



AHCCCS

Janice K. Brewer, Governor  
Thomas J. Betlach, Director

801 East Jefferson, Phoenix, AZ 85034  
PO Box 25520, Phoenix, AZ 85002  
Phone: 602 417 4000  
[www.azahcccs.gov](http://www.azahcccs.gov)

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

---

November 30, 2010

Jessica L. Schubel, MPH  
Project Officer, Division of State Demonstrations, Waivers & Managed Care  
Center for Medicaid, CHIP and Survey & Certification  
Centers for Medicare and Medicaid Services  
Mailstop: S2-01-16  
7500 Security Blvd.  
Baltimore, Maryland 21244-1850

Dear Ms. Schubel:

In accordance with Special Term and Condition paragraph 26, enclosed please find the Quarterly Progress Report for July 1, 2010 through September 30, 2010, which also includes the Quarterly Budget Neutrality Tracking Schedule, the Quarterly Quality Initiative, and Arizona Medicaid Administrative Claiming Random Moment Time Study results.

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: Cheryl Young  
Hee Young Ansell  
Susan Ruiz



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

## AHCCCS Quarterly Report July 1, 2010 through September 30, 2010

### TITLE

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

Section 1115 Quarterly Report  
Demonstration Year: 28  
Federal Fiscal Quarter: 4<sup>th</sup> /2010 (July 1, 2010 – September 30, 2010)

### 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)	Number Voluntarily Disenrolled in current Quarter	Number Involuntarily Disenrolled in current Quarter
Acute AFDC/SOBRA	1,103,115	412,737	1,503
Acute SSI	147,014	18,023	74
Acute AC/MED	285,594	90,128	329
Family Planning	3,975	1,692	3
LTC DD	23,281	1,785	24
LTC EPD	29,826	3,584	33
Non-Waiver	31,331	5,629	143
<b>TOTAL</b>	<b>1,624,136</b>	<b>533,578</b>	<b>2,109</b>

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan <sup>1</sup>	1,045,978
Title XXI funded State Plan <sup>2</sup>	30,445
Title XIX funded Expansion <sup>3</sup>	218,809
Title XXI funded Expansion <sup>4</sup>	0

<sup>1</sup> SSI, 1931 Families and Children, 1931 Related, TMA, SOBRA child and pregnant, ALTCS, FTW, QMB, BCCP, SLMB, QI-1

<sup>2</sup> KidsCare

<sup>3</sup> MI/MN

<b>DSH Funded Expansion</b>	
<b>Other Expansion</b>	
<i>Pharmacy Only</i>	<i>Included above</i>
<i>Family Planning Only</i>	3,593
<b>Current Enrollment as of 07/01/10</b>	1,298,825

**Outreach/Innovative Activities:**

AHCCCS continues to lack the resources to provide education and partnership activities in the community.

**Operational/Policy Developments/Issues:**

Waiver Update

During the July-September, 2010 quarter, AHCCCS continued to work with CMS on a number of pending amendments to Arizona’s 1115 waiver including the update to:

- the FY 2010 Disproportionate Share funding amounts;
- include Community Transition Services under Home and Community Based Services in ALTCS;
- request a waiver from the requirement to provide non-emergency transportation services to childless adults under 100% FPL and to those enrolled in MED; and
- conform the optional benefit reductions and limitations to those that were approved in the corresponding State Plan Amendment (SPA #10-006). AHCCCS requested an exemption of services that can be claimed at 100% Federal Financial Participation from the adult benefit changes as the elimination/limitation of these services would not achieve cost savings for the state.

AHCCCS submitted a request for guidance on August 6, 2010, to allow AHCCCS to maintain its current practice that ensures the most flexibility for both its American Indian members and providers who serve them without being in violation of changes to federal law, specifically Section 5006(d) of the American Recovery and Reinvestment Act (ARRA).

On September 30, 2010, AHCCCS submitted Governor Brewer's request regarding Arizona's Section 1115 Research and Demonstration Waiver, a DRAFT Proposal and Evaluation.

State Plan Update

On September 14, 2010, AHCCCS submitted an amendment to update the Inpatient and Outpatient hospital reimbursement rates to reflect a rate freeze for the period October 1, 2010 to September 30, 2011. (SPA #10-010A and B).

---

<sup>4</sup> AHCCCS for Parents

Arizona continued to work on a number of State Plan Amendments for approval during this quarter:

- SPA #10-001 to implement cost sharing for certain populations;
- SPA #10-007 to implement prescription drug rebates;
- SPA #10-009 to provide additional information in the State Plan regarding services provided under rehabilitative services;

The following SPAs were approved during this quarter:

- SPA #10-003 to modify funding for Graduate Medical Education. Approved on September 16, 2010.
- SPA #10-005 to conform resource standards for QMBs, SLMBs and Q1s to resource limits for individuals who qualify for Medicare Part D Low-Income Subsidy (SPA# 10-005). Approved on July 28, 2010.
- SPA# 10-006 to implement reductions and limitations in optional services to the adult benefit package. Approved on August 11, 2010.
- SPA #10-008 to exempt Medicare cost sharing benefits paid under the Medicare Savings Programs from estate recovery effective January 1, 2010. Approved on September 24, 2010.

### Legislative Update

The State Legislature was not in session during this quarter. We are preparing for the implementation of new mandatory cost-sharing requirements (SPA# 10-001) for individuals enrolled in the waiver and Transitional Medical Assistance (TMA) populations. We are also preparing for the implementation of the benefit changes (SPA #10-006) that will impact adults enrolled in AHCCCS programs. Both the cost-sharing requirements and benefit changes will be effective on October 1, 2010. (Note, the imposition of cost-sharing requirements on the waiver population was delayed by a court injunction and planned implementation of these mandatory requirements did not become effective until November 1, 2010.)

In spite of the budget reductions taken during the last legislative session, the State of Arizona continues to face significant fiscal challenges. In order to comply with the Maintenance of Effort requirements in health care reform and maintain coverage for 1.3 million Arizonans, the state Legislature will need to identify \$1 billion in new funding next year to make up for the end of the enhanced federal matching dollars that the state was receiving under ARRA. Given the severity of the cuts that have already been taken in AHCCCS and other state services, it remains unknown how the Legislature will address this issue next year.

Additional information can be found on the AHCCCS website under State Legislative and Budget Activities: <http://www.azahcccs.gov/reporting/legislation/legislation.aspx>.

### **Consumer Issues:**

In support of the quarterly report to CMS, presented below is a summary of complaint issues received in OCA for the quarter July 1, 2010 through September 30, 2010.

<b>Complaint Issue</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Total</b>
ALTCS	10	4	5	19
Can't get coverage (eligibility issues)	171	202	220	593
Caregiver issues	3	0	1	4
Credentialing	0	0	0	0
DES	18	23	14	55
Equipment	8	1	1	10
Fraud	2	0	1	3
Good customer service	0	0	0	0
Information	71	75	120	266
Lack of documentation	0	0	0	0
Lack of providers	6	11	1	18
Malfunctioning equipment	0	0	0	0
Medicare	15	3	9	27
Medicare Part D	9	9	8	26
Member reimbursement	24	24	21	69
Misconduct	0	0	0	0
No notification	0	0	0	0
No Payment	0	0	0	0
Nursing home POS	0	0	0	0
Optical coverage	2	3	3	8
Over income	7	7	11	25
Paying bills	0	0	24	24
Policy	0	1	3	4
Poor customer service	0	0	0	0
Prescription	38	73	54	165
Prescription denial	7	7	17	31
Process	0	0	0	0
Surgical procedures	1	1	1	3
Termination of Coverage	40	23	30	93

Complaints regarding health plans for July = 32, August = 33, September = 22  
Complaints regarding services July = 33, August = 35, September = 23

Note: On this report, consider all calls to be complaints with only two exceptions: (1) "good customer service" and (2) "information".

**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: July 1, 2010 through September 30, 2010.

HIFA Parents ever enrolled: 0

HIFA Parents enrolled at any time between 07/01/2010 and 09/30/2010: 0

HIFA Parent enrollment:

07/01/10: 0

08/01/10: 0

09/01/10: 0

**Employer Sponsored Insurance Issues:**

AHCCCS received CMS approval on October 2, 2008, to implement the ESI program. AHCCCS implemented the program on December 1, 2008 and began sending out information to families with children approved for KidsCare who have access to employer sponsored health insurance. As of 09/30/2010, there were six families enrolled in the ESI program.

**Family Planning Extension Program (FPEP):**

**Family Planning Update:**

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 and annual basis. Quarterly data are reported to allow at least three months lag time for collection of encounters for the quarter being reported; thus, data reported below are for the quarter ending September 30, 2010.

AHCCCS enrollment data show that 3729 unduplicated recipients were enrolled with Acute-care Contractors under the Family Planning Extension (FPE) program (contract type Q) during the quarter, with an average eligibility period of 2.4 months during the quarter. This compares with 3668 unduplicated Acute-care recipients enrolled during the previous quarter.

Service data show that 558 women (compared with 574 women in the previous quarter), or 15.4 percent of those enrolled in the Family Planning Demonstration Project, utilized a family planning service during the quarter based on encounters for services received (compared with 15.6 percent in the previous quarter). It should be noted that these data may be incomplete, as Contractors have up to eight months to submit encounters to AHCCCS.

Women utilizing services under the SOBRA FPE program used an average of 2.6 services during the quarter. As expected, the majority of utilizers, 75.4 percent, were in the age range of 21 to 39 years old, with another 18.5 percent in the 18- to 20-year-old age range. These results are consistent with results of the previous quarter.

**Family Planning Enrollment by Month:**

07/10: 3,593

08/10: 3,476

09/10: 3,592

**Innovative Activities:**

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

There were 142,388 total Health-e-Arizona applications submitted during the reporting period, including renewal and initial applications. Of this, 22,389 applications were submitted by Community Partners and 119,999 by public users.

AHCCCS also has a member website, [www.myahcccs.com](http://www.myahcccs.com), which provides information regarding current and past eligibility and enrollment information. Myahcccs.com offers services like changing an address, paying monthly premiums and changing health plans annually. As of September 30, 2010, there were 171,757 members registered to the website.

**Enclosures/Attachments:**

Attached you will find the Budget Neutrality Tracking Schedule and the Quality Assurance/Monitoring Activities, including the CRS update for the quarter. Beginning this quarter AHCCCS will submit quarterly summary reports for the Arizona Medicaid Administrative Claiming (MAC) Random Moment Time Study (RMTS) results as part of the ongoing quarterly reporting by AHCCCS to CMS.

**State Contact(s):**

Monica Coury  
801 E. Jefferson St., MD- 4200  
Phoenix, AZ 85034  
(602) 417-4534

**Date Submitted to CMS:**

November 30, 2010



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: 4/2010 (7/10 – 9/10)

## 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 and receiving services from the Arizona Department of Health Services (ADHS) through benefit carve outs 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, contracted managed care organizations/programs (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**

AHCCCS participates in regular meetings of this coalition to identify and provide to Contractors quality improvement resources that can be used to support optimal health outcomes among members with asthma and other respiratory diseases. AHCCCS clinical quality management staff attended an Arizona Asthma Coalition meeting in August.

### **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 include Notices of Action, Early and Periodic Screening Diagnostic and Treatment (EPSDT) services, behavioral health services, and performance measure results.

During the quarter, AHCCCS continued a work group with DDD to develop strategies related to quality of care, culture change within Intermediate Care Facilities for People with Mental Retardation (ICFMRs), quality management and peer review processes. A Quality Improvement Work Group meeting was held in September, with topics that included options for outside quality improvement consultation related to the Arizona Training Program, training by the Arizona Department of Health Services for ICF-MR staff from Coolidge and Phoenix-area group homes in October, and efforts to improve DDD's rates for Childhood Immunization performance measures.

#### **Arizona Department of Health Services Bureau of Tobacco and Chronic Disease**

In collaboration with ADHS, AHCCCS continued monitoring the smoking cessation drugs and nicotine replacement therapy program. 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, along with the ADHS Division of Behavioral Health Services (ADHS/DBHS), began discussions on how a similar program could be implemented through the behavioral health system. AHCCCS continues to work with Contractors and ADHS to streamline processes to improve availability and accessibility to nicotine replacement/smoking cessation products.

#### **Arizona Department of Health Services' Bureau of USDA Nutrition Programs**

AHCCCS continues to work with the ADHS Bureau of USDA Nutrition Programs, which has the lead on a statewide initiative to reduce childhood obesity. 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 well visits, lab services, physical activity counseling, nutritional counseling and behavioral health services to assist and support children who are overweight to become more active and to choose healthy foods. During the quarter, a representative of ADHS provided updates on its nutrition programs, which also include the Women, Infants and Children (WIC) Supplemental Nutrition Program, during AHCCCS' Quarterly Quality Management/Maternal and Child Health Contractor meeting.

#### **Arizona Department of Health Services (ADHS) Children's Rehabilitative Services**

AHCCCS has continued to work with the Children's Rehabilitative Services (CRS) program to ensure timely referral and care coordination with Acute-care Contractors for children with special health care needs. Through a collaborative effort in previous quarters, AHCCCS developed and implemented a policy aimed at improving coordination and timelines between health plans and the CRS program, and worked with CRSA to develop methodologies for new performance measures that reflect improvements in the process for enrolling AHCCCS members into CRS services. The methodologies are designed to provide more meaningful data for monitoring access and availability of services.

During the quarter, AHCCCS began working on a plan for administrative simplification of the CRS program. Under this plan, the Arizona Department of Health Services (ADHS) and AHCCCS began developing an Intergovernmental Agreement (IGA) to transfer complete administrative oversight of the CRS program from ADHS to AHCCCS. On Jan. 1, 2011, AHCCCS will expand its existing contract with Arizona Physicians IPA (APIPA), which currently administers CRS services under a contract with ADHS, to include CRS responsibilities. The contract between ADHS and APIPA to deliver Title XIX services will be terminated effective Dec. 31, 2010. This change will result in an administrative simplification and in no way impact the relationship between CRS families and APIPA, the CRS provider network or the services provided.

### **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. During the quarter, Arizona VFC and Arizona state Immunization Information System (ASIIS) staff gave vaccine and registry program updates at the quarterly Quality Management/Maternal and Child Health meeting with Contractors.

AHCCCS also collaborated with TAPI and County Health Departments over recent quarters to increase the availability and accessibility of VFC vaccines to AHCCCS children. AHCCCS required through its MCO contracts that the Contractor pay counties for the administration of vaccines to children. TAPI developed a process to assist county health departments with billing Contractors for administration of vaccines given to AHCCCS children enrolled with their managed care organizations. It is believed that this process will make vaccines more accessible to children in areas of the state that have lower physician densities.

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

Ongoing collaboration with ADHS also supports efforts to eliminate childhood lead poisoning in Arizona. AHCCCS and several Contractors participated in the Arizona Childhood Lead Poisoning Elimination Coalition to develop 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. AHCCCS supports ongoing education by Contractors of providers and members about potential sources of childhood lead poisoning and the need for testing at specific ages according to Medicaid requirements. 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. AHCCCS is also monitoring relatively recent activity at CMS related to the possibility of targeted screening, focusing on high prevalence zip codes or areas of the state where the potential for lead poisoning is greater.

### **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. AzEIP and AHCCCS MCH staff work together to ensure early intervention services are provided without delay and covered by Medicaid when appropriate. 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 meeting and subcommittee meetings for community awareness, provider issues and adult immunization during the quarter. AHCCCS continues to collaborate with TAPI and contracted health plans to disseminate up-to-date information about the H1N1 virus and seasonal flu, and to promote increased levels of vaccination. AHCCCS monitors the latest recommendations and updates related to influenza vaccine and shares it with its partners.

### **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 APT's Board of Directors. Since AHCCCS covers approximately half the births in Arizona, the site reviews give the agency a better 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. During this quarter AHCCCS participated in hospital site visits and attended the APT annual statewide conference in August, giving an update on agency activities and data trends, such as births by population.

### **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 continues to participate in teleconference meetings with nursing facility participants, the state's Quality Improvement Organization, and CMS to support this initiative.

### **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. 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 website also includes a Baby Arizona training module for practitioners and their staff who wish to participate in the Baby Arizona application process. The three state agencies collaborating on the Baby Arizona Program — AHCCCS, DES and ADHS — worked closely with the March of Dimes to develop Baby Arizona outreach materials and continue to distribute them to the community.

### **Healthy Mothers, Healthy Babies**

CQM staff participates in the Maricopa County Healthy Mothers, Healthy Babies (HMHB) 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 coalition meetings during the quarter.

### **Project LAUNCH**

Project LAUNCH is a grant received by ADHS from the Substance Abuse and Mental Health Service Administration (SAMSHA). The purpose of the grant is to improve care coordination and develop comprehensive medical homes in two south Phoenix zip codes. Project LAUNCH participants, including AHCCCS, have moved into subject work groups focusing on medical home, special needs, developmental screening, etc. AHCCCS is represented on some of the work groups.

### **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 both internal and external sources. 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 following PIPs will be implemented in CYE 2011:

- **Coordination of Care for Acute Members Receiving Services through the ADHS Division of Behavioral Health Services.** AHCCCS worked with ADHS and Acute-care Contractors to develop a PIP across the Behavioral Health and Acute-care programs to improve coordination of care for members receiving prescriptions for benzodiazepines and opiates for conditions such as chronic pain, substance abuse, anxiety and/or depression. The purpose of the PIP is to coordinate management of these members to avoid mortality and morbidity as a result of prescription overdose. During the quarter, AHCCCS made final revisions to the PIP methodology, based on review and comments by Acute-care Contractors, and developed technical specifications for baseline and successive measurements. The PIP begins early in the 2011 contract year, and AHCCCS will facilitate the implementation of improved care coordination processes between ADHS/DBHS and Acute-care Contractors.

- **New ALTCS PIP.** AHCCCS had begun developing a PIP in conjunction with ALTCS Contractors to improve rates of primary/preventive care visits by HCBS members using Healthcare Effectiveness Data and Information Set (HEDIS) methodology for Access to Primary Care Practitioners/Preventive Health Services for the measurements. This PIP was to be implemented at the beginning of the 2011 contract year. However, due to the AHCCCS benefit redesign, which affects adult preventive health visits, AHCCCS developed a PIP on a different topic that will have the ability to positively impact the health status or satisfaction of ALTCS members and provide more meaningful results. The new PIP will focus on reducing hospital readmission rates within 30 days among ALTCS elderly and disabled (E/PD) members. During the quarter, AHCCCS staff developed a draft methodology for Measurements under this PIP.

- Establishing realistic outcome-based performance measures

**ALTCS Contractor Performance Measures**

AHCCCS incorporated two new measures — influenza vaccination and prevalence of pressure ulcers — into ALTCS contracts beginning with CYE 2009. AHCCCS plans to collect data for the new measures in 2011 for the measurement period of CYE 2010. 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. AHCCCS has begun receiving Minimum Data Set data, which will augment data collected through encounters and by Contractors from medical and/or case management records when it begins measurements.

### **Acute-care Contractor Performance Measures**

AHCCCS also incorporated new Acute-care Performance Measures into CYE 2009 contracts. These include three measures that are part of the HEDIS Comprehensive Diabetes Care set – hemoglobin A1c tests, lipid screening and eye exams – and the HEDIS measure of Use of Appropriate Medications for People with Asthma. AHCCCS had planned to collect data for the diabetes measures using a hybrid methodology, but suspended data collection in CYE 2010 for budgetary reasons. As noted below, AHCCCS has implemented a Performance Improvement Project (PIP) among Acute-care Contractors to improve use of appropriate asthma medicines, using HEDIS specifications for measuring performance. AHCCCS plans to collect data for the asthma and diabetes measures in 2011 for the measurement period of CYE 2010. Contractors have implemented processes to internally monitor and improve performance in these areas.

### **Children’s Rehabilitative Services Administration (CRSA) Performance Measures**

In the previous contract year, AHCCCS Clinical Quality Management staff worked closely with CRSA to develop and incorporate into contractual new Performance Measures that reflect improvements in the process for enrolling AHCCCS members into CRS services and which should provide more meaningful and valid data for monitoring access and availability of services. The new measures, incorporated into the CYE 2010 contract, included the following:

- ***Timeliness of Eligibility Determination*** – The percent of AHCCCS members for whom a determination of eligibility was made (i.e., eligible or ineligible) and who were notified in writing of the decision within 14 calendar days of a complete CRS Referral Form received by the CRS subcontractor or for whom a determination of eligibility could not be made from the CRS Referral Form and who were notified in writing within 14 calendar days of receipt of the Referral Form that additional information or a medical evaluation was required in order to make a determination of medical eligibility (CRSA must show documentation of internal monitoring of the accuracy of the determination process)
- ***Timeliness of Initial Service Plan Development*** – The percent of AHCCCS members for whom an initial service plan (ISP) was completed on or before the date of positive eligibility determination by the CRS subcontractor
- ***First CRS Service*** – The percent of AHCCCS members who receive their first CRS service by the date specified on the ISP or within 90 calendar days of the date of positive eligibility determination

Performance Measure methodologies are specified as part of the contract. AHCCCS also set Minimum Performance Standards and Goals for CRSA to achieve for each of these measures, which are included in the contract.

Results provided by CRSA show that the overall Timeliness of Eligibility Determination measure has improved dramatically over the past three years. In CYE 2007, the rate for Timeliness of Eligibility Determination was 75.8 percent, compared with 92.6 percent in CYE 2009. During the quarter, AHCCCS worked on a contract amendment for members receiving CRS services, which included increasing Performance Standards for these measures in order to drive continued improvement. The performance measures, standards and methodologies will be incorporated into the contract with APIPA for administration of the CRS program effective Jan. 1, 2011.

## **Division of Behavioral Health Services (DBHS) Performance Measures**

AHCCCS completed a major overhaul of DBHS Performance Measures, in conjunction with the Division, developing and refining several measures. These measures also are designed to collect more meaningful data on access, availability and quality of behavioral health services received by AHCCCS members, as well as improve data validity. The new measures, incorporated into the CYE 2010 contract, which was effective July 1, 2009, include the following:

- ***Access to Care*** – The percent of AHCCCS members referred for or requesting behavioral health services for whom the first service was provided within 23 days of the initial assessment
- ***Behavioral Health Service Plan*** – The percent of AHCCCS members with current service plans that incorporate the needs and service recommendations identified in their assessments
- ***Behavioral Health Service Provision*** – The percent of AHCCCS members who received the services that were recommended in their service plans
- ***Coordination of Care #1 (Disposition of Referral)*** – The percent of AHCCCS members for whom disposition of the referral is communicated to the PCP or Health Plan within 45 days of initial assessment or, if behavioral health services are declined, within 45 days of the referral
- ***Coordination of Care #2 (Communication)*** ) – The percent of AHCCCS members for whom behavioral health service providers communicate behavioral health clinical and contact information with the member’s Primary Care Physician (PCP) and/or Health Plan
- ***Follow Up after Hospitalization for Mental Illness*** – The percent of discharges for members age 6 years and older who were hospitalized for treatment of selected mental health disorders and who had an outpatient visit or partial hospitalization with a behavioral health practitioner, based on HEDIS criteria. Two rates will be reported:
  - 1) Members who received follow up within 30 days of discharge
  - 2) Members who received follow up within seven days of discharge
- ***Treatment of Depression*** – The percent of continuously enrolled AHCCCS members diagnosed with major depressive disorder of mild subtype who received an antidepressant medication or psychotherapy during the measurement period

Performance Measure methodologies are specified as part of the contract. AHCCCS also set Minimum Performance Standards and Goals for DBHS to achieve for each of these measures, which are included in the contract. Preliminary data from DBHS show improvement in the continuing measures, and AHCCCS is working with the agency to ensure that its data are complete, valid and reliable. On Sept. 30, DBHS submitted results and supporting data for annual measurements of performance measures. These data will be reviewed in more detail in the next quarter.

- Identifying, collecting and assessing relevant data

## **ALTCS Performance Measures**

During the quarter, AHCCCS reported results for the annual measurement of Initiation of Home and Community Based Services among ALTCS E.PD members. Data are collected through a hybrid methodology to determine the percent of newly enrolled members who receive services within 30 days of enrollment.

In the current measurement, 96.0 percent of members received services within 30 days of enrollment, a statistically significant increase over the previous rate of 94.4 percent. There was no significant difference in rates of initiation of services between rural and urban counties, or by members' race or ethnicity. Rates by Contractor ranged from 90.0 percent to 100 percent. Six of the eight Contractors exceeded the Minimum Performance Standard (MPS) of 92 percent and three achieved the AHCCCS Goal of 98 percent. Contractors that did not meet the MPS will be required to implement corrective action plans to bring their rates up to the standard.

### **Acute-care Performance Measures**

In July, AHCCCS collected data for the annual measurement of Acute-care Performance Measures, based on HEDIS specifications, for the measurement period of CYE 2009. Clinical Quality Management, Data Analysis and Research and Information Systems Division personnel worked together on a rigorous quality check (QC) of results, using random samples of member-specific data from the denominators and numerators for each measure. Staff checked member data generated by the AHCCCS data warehouse against recipient and encounter data in the Prepaid Medical Management Information System (PMMIS) to ensure that members were appropriately included in denominators and numerators, and that results were consistent with HEDIS criteria. The QC demonstrated that the data were valid and reliable. Final results were generated in October to include encounter loads into the data warehouse based on encounters submitted by Contractors through July 2010. These results will be publicly reported in December 2010.

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

AHCCCS has a number of Performance Improvement Projects under way with Contractors, which are designed to improve enrollee health outcomes and/or satisfaction. Recent activity related to these projects includes:

- ***Inappropriate Refusal of Influenza Immunization (ALTCS E/PD)***. 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.

Baseline results have been 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. During the quarter, AHCCCS began working on the first remeasurement for the 2009/2010 flu season, which will show whether Contractors achieved statistically significant reductions in the percent of members who refused vaccination.

o ***Behavioral Health PIPs.*** AHCCCS continues to work with 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/or member care. DBHS is conducting a PIP to increase the percentage of Title XIX members who have been diagnosed as seriously mentally ill (SMI) who receive psych-educations services (pre-job training and job development). Research indicates that a majority of people with SMI want to return to work and that employment is an important part of rehabilitation and recovery. The first remeasurement of performance for this PIP demonstrated a significant improvement in the proportion of members with SMI who received psycho-education services, from 13.8 percent to 21.6 percent. Data submitted by DBHS for the second remeasurement of the PIP indicate that the improvement has been sustained. AHCCCS will review the data submitted in more detail in the next quarter.

As previously noted, AHCCCS is working with DBHS and Acute-care Contractors to implement a PIP to improve care coordination among members receiving medical and behavioral health services in CYE 2011. During the quarter, AHCCCS developed technical specifications for the PIP measurements and was in the process of finalizing the methodology and specifications. AHCCCS will begin work on collection of the baseline data in the next quarter.

- Providing incentives for excellence and imposing sanctions for poor performance

Notices to Cure and Letters of Concern have been issued to Acute-care Contractors that did not meet Minimum Performance Standards (MPSs) for Performance Measures for multiple years and/or multiple measures over the last three contract years. Contractors were required to develop Corrective Actions Plans (CAPs) to bring their performance up to the AHCCCS minimum standards or evaluate each activity under CAPs currently in place to determine their effectiveness. AHCCCS subsequently advised Contractors of potential sanction amounts based on results of these measures. Contractors were again required to evaluate any existing CAPs for measures for which they did not meet AHCCCS minimum standards and/or develop new CAPs, putting resources toward improvement rather than absorbing financial sanctions for poor performance. AHCCCS also 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 CYE 2009 Acute-care Contract to levels that meet or exceed HEDIS national Medicaid means.

This approach to performance improvement has been successful. AHCCCS found that Contractors were able to effect improvements in their rates during the most recent measurement at a level not previously seen. AHCCCS notified Contractors that it was relieving them of any pending sanctions; however, Contractors were required to continue CAPs and submit updates on the progress of those CAPs and/or new CAPs in the third quarter of CYE 2010. They also were reminded that they may still face sanctions if they fail to show continued improvement. During the fourth quarter, AHCCCS completed review of Contractor CAP submissions and responded with approvals and recommendations for improvement.

In addition, AHCCCS analyzed preliminary data for Acute-care performance measures for the measurement period of CYE 2009, finding that Contractors continue to demonstrate improvement in most measures. AHCCCS intends to ensure continued progress in meeting minimum standards and long-range goals, and will advise Contractors of quality improvement requirements based on the most recent performance results in the next quarter.

Also during the quarter, AHCCCS incorporated language into the CYE 2011 Acute-care contract to incentivize improvements in performance measure results by linking performance to each Contractor’s placement in the auto-assignment algorithm, based on two factors, which are weighted as follows:

#	Factor	Weighting
1	The Contractor’s final awarded capitation rate from AHCCCS.	50%
2	The Contractor’s percent of all Clinical Quality Performance Measures for which the Contractor meets the Minimum Performance Standard (MPS). Only those Contractors that meet at least 75% of the Minimum Standards for the measurement period of CYE 2011 receive points.	50%

The new weighting will be effective for the auto-assignment algorithm for CYE 2013, giving Contractors time to improve results for the CYE 2011 measurement period (AHCCCS will collect and report these data in CYE 2012).

AHCCCS also adjusted some Minimum Performance Standards in the Acute-care and CRS contracts, reflecting improvements in specific measures to encourage continued improvement in those rates. Some adult measures related to preventive services were removed from the contract in light of the benefit redesign. However, AHCCCS will begin publicly reporting results of HEDIS asthma and diabetes measures for Acute-care Contractors under the CYE 2011 contract, with an initial measurement period of CYE 2010. Reporting and holding Contractors accountable for performance standards for these measures will support improved or sustained quality in chronic disease management.

- 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 meetings. The Division of Health Care Management did not have a Quality Management/Maternal and Child Health (QM/MCH) meeting with Contractors during the quarter; however, the next meeting was slated for October.

The Clinical Quality Management Unit did share information and resources with Contractors to support their quality improvement activities during the quarter, including information on “Emergency Department Visits Involving Nonmedical Use of Selected Prescription Drugs,” which will assist in educating Contractors in preparation for the new PIP to improve care coordination between Acute-care plans and DBHS. AHCCCS also shared information with Contractors on a conference on asthma triggers and care management for this chronic disease. In addition, AHCCCS shared the CDC report “Maternity Practices in Infant Nutrition and Care (mPINC),” which was provided to state Medicaid Directors, with the Arizona Perinatal Trust so perinatal providers will have current information to support improved breastfeeding practices and newborn outcomes.

AHCCCS also regularly participates in national web-based conferences related to improving quality and best practices. In August, four AHCCCS staff participated in the CMS conference on “Using health IT to measure and improve children's health care quality.” In addition, AHCCCS staff participated in the National Academy for State Health Policy (NASHP) webinar, “Health Homes for Medicaid Enrollees with Chronic Conditions: A Conversation with CMS and States Regarding the ACA State Plan Option.” AHCCCS also participated in a conference call with NASHP, the Child and Adolescent Health Measurement Initiative (CAHMI) and NCQA on development of a state-level specification for a developmental screening measure during the quarter.

#### **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 noted above, revisions were incorporated into contracts to continue incentivizing improvement in performance.

#### **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**

Operational and Financial Reviews (OFRs) are used by AHCCCS to evaluate Contractor compliance related to access/availability and quality of services, including implementation of policies and procedures and progress toward plans of correction to improve quality of care and service for members. During the quarter, AHCCCS completed CYE 2010 reviews of Prepaid Inpatient Health Plans (PIHPs), ALTCS Contractors and those who have both ALTCS and Acute-care contracts. AHCCCS conducted the following reviews during the quarter:

- July 13 – 15: Pima Health System (ALTCS and Acute)
- Aug. 17 - 19: Cochise Health Systems (ALTCS)
- Sept. 14 - 16: DES/DDD (ALTCS)

Clinical Quality Management staff also provided follow-up technical assistance to Yavapai County Long Term Care for its OFR CAPs related to provisional credentialing of providers and the health information system during the quarter.

- Review and analysis of periodic reports

A number of contract deliverables are used to monitor and evaluate Contractor compliance and performance. AHCCCS reviews, provides feedback and approves these reports as appropriate. A number of annual deliverables are due to AHCCCS from Contractors in the next quarter, including:

- *Annual Quality Management/Performance Improvement Plans*
- *Annual Maternity Care/Family Planning Plan*
- *Annual EPSDT/Oral Plan*
  
- *Quarterly EPSDT and Adult Monitoring Reports.* AHCCCS requires Acute and ALTCS Contractors to submit quarterly EPSDT and Adult Monitoring 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 EPSDT services. 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. These reports were received and reviewed during the quarter. CQM staff responded to Contractors with requests for clarification and some recommendations for improvement.

- 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 or reported to Contractors their results for some 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.

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. In 2009, AHCCCS completed an extensive review of Performance Measure specifications and programming, in conjunction with one of its Contractors. DHCM made some revisions to its programming of HEDIS measures to meet current specifications and documented processes in a crosswalk of NCQA specifications, which it shared with Contractors, to ensure continued comparability with national means and percentiles, while supporting their internal monitoring activities. And, as noted earlier, it completed a rigorous review of data for the current measurement during the fourth quarter of CYE 2010. The review demonstrates that the AHCCCS health information system is providing valid and reliable results, based on administrative data (recipient and encounter data).

AHCCCS also continued providing technical assistance to Contractors in how the measures are collected and guidance for health plans in internally monitoring their rates. During the quarter, Clinical Quality Management and Data Analysis and Research staff worked with two plans to assist them in better understanding how the HEDIS measure of Timeliness of Prenatal Care (part of the Prenatal and Postpartum combined measure) is collected and calculated. Because of the global reimbursement method of paying for labor, delivery and postpartum services, this measure has presented challenges for Contractors to internally monitor, as well as to provide complete data to AHCCCS for the measure. AHCCCS is planning to begin a workgroup with Contractors in the next quarter to assist them in collecting more complete data.

During the quarter AHCCCS also continued major initiatives related to health information technology (HIT) that are expected to have a significant impact on quality improvement efforts. These include beginning work as outlined in the CMS-approved Planning-Advance Planning Document (P-APD) facilitate the planning and implementation of HIT technologies, which will support more efficient and effective quality measurement. Significant work was accomplished in reviewing proposed outcomes measures and AHCCCS provided extensive feedback during public comment periods on EHR Meaningful Use Measures, as well as proposed NCQA Comprehensive Well Child Measures and the CHIPRA Core Measure Set. Using this analysis, AHCCCS continued evaluating initiatives to enhance or develop new processes to implement these measures and use results for quality improvement. An Agency HIT Steering Committee comprised of top management meets regularly to ensure progress according to P-APD timelines.

During the quarter, AHCCCS also worked with CRSA in developing a PIP to improve access to and use of laboratory data as part of its web-based eHR system. AHCCCS helped guide CRSA in selecting an indicator that would assist CRS providers in meeting meaningful use criteria for lab data and in designing a methodology to collect valid and reliable data.

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

Review and revision of the components of the Quality Strategy is an ongoing process for AHCCCS. The quality Strategy is aligned with federal 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 Quality Strategy was last revised in March 2010 to incorporate substantive changes, including ensuring that it aligns with relevant provisions of the Child Health Insurance Program Reauthorization Act (CHIPRA), as recommended by CMS.

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

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			Total	Federal Share Budget Neutrality Limit
						QE 6/01	QE 9/01			FFY 2001
AFDC/SOBRA	\$208.71	1.09495	250.23	67.93%	169.99	1,173,986	1,308,828	2,482,814	\$ 422,051,836	
SSI	\$414.28	1.0688	473.25	67.31%	318.55	266,244	275,434	541,678	172,552,564	
									\$ 594,604,400	
									75,946,612	
									<u>\$ 670,551,012</u>	
									MAP Subtotal	
									Add DSH Allotment	
									Total BN Limit	

AFDC/SOBRA SSI	DY 01 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/01	QE 3/02	QE 6/02	QE 9/02		FFY 2002
	273.98	67.93%	186.13	1,435,152	1,525,539	1,595,461	1,684,858	6,241,010	\$ 1,161,637,904
	505.81	67.31%	340.47	284,726	291,398	297,896	304,532	1,178,552	401,259,580
									\$ 1,562,897,485
									86,014,710
									<u>\$ 1,648,912,195</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

AFDC/SOBRA SSI	DY 02 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/02	QE 3/03	QE 6/03	QE 9/03		FFY 2003
	300.00	71.11%	213.32	1,774,470	1,844,378	1,939,274	2,028,401	7,586,523	\$ 1,618,375,922
	540.60	70.58%	381.58	310,936	317,972	325,757	333,561	1,288,226	491,566,824
									\$ 2,109,942,747
									82,215,000
									<u>\$ 2,192,157,747</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

AFDC/SOBRA SSI	DY 03 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/03	QE 3/04	QE 6/04	QE 9/04		FFY 2004
	328.48	71.42%	234.59	2,041,324	2,016,777	2,014,983	2,094,500	8,167,584	\$ 1,916,070,109
	577.80	70.72%	408.60	343,764	347,627	354,597	361,509	1,407,497	575,102,864
									\$ 2,491,172,973
									95,369,400
									<u>\$ 2,586,542,373</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

AFDC/SOBRA SSI	DY 04 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/04	QE 3/05	QE 6/05	QE 9/05		FFY 2005
	359.67	69.52%	250.04	2,199,723	2,179,398	2,207,152	2,209,965	8,796,238	\$ 2,199,438,433
	617.55	68.74%	424.49	371,434	377,435	382,366	384,205	1,515,440	643,296,249
									\$ 2,842,734,682
									95,369,400
									<u>\$ 2,938,104,082</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

AFDC/SOBRA SSI AFDC/SOBRA SSI	DY 05 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/05	QE 3/06	QE 6/06	QE 9/06		FFY 2006
	393.82	69.13%	272.26	2,207,090				2,207,090	\$ 600,907,677
	660.04	68.42%	451.62	385,810				385,810	174,240,778
	392.97	69.13%	271.67		2,169,811	2,163,969	2,151,504	6,485,284	1,761,888,210
	590.02	68.42%	403.71		385,901	382,998	383,035	1,151,934	465,050,650
									\$ 3,002,087,315
									95,369,400
									<u>\$ 3,097,456,715</u>
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

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				Total	Federal Share Budget Neutrality Limit
						QE 12/06	QE 3/07	QE 6/07	QE 9/07		FFY 2007
AFDC/SOBRA	392.97	1.072	421.27	68.80%	289.81	2,149,504	2,143,141	2,170,223	2,215,459	8,678,327	\$ 2,515,099,948
SSI	590.02	1.072	632.50	68.10%	430.72	383,254	383,844	387,746	390,547	1,545,391	665,626,498
ALTCS-DD		1.072	3516.33	66.58%	2341.01	55,514	56,309	57,247	58,194	227,264	532,026,243
ALTCS-EPD		1.072	3409.91	66.64%	2272.24	74,665	74,308	74,734	75,740	299,447	680,416,568
											\$ 4,393,169,256
											95,369,400
											\$ 4,488,538,656
											MAP Subtotal
											Add DSH Allotment
											Total BN Limit

	DY 07 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/07	QE 3/08	QE 6/08	QE 9/08		FFY 2008
AFDC/SOBRA	451.60	68.65%	310.03	2,253,095	2,263,660	2,299,415	2,343,795	9,159,965	2,839,896,643
SSI	678.04	67.95%	460.74	393,248	395,374	396,418	398,128	1,583,168	729,425,488
ALTCS-DD	3769.51	66.33%	2500.26	59,156	60,069	61,093	62,025	242,343	605,919,299
ALTCS-EPD	3655.42	66.51%	2431.20	76,698	77,290	78,212	79,773	311,973	758,469,383
									\$ 4,933,710,813
									95,369,400
									\$ 5,029,080,213
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

	DY 08 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/08	QE 3/09	QE 6/09	QE 9/09		FFY 2009
AFDC/SOBRA	484.12	77.13%	373.41	2,405,409	2,485,420	2,626,427	2,778,891	10,296,147	3,844,653,522
SSI	726.86	76.68%	557.36	400,358	403,852	405,579	409,700	1,619,489	902,638,510
ALTCS-DD	4040.91	75.62%	3055.70	62,982	64,127	65,334	66,222	258,665	790,403,199
ALTCS-EPD	3918.61	75.65%	2964.37	80,836	81,819	82,364	83,188	328,207	972,926,976
									\$ 6,510,622,207
									102,054,795
									\$ 6,612,677,002
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

	DY 09 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit
				QE 12/09	QE 3/10	QE 6/10	QE 9/10		FFY 2010
AFDC/SOBRA	518.97	77.52%	402.30	2,882,460	2,872,289	2,862,337	2,836,034	11,453,120	4,607,646,085
SSI	779.19	77.12%	600.93	414,149	417,437	420,244	422,354	1,674,184	1,006,064,154
ALTCS-DD	4331.86	76.00%	3292.35	66,809	67,452	68,303	68,817	271,381	893,482,556
ALTCS-EPD	4200.75	76.06%	3195.09	83,831	83,962	84,405	83,719	335,917	1,073,285,618
									\$ 7,580,478,413
									104,606,165
									\$ 7,685,084,578
									MAP Subtotal
									Add DSH Allotment
									Total BN Limit

Based on CMS-64 certification date of 11/4/10

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

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	\$ 284,377,605	\$ -	\$ 284,377,605	\$ 141,986,847	\$ 59,681,038	\$ 31,346,872	\$ -	\$ -	\$ -	\$ 49,741,851	\$ 294,745,993	\$ (10,368,388)	
QE 9/01	310,226,795	75,946,612	386,173,407	190,394,084	89,174,119	35,440,263	-	-	-	9,964,155	319,071,317	67,102,090	
QE 12/01	364,064,719	-	364,064,719	212,600,041	91,278,326	54,069,757	-	-	-	-	357,948,124	6,116,595	
QE 3/02	383,160,037	-	383,160,037	279,700,520	129,324,172	69,531,395	-	-	(59,706,006)	-	412,762,000	(29,601,963)	
QE 6/02	398,386,968	-	398,386,968	251,569,392	119,396,617	69,516,073	-	-	-	-	440,482,082	(42,095,114)	
QE 9/02	417,285,760	86,014,710	503,300,470	254,526,472	100,795,403	72,123,681	-	-	-	-	427,445,556	75,854,914	
QE 12/02	497,182,644	-	497,182,644	283,042,237	112,605,459	81,611,127	-	-	-	-	477,258,823	19,923,821	
QE 3/03	514,780,419	-	514,780,419	307,833,501	124,015,853	83,135,076	-	-	-	-	514,984,430	(204,011)	
QE 6/03	537,994,503	-	537,994,503	335,897,265	153,636,989	103,921,589	-	-	-	-	593,455,843	(55,461,340)	
QE 9/03	559,985,180	82,215,000	642,200,180	326,904,740	130,779,492	99,910,965	-	-	-	-	557,595,197	84,604,983	
QE 12/03	619,345,210	-	619,345,210	342,194,130	141,669,588	117,472,377	-	-	-	-	601,336,095	18,009,115	
QE 3/04	615,165,040	-	615,165,040	356,575,718	144,541,374	121,487,252	-	-	-	-	622,604,344	(7,439,304)	
QE 6/04	617,592,117	-	617,592,117	378,397,587	178,126,369	119,699,074	-	-	-	-	676,223,030	(58,630,913)	
QE 9/04	639,070,607	95,369,400	734,440,007	357,025,418	145,285,954	127,097,490	-	-	-	-	629,408,862	105,031,145	
QE 12/04	707,697,277	-	707,697,277	374,496,706	153,711,596	134,379,346	-	-	-	-	662,587,648	45,109,629	
QE 3/05	705,162,544	-	705,162,544	389,097,040	171,977,149	152,130,280	-	-	-	-	713,204,469	(8,041,925)	
QE 6/05	714,195,423	-	714,195,423	400,547,496	165,585,571	167,446,873	-	-	-	-	733,579,940	(19,384,517)	
QE 9/05	715,679,440	95,369,400	811,048,840	413,657,520	174,077,443	162,560,598	-	-	-	-	750,295,561	60,753,279	
QE 12/05	775,148,454	-	775,148,454	404,061,498	191,370,840	160,614,226	-	-	-	-	756,046,564	19,101,890	
QE 3/06	745,276,185	-	745,276,185	405,005,129	235,354,779	118,877,866	-	-	-	-	759,237,774	(13,961,589)	
QE 6/06	742,517,082	-	742,517,082	414,514,299	(35,409,090)	184,960,886	-	-	-	509,691,703	800,757,798	(58,240,716)	
QE 9/06	739,145,593	95,369,400	834,514,993	400,869,032	166,963,246	193,842,243	-	-	-	17,513,729	779,188,250	55,326,743	
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	1,087,645,918	-	1,087,645,918	433,715,853	176,371,015	190,249,157	124,180,959	154,103,335	270,452	-	1,078,890,771	8,755,147	
QE 3/07	1,087,105,864	-	1,087,105,864	420,960,087	175,385,343	175,652,301	128,103,178	160,067,805	265,323	15,570,598	1,076,004,635	11,101,229	
QE 6/07	1,099,799,102	-	1,099,799,102	430,645,025	181,860,134	160,414,980	109,129,722	164,184,289	267,338	63,265,880	1,109,767,368	(9,968,266)	
QE 9/07	1,118,618,372	95,369,400	1,213,987,772	451,362,225	183,298,829	206,505,026	131,045,943	172,571,072	251,682	17,380,376	1,162,415,153	51,572,619	
QE 12/07	1,214,092,756	-	1,214,092,756	441,087,082	158,955,002	172,368,837	141,711,614	179,249,253	217,152	281,350	1,093,870,290	120,222,466	
QE 3/08	1,222,069,794	-	1,222,069,794	474,365,681	187,556,226	209,641,419	141,151,012	180,491,321	897,152	281,350	1,194,384,161	27,685,633	
QE 6/08	1,238,437,884	-	1,238,437,884	482,388,876	199,304,269	212,059,299	155,838,638	182,521,867	280,379	76,673,242	1,309,066,570	(70,628,686)	
QE 9/08	1,259,110,379	95,369,400	1,354,479,779	541,335,374	211,292,752	261,662,599	152,639,539	195,919,083	229,663	281,350	1,363,360,360	(8,880,581)	
QE 12/08	1,553,422,205	-	1,553,422,205	525,677,827	202,250,698	274,725,051	148,096,235	196,824,526	226,470	17,589,300	1,365,390,107	188,032,098	
QE 3/09	1,591,659,044	-	1,591,659,044	524,965,413	200,642,044	282,940,670	163,216,095	195,589,822	215,314	279,523	1,367,848,881	223,810,163	
QE 6/09	1,650,578,422	-	1,650,578,422	751,742,559	275,925,200	420,276,136	183,857,956	277,501,770	205,805	72,613,790	1,982,123,216	(331,544,794)	
QE 9/09	1,714,962,535	102,054,795	1,817,017,330	739,870,928	264,570,277	353,050,273	228,393,380	239,839,814	219,000	17,084,907	1,843,028,579	(26,011,249)	
QE 12/09	1,896,308,155	-	1,896,308,155	697,955,153	247,041,712	415,432,097	186,043,975	232,351,612	172,615	-	1,778,997,164	117,310,991	
QE 3/10	1,896,727,705	-	1,896,727,705	682,440,767	244,483,923	423,983,433	166,666,907	230,817,483	170,172	645,405	1,749,208,090	147,519,615	
QE 6/10	1,898,627,991	-	1,898,627,991	562,367,036	212,083,758	352,829,405	102,570,911	233,568,310	124,938	18,722,247	1,482,266,605	416,361,386	
QE 9/10	1,888,814,562	104,606,165	1,993,420,727	825,091,140	293,963,090	557,588,599	263,426,740	237,238,816	208,188	645,405	2,178,161,978	(184,741,251)	
QE 12/10													
QE 3/11													
QE 6/11													
QE 9/11													
<b>\$ 36,021,420,291    \$ 927,684,282    \$ 36,949,104,573    \$ 15,933,867,698    \$ 6,358,926,559    \$ 7,130,554,591    \$ 2,526,072,804    \$ 3,232,840,178    \$ 4,221,643    \$ 828,520,155    \$ 36,015,003,628    \$ 934,100,945</b>													

Last Updated: 11/17/2010

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

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	\$ 2,319,463,207	\$ 2,409,409,188	\$ (89,945,981)	-3.88%				
DY 02	2,192,157,747	2,107,943,997	84,213,750	3.84%				
DY 03	2,586,542,373	2,480,605,261	105,937,112	4.10%				
DY 04	2,938,104,082	2,854,467,813	83,636,269	2.85%				
DY 05	3,097,456,715	3,135,621,607	(38,164,892)	-1.23%	\$ 13,133,724,124	\$ 12,988,047,866	\$ 145,676,258	1.11%
DY 06	4,488,538,656	4,516,457,343	(27,918,687)	-0.62%				
DY 07	5,029,080,213	5,095,207,582	(66,127,369)	-1.31%				
DY08	6,612,677,002	6,581,174,269	31,502,733	0.48%				
DY09	7,685,084,578	6,832,794,634	852,289,944	11.09%				
DY10	-	1,321,934	(1,321,934)		23,815,380,449	23,026,955,762	788,424,687	3.31%
	<u>\$ 36,949,104,573</u>	<u>\$ 36,015,003,628</u>	<u>\$ 934,100,945</u>		<u>\$ 36,949,104,573</u>	<u>\$ 36,015,003,628</u>	<u>\$ 934,100,945</u>	2.53%

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

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	525,830,975	543,435,168	622,382,553	834,307,907	1,060,377,084	1,096,870,557	1,338,246,922	1,717,742,918	2,172,982,833	812,005	9,912,988,922
AFDC/SOBRA	1,940,281,132	1,651,574,098	1,898,344,434	2,183,782,676	2,361,114,614	2,540,903,750	2,886,059,505	3,274,241,393	3,457,911,525	762,203	22,194,975,330
SSI	853,935,948	659,644,649	830,514,767	968,018,576	1,002,364,978	1,053,993,881	1,163,376,077	1,228,881,924	1,204,988,471	35,536	8,965,754,807
ALTCS-DD	-	-	-	-	-	787,126,486	874,118,126	1,054,541,271	822,031,172	60,606	3,537,877,661
ALTCS-EPD	-	-	-	-	-	1,022,541,725	1,108,511,553	1,201,666,016	1,189,974,988	70,642	4,522,764,924
Family Planning Extension	-	-	-	-	-	1,746,613	1,208,586	936,282	732,646	-	4,624,127
DSH/CAHP	-	-	-	-	-	145,177,300	142,818,307	137,152,618	30,174,900	-	455,323,125
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-	-	-	-	789,015,636
<b>Total</b>	<b>3,565,281,449</b>	<b>2,976,896,873</b>	<b>3,493,033,904</b>	<b>4,127,501,894</b>	<b>4,562,211,075</b>	<b>6,648,360,312</b>	<b>7,514,339,076</b>	<b>8,615,162,422</b>	<b>8,878,796,535</b>	<b>1,740,992</b>	<b>50,383,324,532</b>

**Federal Share**

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	354,899,771	385,731,973	442,178,114	575,545,557	724,789,818	747,542,413	910,996,185	1,315,790,001	1,672,464,204	616,555	7,130,554,591
AFDC/SOBRA	1,318,118,437	1,174,395,242	1,355,745,282	1,518,152,045	1,632,305,729	1,747,654,202	1,981,086,887	2,525,362,225	2,680,468,908	578,741	15,933,867,698
SSI	574,802,514	465,608,393	587,312,465	665,400,811	685,856,283	717,750,531	790,535,463	942,319,703	929,313,414	26,982	6,358,926,559
ALTCS-DD	-	-	-	-	-	524,031,398	579,789,065	797,435,206	624,771,117	46,018	2,526,072,804
ALTCS-EPD	-	-	-	-	-	681,385,732	737,264,915	909,041,473	905,094,420	53,638	3,232,840,178
Family Planning Extension	-	-	-	-	-	1,594,863	1,101,783	855,483	669,514	-	4,221,643
DSH/CAHP	-	-	-	-	-	96,498,204	94,433,284	90,370,178	20,013,057	-	301,314,723
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-	-	-	-	527,205,432
<b>Total</b>	<b>2,409,409,188</b>	<b>2,107,943,997</b>	<b>2,480,605,261</b>	<b>2,854,467,813</b>	<b>3,135,621,607</b>	<b>4,516,457,343</b>	<b>5,095,207,582</b>	<b>6,581,174,269</b>	<b>6,832,794,634</b>	<b>1,321,934</b>	<b>36,015,003,628</b>

**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	554,800	632,573	-	1,992,663
AFDC/SOBRA	-	-	-	-	-	2,666,908	1,886,717	1,797,428	1,550,719	-	7,901,772
SSI	-	-	-	-	-	333,412	237,872	284,054	249,354	-	1,104,692
ALTCS-DD (Cost Sharing) <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-
Family Planning Extension <sup>2</sup>	-	-	-	-	-	(1,746,613)	(1,208,586)	(936,282)	(732,646)	-	(4,624,127)
CAHP <sup>3</sup>	-	-	-	-	-	(1,700,000)	(1,275,000)	(1,700,000)	(1,700,000)	-	(6,375,000)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Federal Share**

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	296,345	237,656	421,131	480,313	-	1,435,445
AFDC/SOBRA	-	-	-	-	-	2,205,962	1,550,706	1,503,951	1,290,677	-	6,551,296
SSI	-	-	-	-	-	221,399	157,471	213,392	189,334	-	781,596
ALTCS-DD (Cost Sharing) <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-
Family Planning Extension <sup>2</sup>	-	-	-	-	-	(1,594,863)	(1,101,783)	(855,483)	(669,514)	-	(4,221,643)
CAHP <sup>3</sup>	-	-	-	-	-	(1,128,843)	(844,050)	(1,282,991)	(1,290,810)	-	(4,546,694)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 September 30, 2010**

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	525,830,975	543,435,168	622,382,553	834,307,907	1,060,377,084	1,097,316,850	1,338,605,919	1,718,297,718	2,173,615,406	812,005	9,914,981,585
AFDC/SOBRA	1,940,281,132	1,651,574,098	1,898,344,434	2,183,782,676	2,361,114,614	2,543,570,658	2,887,946,222	3,276,038,821	3,459,462,244	762,203	22,202,877,102
SSI	853,935,948	659,644,649	830,514,767	968,018,576	1,002,364,978	1,054,327,293	1,163,613,949	1,229,165,978	1,205,237,825	35,536	8,966,859,499
ALTCS-DD	-	-	-	-	-	787,126,486	874,118,126	1,054,541,271	822,031,172	60,606	3,537,877,661
ALTCS-EPD	-	-	-	-	-	1,022,541,725	1,108,511,553	1,201,666,016	1,189,974,988	70,642	4,522,764,924
Family Planning Extension	-	-	-	-	-	-	-	-	-	-	-
DSH/CAHP	-	-	-	-	-	143,477,300	141,543,307	135,452,618	28,474,900	-	448,948,125
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-	-	-	-	789,015,636
<b>Total</b>	<b>3,565,281,449</b>	<b>2,976,896,873</b>	<b>3,493,033,904</b>	<b>4,127,501,894</b>	<b>4,562,211,075</b>	<b>6,648,360,312</b>	<b>7,514,339,076</b>	<b>8,615,162,422</b>	<b>8,878,796,535</b>	<b>1,740,992</b>	<b>50,383,324,532</b>

**Federal Share**

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	354,899,771	385,731,973	442,178,114	575,545,557	724,789,818	747,838,758	911,233,841	1,316,211,132	1,672,944,517	616,555	7,131,990,036
AFDC/SOBRA	1,318,118,437	1,174,395,242	1,355,745,282	1,518,152,045	1,632,305,729	1,749,860,164	1,982,637,593	2,526,866,176	2,681,759,585	578,741	15,940,418,994
SSI	574,802,514	465,608,393	587,312,465	665,400,811	685,856,283	717,971,930	790,692,934	942,533,095	929,502,748	26,982	6,359,708,155
ALTCS-DD	-	-	-	-	-	524,031,398	579,789,065	797,435,206	624,771,117	46,018	2,526,072,804
ALTCS-EPD	-	-	-	-	-	681,385,732	737,264,915	909,041,473	905,094,420	53,638	3,232,840,178
Family Planning Extension	-	-	-	-	-	-	-	-	-	-	-
DSH/CAHP	-	-	-	-	-	95,369,361	93,589,234	89,087,187	18,722,247	-	296,768,029
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-	-	-	-	527,205,432
<b>Total</b>	<b>2,409,409,188</b>	<b>2,107,943,997</b>	<b>2,480,605,261</b>	<b>2,854,467,813</b>	<b>3,135,621,607</b>	<b>4,516,457,343</b>	<b>5,095,207,582</b>	<b>6,581,174,269</b>	<b>6,832,794,634</b>	<b>1,321,934</b>	<b>36,015,003,628</b>

**Calculation of Effective FMAP:**

AFDC/SOBRA

Federal	1,318,118,437	1,174,395,242	1,355,745,282	1,518,152,045	1,632,305,729	1,749,860,164	1,982,637,593	2,526,866,176	2,681,759,585
Total	1,940,281,132	1,651,574,098	1,898,344,434	2,183,782,676	2,361,114,614	2,543,570,658	2,887,946,222	3,276,038,821	3,459,462,244
Effective FMAP	0.679344047	0.711076326	0.714172443	0.69519374	0.69132846	0.687954218	0.686521646	0.771317531	0.775195506

SSI

Federal	574,802,514	465,608,393	587,312,465	665,400,811	685,856,283	717,971,930	790,692,934	942,533,095	929,502,748
Total	853,935,948	659,644,649	830,514,767	968,018,576	1,002,364,978	1,054,327,293	1,163,613,949	1,229,165,978	1,205,237,825
Effective FMAP	0.673121345	0.705847298	0.707166794	0.687384341	0.684238075	0.680976329	0.679514829	0.766807015	0.771219363

ALTCS-DD

Federal	-	-	-	-	-	524,031,398	579,789,065	797,435,206	624,771,117
Total	-	-	-	-	-	787,126,486	874,118,126	1,054,541,271	822,031,172
Effective FMAP	-	-	-	-	-	0.665752465	0.663284570	0.756191557	0.760033364

ALTCS-EPD

Federal	-	-	-	-	-	681,385,732	737,264,915	909,041,473	905,094,420
Total	-	-	-	-	-	1,022,541,725	1,108,511,553	1,201,666,016	1,189,974,988
Effective FMAP	-	-	-	-	-	0.666364722	0.66509448	0.756484298	0.760599533

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

V. Budget Neutrality Member Months and Cost Sharing Premium Collections

<b>Budget Neutrality Member Months:</b>	<b>AFDC/SOBRA</b>	<b>SSI</b>	<b>ALTCS-DD</b>	<b>ALTCS-EPD</b>	<b>AC/MED</b>
Quarter Ended June 30, 2001	1,173,986	266,244			57,192
Quarter Ended September 30, 2001	1,308,828	275,434			64,782
Quarter Ended December 31, 2001	1,435,152	284,726			125,548
Quarter Ended March 31, 2002	1,525,539	291,398			192,006
Quarter Ended June 30, 2002	1,595,461	297,896			230,479
Quarter Ended September 30, 2002	1,684,858	304,532			258,095
Quarter Ended December 31, 2002	1,774,470	310,936			284,814
Quarter Ended March 31, 2003	1,844,378	317,972			304,124
Quarter Ended June 30, 2003	1,939,274	325,757			320,624
Quarter Ended September 30, 2003	2,028,401	333,561			333,938
Quarter Ended December 31, 2003	2,041,324	343,764			334,948
Quarter Ended March 31, 2004	2,016,777	347,627			328,922
Quarter Ended June 30, 2004	2,014,983	354,597			316,284
Quarter Ended September 30, 2004	2,094,500	361,509			325,674
Quarter Ended December 31, 2004	2,199,723	371,434			363,052
Quarter Ended March 31, 2005	2,179,398	377,435			367,467
Quarter Ended June 30, 2005	2,207,152	382,366			374,857
Quarter Ended September 30, 2005	2,209,965	384,205			369,323
Quarter Ended December 31, 2005	2,207,090	385,810			370,695
Quarter Ended March 31, 2006	2,169,811	385,901			364,226
Quarter Ended June 30, 2006	2,163,969	382,998			359,990
Quarter Ended September 30, 2006	2,151,504	383,035			348,831
Quarter Ended December 31, 2006	2,149,504	383,254	55,514	74,665	339,618
Quarter Ended March 31, 2007	2,143,141	383,844	56,309	74,308	336,292
Quarter Ended June 30, 2007	2,170,223	387,746	57,247	74,734	342,130
Quarter Ended September 30, 2007	2,215,459	390,547	58,194	75,740	354,236
Quarter Ended December 31, 2007	2,253,095	393,248	59,156	76,698	372,992
Quarter Ended March 31, 2008	2,263,660	395,374	60,069	77,290	386,349
Quarter Ended June 30, 2008	2,299,415	396,418	61,093	78,212	401,266
Quarter Ended September 30, 2008	2,343,795	398,128	62,025	79,773	416,506
Quarter Ended December 31, 2008	2,405,409	400,358	62,982	80,836	424,921
Quarter Ended March 31, 2009	2,485,420	403,852	64,127	81,819	439,411
Quarter Ended June 30, 2009	2,626,427	405,579	65,334	82,364	485,857
Quarter Ended September 30, 2009	2,778,891	409,700	66,222	83,188	564,315
Quarter Ended December 31, 2009	2,882,460	414,149	66,809	83,831	627,142
Quarter Ended March 31, 2010	2,872,289	417,437	67,452	83,962	656,867
Quarter Ended June 30, 2010	2,862,337	420,244	68,303	84,405	678,734
Quarter Ended September 30, 2010	2,836,034	422,354	68,817	83,719	701,948

<b>Cost Sharing Premium Collections:</b>	<b>ALTCS Developmentally Disabled</b>	
	<b>Total Computable</b>	<b>Federal Share</b>
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	-	-
Quarter Ended June 30, 2009	-	-
Quarter Ended September 30, 2009	-	-
Quarter Ended December 31, 2009	-	-
Quarter Ended March 31, 2010	-	-
Quarter Ended June 30, 2010	-	-
Quarter Ended September 30, 2010	-	-

**Arizona Health Care Cost Containment System  
Budget Neutrality Tracking Report  
For the Period Ended September 30, 2010**

VI. Allocation of Disproportionate Share Hospital Payments

**Federal Share**

	<u>FFY 2001 *</u>	<u>FFY 2002</u>	<u>FFY 2003</u>	<u>FFY 2004</u>	<u>FFY 2005</u>	<u>FFY 2006</u>	<u>FFY 2007</u>	<u>FFY 2008</u>	<u>FFY 2009</u>	<u>FFY 2010</u>	
Regular 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	99,565,654	99,565,654	
ARRA Allotment	-	-	-	-	-	-	-	-	2,489,141	5,040,511	
<b>Total Allotment</b>	<b>75,946,612</b>	<b>86,014,710</b>	<b>82,215,000</b>	<b>95,369,400</b>	<b>95,369,400</b>	<b>95,369,400</b>	<b>95,369,400</b>	<b>95,369,400</b>	<b>102,054,795</b>	<b>104,606,165</b>	<b>927,684,282</b>
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
Mar-09	-	-	-	-	-	-	-	-	-	-	-
Jun-09	-	-	-	-	-	-	-	-	71,889,845	-	71,889,845
Sep-09	-	-	-	-	-	-	-	(112,435)	17,197,342	-	17,084,907
Dec-09	-	-	-	-	-	-	-	-	-	-	-
Mar-10	-	-	-	-	-	-	-	-	-	-	-
Jun-10	-	-	-	-	-	-	-	-	-	18,722,247	18,722,247
Sep-10	-	-	-	-	-	-	-	-	-	-	-
<b>Total Reported to Date</b>	<b>75,946,611</b>	<b>85,641,855</b>	<b>82,208,389</b>	<b>95,369,399</b>	<b>95,369,400</b>	<b>92,669,777</b>	<b>95,369,361</b>	<b>93,589,234</b>	<b>89,087,187</b>	<b>18,722,247</b>	<b>823,973,460</b>
<b>Unused Allotment</b>	<b>1</b>	<b>372,855</b>	<b>6,611</b>	<b>1</b>	<b>-</b>	<b>2,699,623</b>	<b>39</b>	<b>1,780,166</b>	<b>12,967,608</b>	<b>85,883,918</b>	<b>103,710,822</b>

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

AHCCCS Medicaid School Based Claiming  
Random Moment Time Study Quarterly Report to CMS  
April-June 2010 and July-September 2010 Quarters  
Prepared by the Office of Medical Policy and Programs

Per the June 7, 2010 CMS letter approving the Arizona Medicaid Administrative Claiming Program Guide, approval condition number six (#6), AHCCCS is submitting for review quarterly summary reports of the results of the monitoring process. This submission includes reports to cover the quarter April through June 2010 and July through September 2010 quarters. In the future, AHCCCS will include a report of RMTS results for each quarter as part of the ongoing quarterly reporting by AHCCCS to CMS.

The April through June 2010 RMTS report indicates the number of participants included in each staff roster pool, Direct Service and Administrative Claiming, for the quarter. The report also demonstrates that in each pool, the number of moments generated and the number of valid responses received resulted in a return rate greater than the 85 percent required for compliance. There were no issues or concerns identified in the April through June 2010 quarter.

Based on the approved Medicaid Administrative Claiming Program Guide, the RMTS percentage for the July through September 2010 quarter was based on an average of the three previous quarters, a process outlined in the Guide, page 7. As the Guide states, *“Since the time study results captured during a traditional time study are reflective of any other activities that would be performed during the summer quarter, a summer quarter time study will not be conducted. Arizona will use an average of the three (3) previous quarter’s time study results to calculate a claim for the July-September period. This is in accordance with the May 2003 Medicaid School-Based Administrative Claiming Guide, page 42.”* Therefore the attached report does not provide detail as to the RMTS return rate for the July through September 2010 quarter.

Arizona Health Care Cost Containment System (AHCCCS)  
Quarterly Random Moment Time Study Report  
April 2010 – June 2010

The April 2010 through June 2010 quarter for the Arizona Medicaid Administrative Claiming (MAC) Random Moment Time Study (RMTS) was completed successfully with the administrative and direct service time study meeting return rate compliance.

***Active Participants***

The “*Medicaid Administrative Claiming Program Guide*” mandates that all school district employees identified by the district’s MAC RMTS coordinator as being qualified to provide direct services or administrative activities participate in a RMTS. Staff rosters are updated by district coordinators on a quarterly basis to ensure accuracy of participants in the time study. The table below shows the number of participants in the administrative and direct service time study staff pools at the beginning of the quarter.

Staff Pool	April – June 2010
Administrative	3,449
Direct Service	4,269

The table below demonstrates the administrative and direct service time study achieved the 85% return rate in the April 2010 to June 2010 quarter. The return rate reflects number of responses received divided by the total number of moments generated, or 3,000 moments per quarter.

***Return Rate***

Cost Pool	Moments Generated	Valid Response	Return Rate
Administrative	3,000	2,898	96.60%
Direct Service	3,000	2,913	97.10%

As these results illustrate, the administrative and direct service time study met the 85% return rate for the April – June 2010 quarter.