1,050,879,948	1,120,625,788	248,914,281
Effective FMAP	0.67312135	0.70584736	0.707167073	0.68741011	0.68435121	0.680964911	0.67743305	0.669897534
ALTCS-DD								
Federal						521,878,356	562,548,757	147,469,727
Total						783,884,857	848,263,655	223,984,486
Effective FMAP						0.665758946	0.663176777	0.658392595
ALTCS-EPD								
Federal						682,736,865	725,649,400	177,546,286
Total						1,024,615,129	1,092,949,025	269,558,773
Effective FMAP						0.666334944	0.663937094	0.658655194

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V. Budget Neutrality Member Months and Cost Sharing Premium Collections

Budget Neutrality Member Months:	AFDC/SOBRA	SSI	ALTCS-DD	ALTCS-EPD
Quarter Ended June 30, 2001	1,174,001	266,243		
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	1,525,566	291,404		
Quarter Ended June 30, 2002	1,595,492	297,919		
Quarter Ended September 30, 2002	1,684,893	304,560		
Quarter Ended December 31, 2002	1,774,513	310,954		
Quarter Ended March 31, 2003	1,844,438	317,990		
Quarter Ended June 30, 2003	1,939,349	325,769		
Quarter Ended September 30, 2003	2,028,471	333,577		
Quarter Ended December 31, 2003	2,041,378	343,778		
Quarter Ended March 31, 2004	2,016,850	347,638		
Quarter Ended June 30, 2004	2,015,068	354,615		
Quarter Ended September 30, 2004	2,094,608	361,513		
Quarter Ended December 31, 2004	2,199,828	371,434		
Quarter Ended March 31, 2005	2,179,525	377,448		
Quarter Ended June 30, 2005	2,207,273	382,382		
Quarter Ended September 30, 2005	2,210,098	384,207		
Quarter Ended December 31, 2005	2,207,253	385,757		
Quarter Ended March 31, 2006	2,169,961	385,787		
Quarter Ended June 30, 2006	2,164,159	382,751		
Quarter Ended September 30, 2006	2,151,728	382,605		
Quarter Ended December 31, 2006	2,149,795	382,588	55,512	74,628
Quarter Ended March 31, 2007	2,143,449	382,834	56,310	74,246
Quarter Ended June 30, 2007	2,170,592	386,290	57,256	74,668
Quarter Ended September 30, 2007	2,215,965	388,570	58,205	75,690
Quarter Ended December 31, 2007	2,253,601	390,687	59,167	76,648
Quarter Ended March 31, 2008	2,264,100	392,001	60,079	77,231
Quarter Ended June 30, 2008	2,299,809	392,134	61,106	78,139
Quarter Ended September 30, 2008	2,343,957	391,899	62,032	79,681
Quarter Ended December 31, 2008	2,394,884	390,647	62,783	79,999

	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	-	-

Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2008

VI. Allocation of Disproportionate Share Hospital Payments

Federal Share

	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**
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	-	-	-	-	-	-	-	76,391,892	-	76,391,892
Sep-08	-	-	-	-	-	-	-	-	-	-
Dec-08	-	-	-	-	-	-	-	17,309,777	-	17,309,777
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