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Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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May 31, 2012

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Dear Ms. Schubel:

In accordance with Special Term and Condition paragraph 37, enclosed please find the Quarterly Progress Report for January 1, 2012 through March 31, 2012, 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 Theresa Gonzales at (602) 417-4732.

Sincerely,

Monica Coury
Assistant Director
AHCCCS Office of Intergovernmental Relations

Enclosure

cc: Cheryl Young
Hee Young Ansell
Susan Ruiz

**AHCCCS Quarterly Report
January 1, 2012 through March 31, 2012**

TITLE

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

Section 1115 Quarterly Report

Demonstration Year: 30

Federal Fiscal Quarter: 2nd /2012 (January 1, 2012 – March 31, 2012)

INTRODUCTION

As written in Special Terms and Conditions, paragraph 37, the State submits quarterly progress reports to CMS. Quarterly reports 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)	Number Enrollees (to date)	Number Voluntarily Disenrolled-Current Qtr	Number Involuntarily Disenrolled-Current Qtr
Acute AFDC/SOBRA	1,112,619	1,397	400,630
Acute SSI	165,783	62	20,990
Acute AC/MED	160,510	182	44,003
Family Planning	5,134	3	2,187
LTC DD	24,682	26	2,238
LTC EPD	30,231	25	4,312
Non-Waiver	14,349	43	2,489
TOTAL	1,513,308	1,738	476,849

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan ¹	1,122,371
Title XXI funded State Plan ²	11,142
Title XIX funded Expansion ³	130,839
Title XXI funded Expansion ⁴	0
DSH Funded Expansion	
Other Expansion	
Pharmacy Only	
Family Planning Only ⁵	4,399
Current Enrollment as of 04/01/12	1,268,751

Outreach/Innovative Activities:

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

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

⁵ Represents point-in-time enrollment as of 4/1/12

Operational/Policy Developments/Issues:

Waiver Update

AHCCCS continued to work with CMS on the 2012 Amendment to the Section 1115 Research and Demonstration Waiver during the reporting period. The Amendment proposes to:

- Establish a Safety Net Care Pool (“SNCP”), a funding pool that uses monies from political subdivisions to draw down federal matching dollars. The funds are then distributed to participating hospitals to help defray the costs of uncompensated care provided to AHCCCS members and the uninsured.
- Use SNCP local funds for KidsCare II, a statewide program with the same benefits and premium requirements as regular KidsCare (currently frozen) for eligible children on the KidsCare wait list. However, KidsCare II has a lower income eligibility threshold- up to 175% of the Federal Poverty Level, and is time limited January 1, 2014.
- Federalize Proposition 202 funds to assist Arizona hospitals with the cost of operating trauma centers and Emergency Departments.
- Allow AHCCCS to make supplemental payments through December 31, 2013 to IHS and tribally operated 638 facilities to cover their uncompensated care costs associated with AHCCCS benefit reductions and the childless adult enrollment freeze.

State Plan Update

During this quarter, Arizona submitted the following State Plan Amendments for approval:

- SPA #12-004 clarifies the process for establishing an Asset Verification System. This SPA was submitted on March 30, 2012.
- SPA #12-003 updates the reimbursement methodologies for the Indian Health Services and Tribal 638 Health Facilities. This SPA was submitted on March 1, 2012.
- SPA #12-002 provides assurance that the State complies with federal requirements related to Provider Screening and Enrollment. This SPA was submitted on February 19, 2012.
- SPA #12-001 updates the State Plan to clarify benefits such as targeted case management, extended care for pregnant women and transportation services. This SPA was submitted on January 1, 2012.

In addition, the following State Plan Amendments were approved during this quarter:

- SPA #11-015 updates the State Plan to include standards of pricing and payment for 340 B drugs. This SPA was approved on March 9, 2012.
- SPA #11-006 clarifies the services of home health, private duty nursing and therapies in the State Plan. This SPA was approved on February 17, 2012.
- SPA #11-001B updates GME funding for hospital payments made after June 30, 2011. This SPA was approved on January 23, 2012.
- SPA #10-009 Describes behavioral health services provided under rehabilitative services. This SPA was approved on March 3, 2012.

The following SPAs are pending as CMS and Arizona continue to work on them:

- SPA #11-018 updates the State Plan pages regarding the effective dates for fee for service rates. This SPA was submitted on December 29, 2011.
- SPA #11-017 updates GME funding for the service period July 1, 2010 through June 30, 2011 for programs with submitted IGAs. This SPA was submitted on November 23, 2011.
- SPA #11-016 updates the State Plan to include standards of payment for healthcare acquired conditions. This SPA was submitted on August 31, 2011 and is still pending.
- SPA #11-012 limits the number of inpatient hospital days for adult members. This SPA was submitted on June 24, 2011 and is still pending.
- SPA #11-001C updates GME funding for hospital payments made after June 30, 2011. This SPA was submitted on December 7, 2011.

Legislative Update

During the 2012 Legislative Session, AHCCCS introduced legislation that will allow it to work with the hospital community and other stakeholders to develop a revised inpatient payment methodology. This bill passed unanimously through the State Legislature with broad support from AHCCCS's hospital partners. The Agency is currently convening workgroups with hospital representatives to develop a methodology to be proposed to the Legislature during the 2013 session.

The Legislature also enacted several other policy changes during the 2012 session. Legislation was enacted that will increase the number of providers who are able to conduct breast and cervical cancer screenings through the Arizona Well Woman Healthcheck program. Participation in Well Woman Healthcheck is a requirement for coverage the Breast and Cervical Cancer Treatment Program which is administered by AHCCCS. Thus, by increasing the number of providers eligible to conduct screenings through Well Woman Healthcheck, this legislation will increase the number of women who are eligible for coverage in the AHCCCS Breast and Cervical Cancer Treatment program.

The Legislature also approved legislation that will levy a provider assessment upon nursing facilities. This legislation was supported by the Arizona Health Care Association, which represents a large number of nursing care facilities throughout Arizona. Conditional upon federal approval, the bill calls for AHCCCS, in coordination with the Arizona Department of Revenue to begin collecting the assessment on October 1, 2012. Proceeds from the assessment are to be deposited in the Nursing Facility Assessment Fund, which shall be used to draw down federal matching funds and provide supplemental payments for nursing facilities.

Finally, the Legislature considered a number of bills that ultimately, were not enacted. These proposals included the restoration of reimbursement for services provided by a podiatrist; creating a carve-out for covered dental services; reducing ALTCS eligibility levels and creating a grant program to assist individuals with hemophilia obtain commercial insurance coverage.

Consumer Issues:

In support of the quarterly report to CMS, presented below is a summary of complaint issues received in MSU/Client Advocate for the quarter January 1, 2012 – March 31, 2012.

Table 1 Complaint Issue	January	February	March	Total
ALTCS	6	6	6	18
Can't get coverage (eligibility issues)	37	121	184	342
Caregiver issues	2	3	5	10
Credentialing	0	0	0	0
DES	38	41	62	141
Equipment	0	0	2	2
Fraud	1	0	0	1
Good customer service	1	0	0	1
Information	108	69	85	262
Lack of documentation	0	0	0	0
Lack of providers	5	3	1	9
Malfunctioning equipment	0	0	0	0
Medicare	50	43	45	138
Medicare Part D	4	0	2	6
Member reimbursement	8	4	8	20
Misconduct	2	0	0	2
No notification	1	0	0	1
No Payment	0	2	1	3
Nursing home POS	0	2	0	2
Optical coverage	3	0	3	6
Over income	3	2	3	6
Paying bills	11	8	13	32
Policy	2	6	3	11
Poor customer service	0	1	2	3
Prescription	29	47	56	132
Prescription denial	0	0	1	1
Process	0	0	0	0
Surgical procedures	0	0	0	0
Termination of Coverage	0	2	0	2

Complaints regarding health plans: January= 4, February=3, March=4
 Complaints regarding services: January= 202, February=291, March=397

Note: With the exception of calls to report “good customer service” or calls requesting “information only,” this report considers all calls to be complaints.

Quality Assurance/Monitoring Activity:

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

HIFA Issues:

Below is enrollment information for the quarter: January 1, 2012 – March 31, 2012.

HIFA Parents ever enrolled: 0

HIFA Parents enrolled at any time between 3/01/2012 and 3/31/2012: 0

HIFA Parent enrollment:

1/01/12:	0
2/01/12:	0
3/01/12:	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 3/31/2012, there were three households enrolled in the ESI program.

Family Planning Extension Program (FPEP):

Family Planning Extension Program Update:

AHCCCS monitors utilization of family planning services by women who are covered under the Family Planning Extension Program (FPEP) and enrolled with Acute-care health plans quarterly, as well as on an 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 December 31, 2011. It should be noted that Contractors have up to eight months to submit encounters to AHCCCS, and the actual rate of utilization may be higher.

AHCCCS enrollment data show that 4,753 unduplicated recipients were enrolled with Acute-care Contractors under the FPEP (contract type Q) during the quarter; a 4.5 percent increase from the previous quarter. As mentioned last quarter, there was an update to the data collection methodology to allow for automated reporting and ease of validation. While ongoing monitoring is still necessary, it is believed that this data accurately reflects actual service utilization from this program. Data has been verified by the system analysts and is comparable to the financial data reports that trend member enrollment by program.

Service data show that 800 women, or 16.8 percent of those enrolled in the FPEP, utilized a family planning service during the quarter based on encounters for services received. This compares with 806 women (17.9 percent) in the previous quarter.

Women utilizing services under the FPEP used an average of 2.2 services during the quarter. As expected, the majority of utilizers (77.8 percent) were in the age range of 21 to 39 years old, with

an additional 18 percent in the 18- to 20-year-old age range. These results are similar to results of the previous quarter.

Family Planning Enrollment by Month:

1/12: 4,473

2/12: 4,446

3/12: 4,461

Represents point-in-time enrollment from 1/12-3/12

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 305,935 total Health-e-Arizona applications submitted during the reporting period, including renewal and initial applications. Of this, 41,690 applications were submitted by Community Partners and 264,245 by public users.

AHCCCS also has a member website, 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 March 30, 2012 there were 312,564 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 during the October–December, 2010 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):

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Date Submitted to CMS:

May 31, 2012



Arizona Health Care Cost Containment System

Attachment II to the
SECTION 1115 QUARTERLY REPORT

QUALITY ASSURANCE/MONITORING ACTIVITY

Demonstration/Quarter Reporting Period
Demonstration Year: 30
Federal Fiscal Quarter: 2/2012 (01/12 – 03/12)

INTRODUCTION

This report describes the Arizona Health Care Cost Containment System (AHCCS) quality assurance/monitoring activities that took place during the quarter, as required in STC 34 of the State's Section 1115 Waiver. This report also includes updates related to AHCCCS's 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, including services received from the Arizona Department of Health Services (ADHS) through benefit carve outs. DHCM is also responsible for the administrative and financial functions of the contracted health plans (Contractors). DHCM, in conjunction with other AHCCCS Divisions, sister agencies, and community partners, continually focuses on the provision of "comprehensive, quality health care for those in need", as delineated in the Agency mission.

The following sections provide an update on the State's progress and activities under each of the components of the 1115 Waiver and AHCCCS Quality Strategy.

QUALITY ASSESSMENT ACTIVITIES

Receiving stakeholder input

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

Arizona and Maricopa County Asthma Coalitions

AHCCCS participates in regular meetings of these coalitions 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. These meetings provide an opportunity to partner with community organizations and focus intervention and educational activities across the system for a more significant impact. AHCCCS Clinical Quality Management (CQM) staff attended an Arizona Asthma Coalition meeting during the quarter and a Maricopa County Asthma Coalition meeting.

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. Other discussion topics included continued focus on the Arizona Early Intervention Program to address medically necessary services, therapy wait lists, and monitoring

and oversight of acute care and behavioral health services. In addition, much focus has been placed on addressing the care needs for children diagnosed with autism.

AHCCCS also continued a work group with DDD to develop strategies related to quality of care and culture change within Intermediate Care Facilities (ICFs). An external analysis was completed to document the results of the year long project. Results indicate that significant progress was made in the areas of nursing related to the aging in place of the population served, medication management, culture change and charting. The successful processes will be initiated in the remaining ICFs throughout the coming year.

Arizona Department of Health Services (ADHS) 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 "QUITLine" and/or counseling, in addition to seeking assistance from their Primary Care Physician. AHCCCS continues to work with Contractors and ADHS to streamline processes to improve availability and accessibility to nicotine replacement/smoking cessation products. Utilization of smoking cessation products continued to increase at a steady rate during the quarter. In this quarter discussions continued regarding opportunities available under the Affordable Care Act.

Arizona Department of Health Services' Bureau of USDA Nutrition Programs

AHCCCS continues to work with the ADHS Bureau of USDA Nutrition Programs. An ADHS representative is present at each AHCCCS Quality Management/Maternal and Child Health meeting held for Contractors, to provide updates on ADHS nutrition programs such as Women, Infants and Children (WIC) Supplemental Nutrition Program and the Nutrition, Physical Activity, and Obesity Program. The ADHS Nutrition Program partners with AHCCCS to detect and prevent fraud that could result if members receive formula from both AHCCCS and WIC. ADHS is in a Request for Proposal process that will determine who will be the formula provider for the program. AHCCCS has been meeting regularly with this group to assist with the RFP process as well as offer assistance to address formulary concerns that have arisen. Once the RFP contract is awarded, WIC will be working closely with AHCCCS to ensure health plans, providers and members are aware of the results of the solicitation.

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.

The ADHS Immunization Program is also responsible for the Arizona State Immunization Information System; an online immunization registry that houses records of immunizations given in

the state, with a mandated documentation requirement for immunizations given to children under the age of 21. Contractors are encouraged to obtain ASIIS privileges in order to evaluate member immunization records for accuracy, completeness, and timeliness. ASIIS served as a key resource for AHCCCS's recent Immunization Audit (results expected to be released in Q3, 2012); data was able to be validated on the ASIIS system and the study facilitated greater collaboration between the Contractors and ASIIS. In addition, the Immunization Program has been sending quarterly reports to AHCCCS for KidsCare-enrolled members in order to facilitate greater coordination of care for this population.

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 participate 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. Currently, ongoing meetings are scheduled with this group to discuss current screening requirements and the possibility of revising eligibility parameters in order to assure that resources are expended to those at most risk for lead exposure.

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 Maternal and Child Health (MCH) staff in the Clinical Quality Management (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.

Arizona Early Intervention Program

The Arizona Early Intervention Program (AzEIP), Arizona's IDEA Part C program, is administered by the Department of Economic Security (DES). MCH staff in the CQM unit works 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 Interagency Coordinating Council to discuss new ways to promote coordination of care between AzEIP and AHCCCS health plans as well as program updates from both groups.

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 Contractors to pay for medically necessary therapy services provided by AzEIP providers to members. AzEIP providers do not have to be contracted with health plans, but must be registered as AHCCCS providers. AHCCCS also closely monitors the access and availability of early intervention services to ensure timely service provision to members.

Arizona Head Start Association

The Arizona Head Start and Early Head Start programs provide education, development, health, nutrition, and family support services to qualifying families. AHCCCS meets with Head Start leadership at least quarterly to discuss enrollment and coordination of care barriers and

successes. In addition, AHCCCS serves as a liaison between Head Start and Program Contractors in order to provide accurate contact information and program/process updates to each party, facilitate member outreach efforts, and promote effective coordination of services.

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 AzAAP has been instrumental in the implementation of the Parental Evaluation of Developmental Status (PEDS) tool. ConsultOnline training via the AzAAP website is also available to physicians who wish to use the tool, as well as to share dates and times for training sessions. Discussions were also held with the AzAAP related to concerns about the pediatric practice appropriateness of the developing certified electronic health record tools. During the quarter, CQM staff attended ArMA Maternal and Child Health Committee and Adolescent Health Subcommittee meetings. AHCCCS was also invited to participate in the AzAAP Quality Improvement Committee in January; regular meetings will continue each quarter.

The Arizona Partnership for Immunization

CQM staff attended The Arizona Partnership for Immunization (TAPI) Steering Committee meetings and subcommittee meetings for community awareness, provider issues and adult immunizations during the quarter. AHCCCS continues to collaborate with TAPI and contracted health plans to disseminate up-to-date information including but not limited to influenza, pertussis, meningitis, local and national news related to vaccines, outbreaks and other information to promote increased levels of vaccination and awareness. AHCCCS monitors the latest recommendations and updates related to influenza vaccine in order to share information with its partners. TAPI is currently promoting new State legislation that, if passed, would mandate provider reimbursement for immunization provision. AHCCCS is following this closely.

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 participate in site reviews of hospitals and now has a staff on the APT Board. 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. The current areas of focus for APT includes elective C-Sections prior to 39 weeks gestation, infant and parental immunizations, and promoting coordination of care with the Medicaid Contractors.

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, especially focusing on Long Term Care settings with particular emphasis on efficient utilization, reducing duplication of efforts, improving care transitions, and improving patient safety outcomes.

The AQCP met in February to discuss the new quality initiative “No Place Like Home” that is being sponsored by HSAG. The program goals include a 20% reduction in statewide hospital readmissions over the next 18 months; if successful, it is anticipated that this initiative will eliminate approximately 4,000 readmission with an estimated cost savings of \$32 million. HSAG has actively recruited community partners to support this initiative, including hospitals, nursing homes and other care providers/payers. Targeted efforts and education will focus on care coordination/transitions, pressure ulcers, health care acquired conditions, and culture changes (restraints, falls, etc.) as a means to achieve the 20% reduction. AHCCCS and its Contractors will actively participate in this initiative, including the introduction of Readmission Performance Measures and a Performance Improvement Project anticipated to include all lines of business.

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 include AHCCCS, DES and ADHS who continue to work closely to support pregnant women and Baby Arizona participating providers. During this quarter, the collaborating Agencies completed a renewal of the Intergovernmental Agreement for this program.

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. AHCCCS is currently completing a process with stakeholders to determine how to better serve this special needs population. AHCCCS continues to work with APIPA to ensure timely and appropriate care is delivered to Arizona children enrolled in the CRS program. Methods for achieving this include monitoring and oversight processes such as record reviews and data audits.

Developmental Pediatrician Workgroup

AHCCCS and the Arizona Department of Health Services/Division of Behavioral Health Services concluded a work group that included behavioral health providers and developmental pediatricians focused on identifying and addressing barriers related to prescribing for children diagnosed with autism. Recommendations from this work group were completed and are in the implementation process by responsible Agencies. Recommendations included utilizing Developmental Pediatricians as a specialist in the behavioral health system which would remove medication barriers, referral processes for members in need of these services in order to ensure access to this very limited specialty provider type.

Healthy Mothers, Healthy Babies

CQM staff supports the Maricopa County Healthy Mothers, Healthy Babies (HMHB) Coalition, as well as the related project in the Maryvale area of west-central Phoenix, designed to promote early prenatal care and good birth outcomes. CQM staff continues to work with the state HMHB organization to assist in educating communities about AHCCCS-covered services for women and children and the Baby Arizona process for a stream-lined AHCCCS application and initiation of prenatal care.

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

Ongoing development and refinement of quality initiatives is a major focus of AHCCCS in order to assure a continued focus on optimizing members' health and health care experiences. Contractors were notified that AHCCCS is taking advantage of an opportunity to transition all of the Performance Measure and Performance Improvement Project (PIP) requirements, across all lines of business. An internal workgroup, representative of many divisions across the Agency, is driving this process, with the end goal being alignment and promotion of federal and state measures and initiatives. Current measures are frozen, meaning that resources to maintain these measures are being shifted to development of the new ones; however, Contractors will continue to report on the current measures, using 2011 methodologies.

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 PIPs. This process involves a review of data from both internal and external sources, while also taking 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.

As mentioned above, current Performance Measures and PIPs will continue until the new measures are finalized. Some of the current Performance Measures and PIPs that are underway are highlighted below:

- **Coordination of Care PIP 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, the AHCCCS-convened work group with ADHS Division of Behavioral Health Services (DBHS) and Acute-care Contractors, met to further outline data sharing

requirements. It was determined that medication sharing for all members (outside of the PIP inclusions) would also take place to address medication coordination of care on a full scale, while still developing PIP population-specific interventions. Pharmacy directors and IT staff were invited to the meetings to provide their expertise for different elements of the PIP required for successful implementation.

- **Asthma Management PIP** – The final report for this PIP was written during this quarter. The PIP was implemented to determine the prevalence of the control of asthma through appropriate pharmacologic therapy among members diagnosed with persistent asthma. While the formal findings of the PIP are expected to be released next quarter, improvement was seen by all participating health plans. This measure has now been incorporated into the Acute-care contracts as a Performance Measure in order to sustain the success achieved with this PIP.
- **Acute-care Contractor Performance Measures:** Data for the Acute-care performance measures were released during the quarter. With the exception of the Division of Developmentally Disabled (DDD) and the Comprehensive Medical and Dental Program (CMDP – foster care health care), the Acute-care contractors were evaluated on 21 performance measures. CMDP and DDD were evaluated on the seven measures that were appropriate for their specialized populations. Overall success rates ranged from 47.6% to 100%. Results were presented to Contractor CEOs and Medical Directors as well as AHCCCS Executive Management. A meeting will be held next quarter to establish appropriate interventions (CAPs, Notices to Cure, etc.) for each health plan.
- **Children’s Rehabilitative Services Performance Measures:** AHCCCS developed performance measures that reflect improvements in the process for enrolling AHCCCS members into CRS services, which should provide more meaningful and valid data for monitoring access and availability of services. These measures were incorporated into the APIPA contract amendment for CRS services, which was effective January 1, 2011. A report on the measures was scheduled to be delivered late in the quarter; however, APIPA asked for an extension due to significant staff turn over. Detailed measure information was provided is currently being evaluated by AHCCCS staff.

Identifying, collecting and assessing relevant data

ALTCS Performance Measures

Current ALTCS performance measures include: diabetes measures (annual HbA1c tests, lipid screens, and retinal eye exams), initiation of home and community based services, prevalence of pressure ulcers, flu vaccinations, EPSDT participation, and EPSDT dental participation. These studies are conducted during the third and fourth quarters to allow for complete encounter data to be considered when the data is run. Contractors also conduct provider chart audits, when appropriate, to supplement the data. In addition, contractors have processes in place 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.

Acute-care Performance Measures

The biennial Immunization Audit of two-year old and adolescent immunization rates was finalized during the quarter with final results being released in the third quarter. AHCCCS also finalized data reporting on Acute-care Performance Measures during the quarter. All but one of the Acute-care Contractor Performance Measures, EPSDT Participation, are based on HEDIS-like specifications. Seven HEDIS-like measures applicable to the child and adolescent population also are used to evaluate performance by DES/DDD. Some adult measures related to preventive services were removed from the CYE 2011 contract in light of the benefit redesign. However, AHCCCS will begin publicly reporting results of HEDIS-like asthma and diabetes measures for Acute-care Contractors under the current 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. A report on these measures is expected to be finalized next quarter.

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 data collection and analysis for these projects includes:

- Advance Directives (ALTCS):** The purpose of this PIP was to increase the use of advance directives by ALTCS members, as documented in their medical records. Baseline data was used to assist ALTCS Contractors in implementing strategies to increase the use of advance directives among elderly and physically or developmentally disabled members and/or their authorized representatives. The AHCCCS goal for this PIP was for ALTCS E/PD Contractors and DES/DDD to demonstrate a statistically significant increase in the use of advance directives by its members, as documented in the members’ medical records. It was expected that the increased level of performance would be sustained for at least one successive measurement in order to close the PIP. Results of the PIP are below:

**Documentation of Advance Directives, enrolled in ALTCS:
Baseline Measurement Compared to First and Second Remeasurements**

Contractor	Baseline Measurement (CYE 2007)	First Remeasurement (CYE 2009)	Second Remeasurement (CYE 2010)	Relative Percent Change From Baseline to Second Remeasurement
Bridgeway Health Solutions	50.6%	66.7%	70.3%	39.0%
Cochise Health Systems*	38.1%	52.3%	67.8%	77.9%
Evercare Select	44.4%	62.0%	70.9%	59.7%
Mercy Care LTC	27.7%	49.3%	73.3%	164.6%
Pima Health System LTC*	36.8%	39.8%	42.5%	15.5%
Pinal/Gila LTC*	39.4%	73.1%	80.4%	104.1%
SCAN LTC	52.6%	63.3%	65.7%	24.9%
Yavapai County LTC*	55.6%	57.8%	45.9%	-17.4%
TOTAL	41.8%	57.3%	64.7%	54.8%

* Note: As of 10/01/2011 Cochise Health Systems, Pima Health System LTC, Pinal/Gila LTC and Yavapai County LTC were not awarded AHCCCS ALTCS contracts.

DDD will require another remeasurement period before determining if the PIP can be closed. AHCCCS is offering DDD technical assistance in order to improve their performance with this Project; the remeasurement will be conducted in CYE 2012. DDD's results follow:

**Documentation of Advance Directives, Enrolled in DES/DDD
Baseline Measurement Compared to First and Second Remeasurements**

Contractor	Baseline Measurement (CYE 2007)	First Remeasurement (CYE 2009)	Second Remeasurement (CYE 2010)	Relative Percent Change From Baseline to Second Remeasurement
DES/DDD	5.7%	10.2%	7.1%	24.6%*

- Note: While a relative increase of 24.6% was shown between the baseline and second remeasurement; there was a 30.4% relative decrease between the first and second remeasurements. In order to complete the PIP, increases must be statistically significant and be sustained for at least one successive year.

- 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 during the flu season and did not have specific contraindications to the vaccine.

During the quarter, AHCCCS completed analysis of data for the second remeasurement of this PIP. Based on data collected by Contractors, the overall rate of members who refused influenza immunization decreased from 52.9 percent to 36.5 percent. All four continuing ALTCS Contractors achieved statistically significant improvement from the previous measurement. Contractors are in the process of submitting their final PIP Reports for this measure; since all requirements have been met, the PIP has been closed.

- Asthma Medication Management (Acute Contractors)** This PIP is designed to improve the percent of children and adults who receive maintenance medications for the management of persistent asthma. Measurements are based on HEDIS-like specifications for the measure of Use of Appropriate Medications for People with Asthma. During the quarter, AHCCCS reported to Contractors participating in this PIP their results for the first remeasurement of performance. All Contractors showed statistically significant improvement ($p \leq .05$) from the baseline measurement for the Medicaid population. Not all Contractors had large enough KidsCare (CHIP) populations to make statistically valid comparisons. However, based on the Medicaid and KidsCare combined populations, all Contractors demonstrated

improvement. A second remeasurement was conducted during the quarter; results of the study are expected next quarter, after AHCCCS has validated the data.

National Clinical Quality Measures

During the quarter, AHCCCS continued major initiatives related to health information technology (HIT) that are expected to have a significant impact on quality improvement efforts. These include activities as outlined in the CMS-approved Planning-Advance Planning Document (P-APD) and Implementation- Advance Planning Document (I-APD). The Agency HIT Steering Committee comprised of top management meets regularly to ensure progress according to P-IAPD timelines. Internal Meaningful Use (MU) and Adopt, Implement, and Upgrade (AIU) committees continue to meet regularly to ensure timely completion and implementation of these initiatives. AIU attestation was opened to Eligible Professionals (EPs) during the quarter; AIU Eligible Hospital (EH) attestations continued to be processed with payments made to both EHs and EPs during the quarter.. System and process development for MU has been ongoing; while AIU processes have been refined during the quarter.

Other National Quality Initiatives

During the quarter, AHCCCS worked on two major CMS initiatives related to quality improvement:

- **Medicaid Incentives for Prevention of Chronic Disease Demonstration:** AHCCCS sought proposals from potential partners, such as health plans, providers, community organizations and academic institutions, to participate in the state's application for this grant. The Agency received six proposals for partnering on the grant, most of which were collaborative efforts between multiple organizations. The proposals were evaluated by an AHCCCS team using a standardized scoring tool. ADHS was selected as a partner for the application, and the two approaches it proposed separately were combined into one application to support incentives for member participation in Chronic Disease Self Management and Tobacco Cessation programs. These programs are existing, proven programs, and AHCCCS determined that making them available and/or incentivizing participation by Medicaid members would be the most effective approach to developing an incentive program. AHCCCS was not successful in this grant application
- **Community First Choice:** Two Implementation and Development Council meetings were held during the quarter to discuss advanced planning efforts related to the Community First Choice (CFC) Option. In addition, an internal AHCCCS workgroup was established to drive the administrative processed required for CFC, such as drafting a State Plan Amendment, changes to Contractor policies and standards of operations, and overall program management requirements. Ongoing communication with all parties involved was an imperative part of the process to ensure that all questions and concerns were addressed or minimally, thoroughly noted for review upon release of the CFC Final Rule.

Providing incentives for excellence and imposing sanctions for poor performance

In 2010, Notices to Cure (NTC) were issued to Acute-care Contractors that did not meet Minimum Performance Standards (MPSs) for Performance Measures. These NTCs built on previous actions that AHCCCS has taken over the past few years to drive Contractor improvement. Contractors have been required to develop Corrective Actions Plans (CAPs) to bring their performance up to the AHCCCS minimum standards and/or evaluate each activity under CAPs currently in place to determine their effectiveness. AHCCCS also advised Contractors of potential sanction amounts if they did not improve performance. Contractors were encouraged to put 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.

This approach to performance improvement has been successful. In the past two measurements, Contractors were able to effect improvements in their rates at a level not previously seen. The most recent measurement of Contractor performance was completed during the first quarter of CYE 2012, and Clinical Quality Management staff re-evaluated each Contractor’s status in relation to its Notice to Cure and CAPs. Recommendations for regulatory action and supporting data will be discussed with AHCCCS Executive Management during the next quarter and Contractors will be advised of further action including corrective action plan, notice to cure and sanctions during the next quarter.

During 2010, 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 is in the process of determining the changes in algorithm during this quarter.

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 hosted a Quality Management/Maternal and Child Health (QM/MCH) meeting with Contractors in January, to discuss the following quality-related topics:

- An update on the WIC program and the upcoming RFP process to obtain a new formula provider by the ADHS Bureau of USDA Nutrition Programs.
- Updates and technical assistance related to the Vaccines for Children (VFC) program and the Arizona Statewide Immunization Information System (ASIIS) from the ADHS Immunization Program Office.
- An update Performance Measure & Performance Improvement Project activities by the AHCCCS Clinical Quality Management staff, including the Performance Measure transition process and what should be expected moving forward.
- Updates by the AHCCCS Dental Director, including CMS' plan to establish goals for improvement in dental participation based on the EPSDT Participation Report.
- An update on resources available from the ADHS Office of Children with Special Health Care Needs.
- Requirements for branded outreach materials and the review process for member-targeted education/information.
- Review and update of Quality of Care Concerns regarding what and how to report as well as timeframes.

AHCCCS has concluded a work group with Acute-care Contractors to improve results for the Performance Measure of Timeliness of Prenatal Care, part of the HEDIS Prenatal and Postpartum Care compound measure. AHCCCS facilitated a root cause analysis among Contractors to identify opportunities to improve the rate, which lags behind the most recent HEDIS national Medicaid mean, in the previous quarter. Contractors identified the most significant barrier as the ability to capture dates of individual prenatal visits from encounters because of the global obstetrical billing process used. They also identified potential improvements in communicating with pregnant members to ensure timely prenatal services. Contractor Quality Management and Maternal and Child Health staff participating in the work group will take these results and potential next steps back to their plans for further discussion and possible interventions. During the quarter, interventions and best practices by the two highest-performing plans for this measure were shared at another work group meeting. Other Contractors also provided to AHCCCS some of their processes for streamlining entry into prenatal care. AHCCCS is researching revising the guidance for OB billing in the Fee-for-Service Provider Manual to capture dates of service for individual prenatal visits. Results of this quality improvement initiative were evident in the CYE 2011 Performance Measure rates; both cumulative and health plan-specific results are shown below:

Measure	Measurement CYE 10 (Measurement period 10/01/08-09/30/09)	Measurement CYE 11 (Measurement period 10/01/09-09/30/10)	Relative Percent Change	Significance Level (p value)
Timeliness of Prenatal Care	71.0%	78.1%	10.0%	P<.001

Contractor	Measurement Group	Measurement CYE 10 (Measurement period 10/01/08-09/30/09)	Measurement CYE 11 (Measurement period 10/01/09-09/30/10)	Relative Percent Change	Significance Level (p value)
AZ Physicians IPA	Timeliness of Prenatal Care	70.9%	83.5%*	17.8%	p<.001
Bridgeway Health Solutions		85.0%	86.0%*	1.2%	p=.707
Care 1 st Health Plan		74.6%	77.9%	4.5%	p=.038
Health Choice Arizona		82.4%	72.5%	-12.0%	p<.001
Maricopa Health Plan		57.1%	68.0%	19.2%	p<.001
Mercy Care Plan		73.1%	81.5%*	11.5%	p<.001
Phoenix Health Plan		60.9%	74.9%	23.1%	p<.001
Pima Health System**		100%	100%*	0.0%	N/A
University Family Care		56.5%	73.0%	29.0%	p<.001

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. AHCCCS conducted the following reviews during the quarter:
 - Mercy Care Plan (both Acute and ALTCS lines of business were evaluated)
 - Evercare Select

During the quarter, AHCCCS also reviewed and responded to CAPs from Contractors submitted for OFR standards that were scored at less than full compliance.

- **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.
 - **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 or additional information.

- **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. The agency also closely monitored and participated in activities for the development of processes to collect and report nationally standardized measure sets, including Meaningful Use Clinical Quality Measures and Core Measures for children and adults.

- **External Quality Reviews:** During the quarter, AHCCCS worked with two EQROs to conduct annual reviews of MCOs and PIHPs and write reports on all Contractors' compliance with Medicaid Managed Care regulations under 42 CFR 438. The Agency prepared extensive documentation required for these reviews and presented it to the EQROs along with in-depth discussion of monitoring and oversight activities. AHCCCS met with the EQROs in January 2012 to provide clarification on the information and additional documents as needed by the EQROs to complete their reviews and reports.

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-like 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 makes revisions to its programming of HEDIS-like measures to meet current specifications and documents processes in a crosswalk of NCQA specifications, which it shares with Contractors, to ensure continued comparability with national means and percentiles, while supporting their internal monitoring activities. AHCCCS completed a rigorous review of data for the measurement period of CYE 2009 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). As mentioned earlier, maintenance efforts for current measures are on hold, which includes regular updates of HEDIS-like methodology. However, HEDIS-like specifications will be considered during the transition process and will be reflected in the new Performance Measures and PIPs.

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. A major revision of the Quality Strategy began in the second quarter and is anticipated to be complete early in the fourth quarter.

**Arizona Health Care Cost Containment System (AHCCCS)
Quarterly Random Moment Time Study Report
January 2012 – March 2012**

The January through March 2012 quarter for the Medicaid School Based Claiming (MSBC) program Random Moment Time Study (RMTS) was completed successfully with the administrative, direct service, and personal care time study cost pools.

Active Participants

THE “MEDICAID ADMINISTRATIVE CLAIMING PROGRAM GUIDE” MANDATES THAT ALL SCHOOL DISTRICT EMPLOYEES IDENTIFIED BY THE DISTRICT’S RMTS COORDINATOR AS BEING QUALIFIED TO PROVIDE DIRECT SERVICES OR ADMINISTRATIVE ACTIVITIES PARTICIPATE IN A RMTS. STAFF ROSTERS ARE UPDATED BY RMTS 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, DIRECT SERVICE, AND PERSONAL CARE TIME STUDY STAFF POOLS AT THE BEGINNING OF THE QUARTER.

Staff Pool	January – March 2012
Administrative	4,241
Direct Service	2,578
Personal Care	3,330

The table below demonstrates the administrative and direct service time study achieved the 85% return rate in the January to March 2012 quarter.

The personal care time study did not achieve the 85% return rate in the January - March 2012 quarter. Due to the personal care time study not meeting the 85% return rate, all non-returned moments were included as non-allowable. Compliance for this cost pool will be monitored closely in the prospective quarters.

The return rate reflects number of responses received divided by the total number of moments generated per quarter.

Return Rate

Cost Pool	Moments Generated	Valid Response	Return Rate
Administrative	3,200	3,031	94.72%
Direct Service	3,400	3,255	95.74%
Personal Care	4,000	3,395	84.88%

**Arizona Health Care Cost Containment System
 Medicaid Section 1115 Demonstration Number 11-W00275/9
 Budget Neutrality Tracking Report
 For the Period Ended March 31, 2012**

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

WAIVER PERIOD OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2016:

	FFY 2012 PM/PM	Trend Rate	DY 01 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share
						QE 12/11	QE 3/12	QE 6/12	QE 9/12		Budget Neutrality Limit FFY 2012
AFDC/SOBRA	556.34	1.052	585.28	69.46%	406.53	2,935,824	2,921,234			5,857,058	\$ 2,381,068,989
SSI	835.29	1.06	885.41	68.81%	609.25	479,038	476,963			956,001	582,440,087
AC			707.33	69.28%	490.04	532,031	436,858			968,889	474,797,355
ALTCS-DD	4643.75	1.06	4922.38	67.35%	3315.08	72,555	73,028			145,583	482,619,190
ALTCS-EPD	4503.21	1.052	4737.37	67.40%	3192.92	85,321	84,337			169,658	541,704,140
Family Plan Ext		1.058	30.06	90.00%	27.05	12,429	12,553			24,982	675,863.03
											\$ 4,463,305,624
											103,688,468
											<u>\$ 4,566,994,092</u>
											MAP Subtotal
											Add DSH Allotment
											Total BN Limit

	DY 02 PM/PM	Member Months				Total
		QE 12/12	QE 3/13	QE 6/13	QE 9/13	
AFDC/SOBRA	615.71					- \$ -
SSI	938.53					- -
AC	707.58					- -
ALTCS-DD	5217.72					- -
ALTCS-EPD	4983.71					- -
Family Plan Ext	31.80					- -
						\$ -
						-
						<u>\$ -</u>
						MAP Subtotal
						Add DSH Allotment
						Total BN Limit

	DY 03 PM/PM	Member Months				Total
		QE 12/13	QE 3/14	QE 6/14	QE 9/14	
AFDC/SOBRA	647.73					- \$ -
SSI	994.84					- -
AC	707.58					- -
ALTCS-DD	5530.78					- -
ALTCS-EPD	5242.86					- -
Family Plan Ext	33.65					- -
						\$ -
						-
						<u>\$ -</u>
						MAP Subtotal
						Add DSH Allotment
						Total BN Limit

	DY 04 PM/PM	Member Months				Total
		QE 12/14	QE 3/15	QE 6/15	QE 9/15	
AFDC/SOBRA	681.41					- \$ -
SSI	1054.53					- -
AC	0.00					- -
ALTCS-DD	5862.63					- -
ALTCS-EPD	5515.49					- -
Family Plan Ext	35.60					- -
						\$ -
						-
						<u>\$ -</u>
						MAP Subtotal
						Add DSH Allotment
						Total BN Limit

	DY 05 PM/PM	Member Months				Total
		QE 12/15	QE 3/16	QE 6/16	QE 9/16	
AFDC/SOBRA	716.85					- \$ -
SSI	1117.81					- -
AC	0.00					- -
ALTCS-DD	6214.39					- -
ALTCS-EPD	5802.30					- -
Family Plan Ext	37.66					- -
						\$ -
						-
						<u>\$ -</u>
						MAP Subtotal
						Add DSH Allotment
						Total BN Limit

Based on CMS-64 certification date of 4/30/12

**Arizona Health Care Cost Containment System
 Medicaid Section 1115 Demonstration Number 11-W00275/9
 Budget Neutrality Tracking Report
 For the Period Ended March 31, 2012**

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

WAIVER PERIOD	Budget Neutrality Limit - Federal Share			Expenditures from CMS-64, Schedule B - Federal Share										Total	VARIANCE
	MAP	DSH	Total	AFDC/SOBRA	SSI	AC	ALTCES-DD	ALTCES-EPD	Family Plan	DSH/CAHP	MED				
OE 12/11	\$ 2,259,355,270	\$ 103,688,468	\$ 2,363,043,738	\$ 502,890,921	\$ 191,249,757	\$ 175,610,617	\$ 151,638,753	\$ 164,685,415	\$ 167,197	\$ -	\$ 458,635	\$ 1,186,701,295	\$ 1,176,342,443		
OE 3/12	2,203,950,354	-	2,203,950,354	577,297,998	217,984,093	165,596,401	156,526,315	176,620,644	179,167	572,050	(4,080)	1,294,772,588	909,177,766		
OE 6/12	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 9/12	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 12/12	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 3/13	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 6/13	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 9/13	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 12/13	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 3/14	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 6/14	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 9/14	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 12/14	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 3/15	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 6/15	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 9/15	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 12/15	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 3/16	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 6/16	-	-	-	-	-	-	-	-	-	-	-	-	-		
OE 9/16	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	\$ 4,463,305,624	\$ 103,688,468	\$ 4,566,994,092	\$ 1,080,188,919	\$ 409,233,850	\$ 341,207,018	\$ 308,165,068	\$ 341,306,059	\$ 346,364	\$ 572,050	\$ 454,555	\$ 2,481,473,883	\$ 2,085,520,209		

Last Updated: 5/16/2012

**Arizona Health Care Cost Containment System
 Medicaid Section 1115 Demonstration Number 11-W00275/9
 Budget Neutrality Tracking Report
 For the Period Ended March 31, 2012**

III. SUMMARY BY DEMONSTRATION YEAR

	<u>Federal Share of Budget Neutrality Limit</u>	<u>Federal Share of Waiver Costs on CMS-64</u>	<u>Annual Variance</u>	<u>As % of Annual Budget Neutrality Limit</u>	<u>Cumulative Federal Share of Budget Neutrality Limit</u>	<u>Cumulative Federal Share of Waiver Costs on CMS-64</u>	<u>Cumulative Federal Share Variance</u>	<u>As % of Cumulative Budget Neutrality Limit</u>
WAIVER PERIOD OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2016								
DY 01	\$ 4,566,994,092	\$ 2,481,473,883	\$ 2,085,520,209	45.67%	\$ 4,566,994,092	\$ 2,481,473,883	\$ 2,085,520,209	45.67%
DY 02			\$ -					
DY 03			\$ -					
DY 04			\$ -					
DY 05			\$ -					
	<u>\$ 4,566,994,092</u>	<u>\$ 2,481,473,883</u>	<u>\$ 2,085,520,209</u>					

**Arizona Health Care Cost Containment System
 Medicaid Section 1115 Demonstration Number 11-W00275/9
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IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

Schedule C Waiver 11-W00275/9

Total Computable

Waiver Name	01	02	03	04	05	Total
AC	492,494,823					492,494,823
AFDC/SOBRA	1,555,128,629					1,555,128,629
ALTCS-EPD	506,217,844					506,217,844
ALTCS-DD	457,576,995					457,576,995
DSH/CAHP	850,000					850,000
Family Planning Extension	378,101					378,101
MED	674,845					674,845
SSI	594,910,291					594,910,291
Total	3,608,231,528	-	-	-	-	3,608,231,528

Federal Share

Waiver Name	01	02	03	04	05	Total
AC	341,207,018					341,207,018
AFDC/SOBRA	1,080,188,919					1,080,188,919
ALTCS-EPD	341,306,059					341,306,059
ALTCS-DD	308,165,068					308,165,068
DSH/CAHP	572,050					572,050
Family Planning Extension	346,364					346,364
MED	454,555					454,555
SSI	409,233,850					409,233,850
Total	2,481,473,883	-	-	-	-	2,481,473,883

Adjustments to Schedule C Waiver 11-W00275/9

Total Computable

Waiver Name	01	02	03	04	05	Total
AC	162,566	-	-	-	-	162,566
AFDC/SOBRA	505,846	-	-	-	-	505,846
SSI	181,588	-	-	-	-	181,588
ALTCS-DD (Cost Sharing) ¹	-	-	-	-	-	-
CAHP ²	(850,000)	-	-	-	-	(850,000)
Total	-	-	-	-	-	-

Federal Share

Waiver Name	01	02	03	04	05	Total
AC	109,407	-	-	-	-	109,407
AFDC/SOBRA	340,434	-	-	-	-	340,434
SSI	122,209	-	-	-	-	122,209
ALTCS-DD (Cost Sharing) ¹	-	-	-	-	-	-
CAHP ²	(572,050)	-	-	-	-	(572,050)
Total	-	-	-	-	-	-

¹ The CMS 1115 Waiver, Special Term and Condition 42.d requires that premiums collected by the State shall be reported on Form CMS-64 Summary

² The Critical Access Hospital Payment (CAHP) waiver expenditures are included in the AFDC/SOBRA and SSI rate development while the expenditures

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IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings
Revised Schedule C Waiver 11-W00275/9

Total Computable						
Waiver Name	01	02	03	04	05	Total
AC	492,657,389	-	-	-	-	492,657,389
AFDC/SOBRA	1,555,634,475	-	-	-	-	1,555,634,475
ALTCS-EPD	506,399,432	-	-	-	-	506,399,432
ALTCS-DD	457,576,995	-	-	-	-	457,576,995
DSH/CAHP	-	-	-	-	-	-
Family Planning Extension	378,101	-	-	-	-	378,101
MED	674,845	-	-	-	-	674,845
SSI	594,910,291	-	-	-	-	594,910,291
Total	3,608,231,528	-	-	-	-	3,607,853,427

Federal Share						
Waiver Name	01	02	03	04	05	Total
AC	341,316,425	-	-	-	-	341,316,425
AFDC/SOBRA	1,080,529,353	-	-	-	-	1,080,529,353
ALTCS-EPD	341,306,059	-	-	-	-	341,306,059
ALTCS-DD	308,165,068	-	-	-	-	308,165,068
DSH/CAHP	-	-	-	-	-	-
Family Planning Extension	346,364	-	-	-	-	346,364
MED	454,555	-	-	-	-	454,555
SSI	409,356,059	-	-	-	-	409,356,059
Total	2,481,473,883	-	-	-	-	2,481,127,519

Calculation of Effective FMAP:

AFDC/SOBRA

Federal	1,080,529,353	-	-	-	-
Total	1,555,634,475	-	-	-	-
Effective FMAP	0.694590773				

SSI

Federal	409,356,059	-	-	-	-
Total	594,910,291	-	-	-	-
Effective FMAP	0.688097122				

ALTCS-EPD

Federal	341,306,059	-	-	-	-
Total	506,399,432	-	-	-	-
Effective FMAP	0.673985865				

ALTCS-DD

Federal	308,165,068	-	-	-	-
Total	457,576,995	-	-	-	-
Effective FMAP	0.673471506				

AC

Federal	341,316,425	-	-	-	-
Total	492,657,389	-	-	-	-
Effective FMAP	0.692806873				

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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	AC	MED	Family Plan Ext
Quarter Ended December 31, 2011	2,935,824	479,038	72,555	85,321	532,031	469	12,429
Quarter Ended March 31, 2012	2,921,234	476,963	73,028	84,337	436,858	-	12,553
Quarter Ended June 30, 2012							
Quarter Ended September 30, 2012							
Quarter Ended December 31, 2012							
Quarter Ended March 31, 2013							
Quarter Ended June 30, 2013							
Quarter Ended September 30, 2013							
Quarter Ended December 31, 2013							
Quarter Ended March 31, 2014							
Quarter Ended June 30, 2014							
Quarter Ended September 30, 2014							
Quarter Ended December 31, 2014							
Quarter Ended March 31, 2015							
Quarter Ended June 30, 2015							
Quarter Ended September 30, 2015							
Quarter Ended December 31, 2015							
Quarter Ended March 31, 2016							
Quarter Ended June 30, 2016							
Quarter Ended September 30, 2016							

ALTCS Developmentally Disabled

Cost Sharing Premium Collections:	Total Computable	Federal Share
Quarter Ended December 31, 2011	-	-
Quarter Ended March 31, 2012	-	-
Quarter Ended June 30, 2012		
Quarter Ended September 30, 2012		
Quarter Ended December 31, 2012		
Quarter Ended March 31, 2013		
Quarter Ended June 30, 2013		
Quarter Ended September 30, 2013		
Quarter Ended December 31, 2013		
Quarter Ended March 31, 2014		
Quarter Ended June 30, 2014		
Quarter Ended September 30, 2014		
Quarter Ended December 31, 2014		
Quarter Ended March 31, 2015		
Quarter Ended June 30, 2015		
Quarter Ended September 30, 2015		
Quarter Ended December 31, 2015		
Quarter Ended March 31, 2016		
Quarter Ended June 30, 2016		
Quarter Ended September 30, 2016		

**Arizona Health Care Cost Containment System
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VI. Allocation of Disproportionate Share Hospital Payments

Federal Share

	<u>FFY 2012</u>	<u>FFY 2013</u>	<u>FFY 2014</u>	<u>FFY 2015</u>	<u>FFY 2016</u>	
Total Allotment	103,688,468					103,688,468
Reported in <u>QE</u>						
Dec-11	-	-	-	-	-	-
Mar-12	-	-	-	-	-	-
Jun-12						
Sep-12						
Dec-12						
Mar-13						
Jun-13						
Sep-13						
Dec-13						
Mar-14						
Jun-14						
Sep-14						
Dec-14						
Mar-15						
Jun-15						
Sep-15						
Dec-15						
Mar-16						
Jun-16						
Sep-16						
Total Reported to Date	-	-	-	-	-	-
Unused Allotment	103,688,468	-	-	-	-	103,688,468