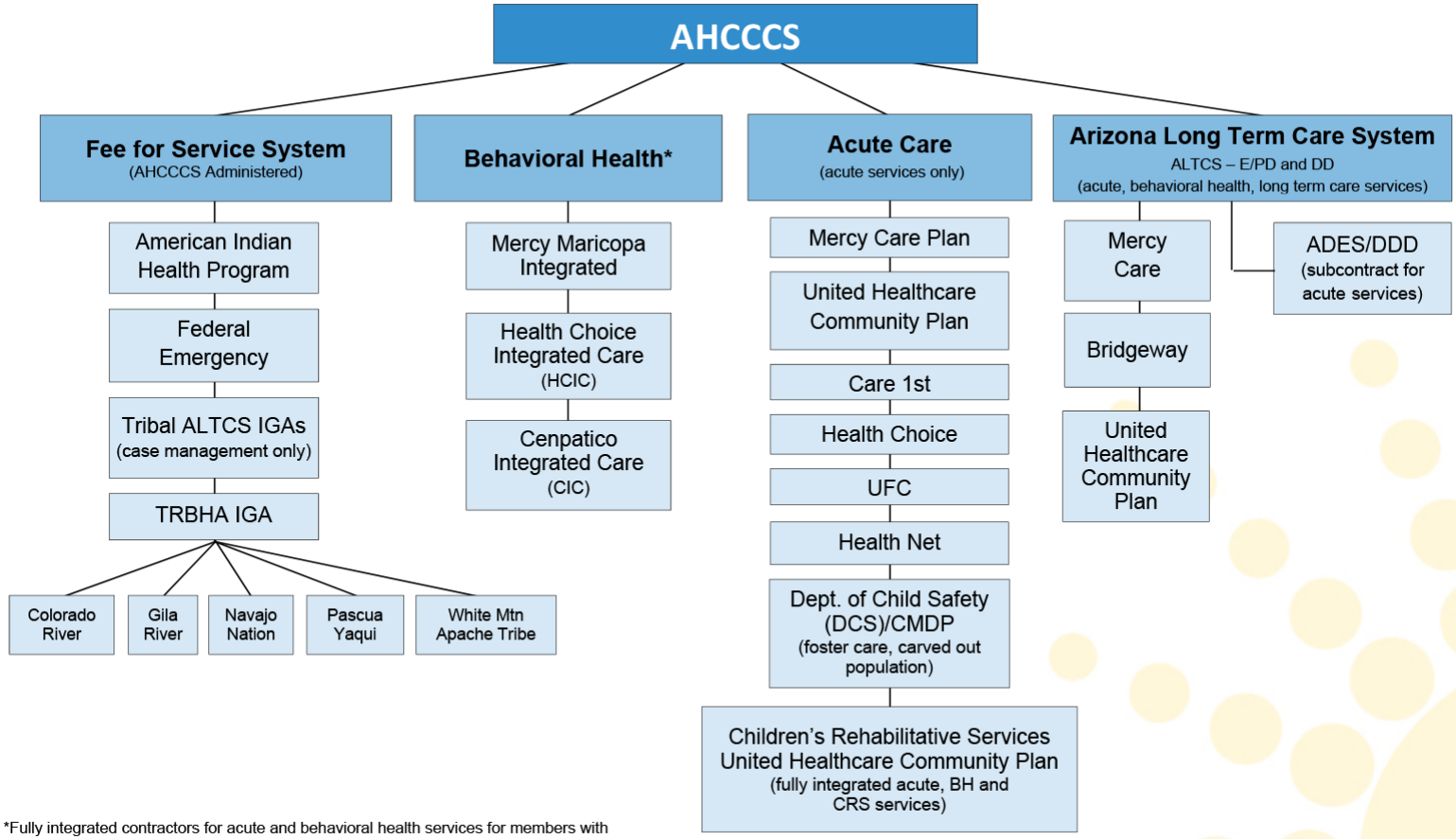
AHCCCS
Arizona Health Care Cost Containment System

# AHCCCS Update

# AHCCCS by the Numbers

- 1,913,627
- 28%
- >60,000
- $32.9 million
- 52%
- 372,000
- 316,000,000

# AHCCCS Care Delivery System

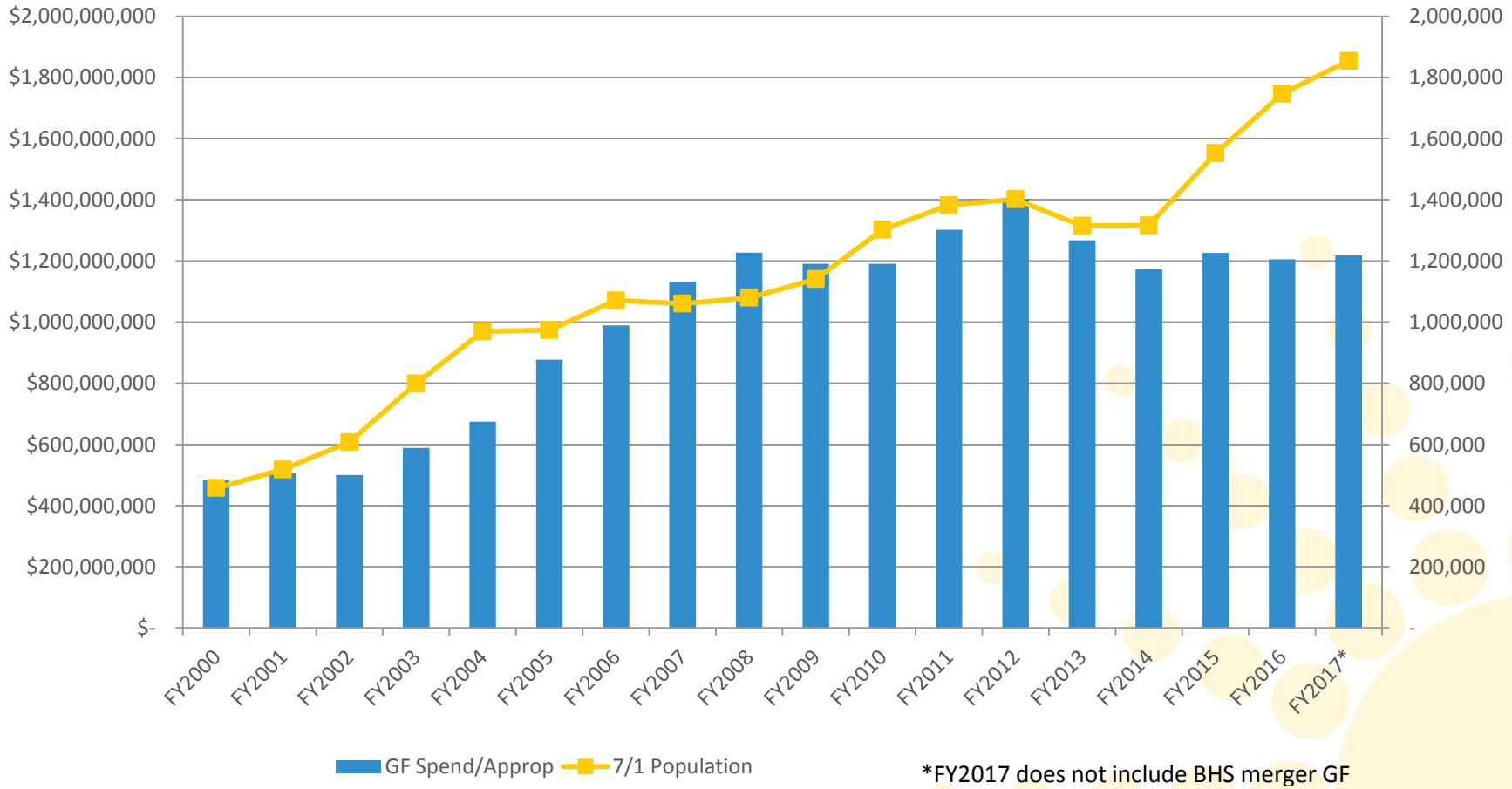



*Fully integrated contractors for acute and behavioral health services for members with serious mental illness (SMI) and carved out behavioral health services for Acute Care/DD adults with general mental health and substance abuse needs (GMH/SA) and children.

# ACA Coverage Changes

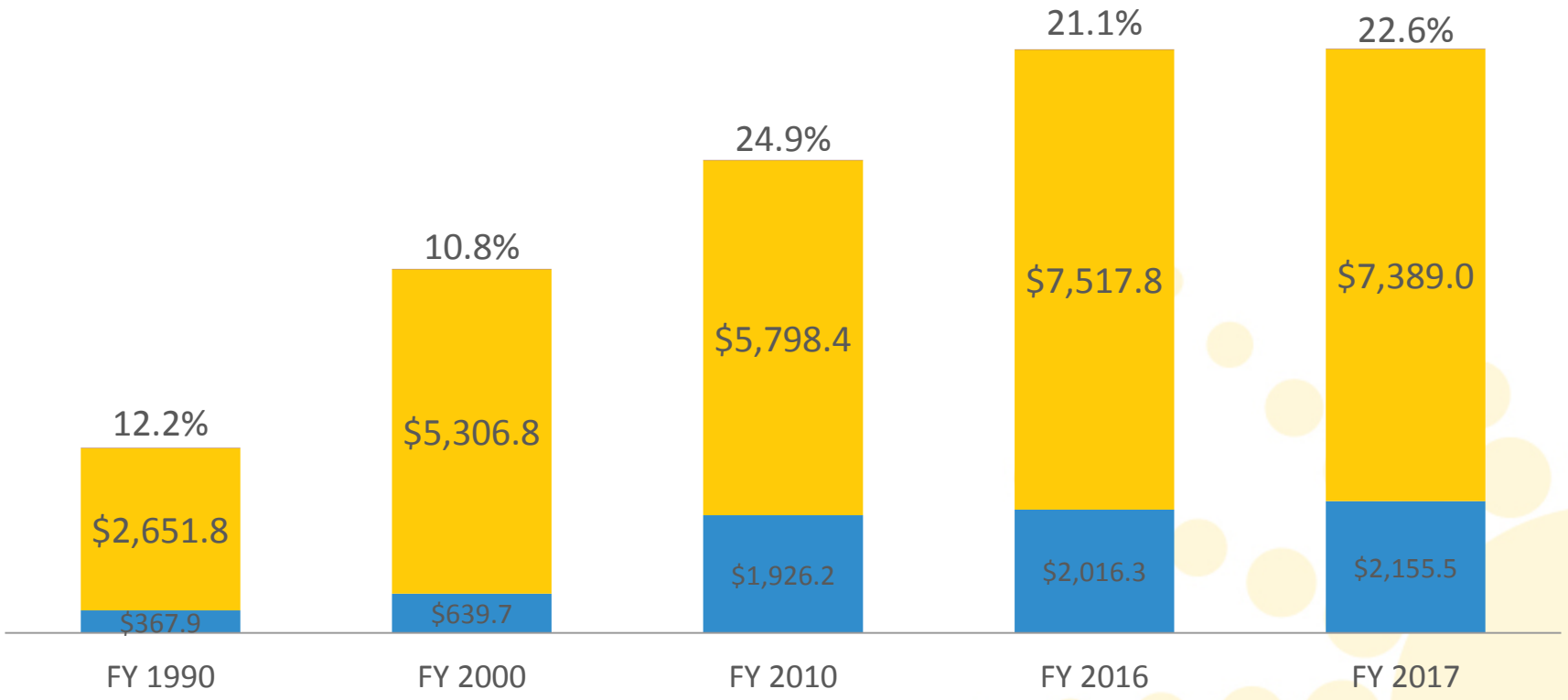
- PPACA expanded Medicaid to 133% of the federal poverty limit on January 1, 2014.
  - Nationally Medicaid is estimated to grow by 16 million lives
- Create Health Exchange
  - provide tax credit subsidy for individuals from 100% to 400%
  - Nationally Exchanges are expected to cover 24 million lives by 2019
  - State needs to determine who will operate Exchange
- Made a number of commercial insurance reforms
- Established Individual Mandate

# Historical GF Spend vs Population

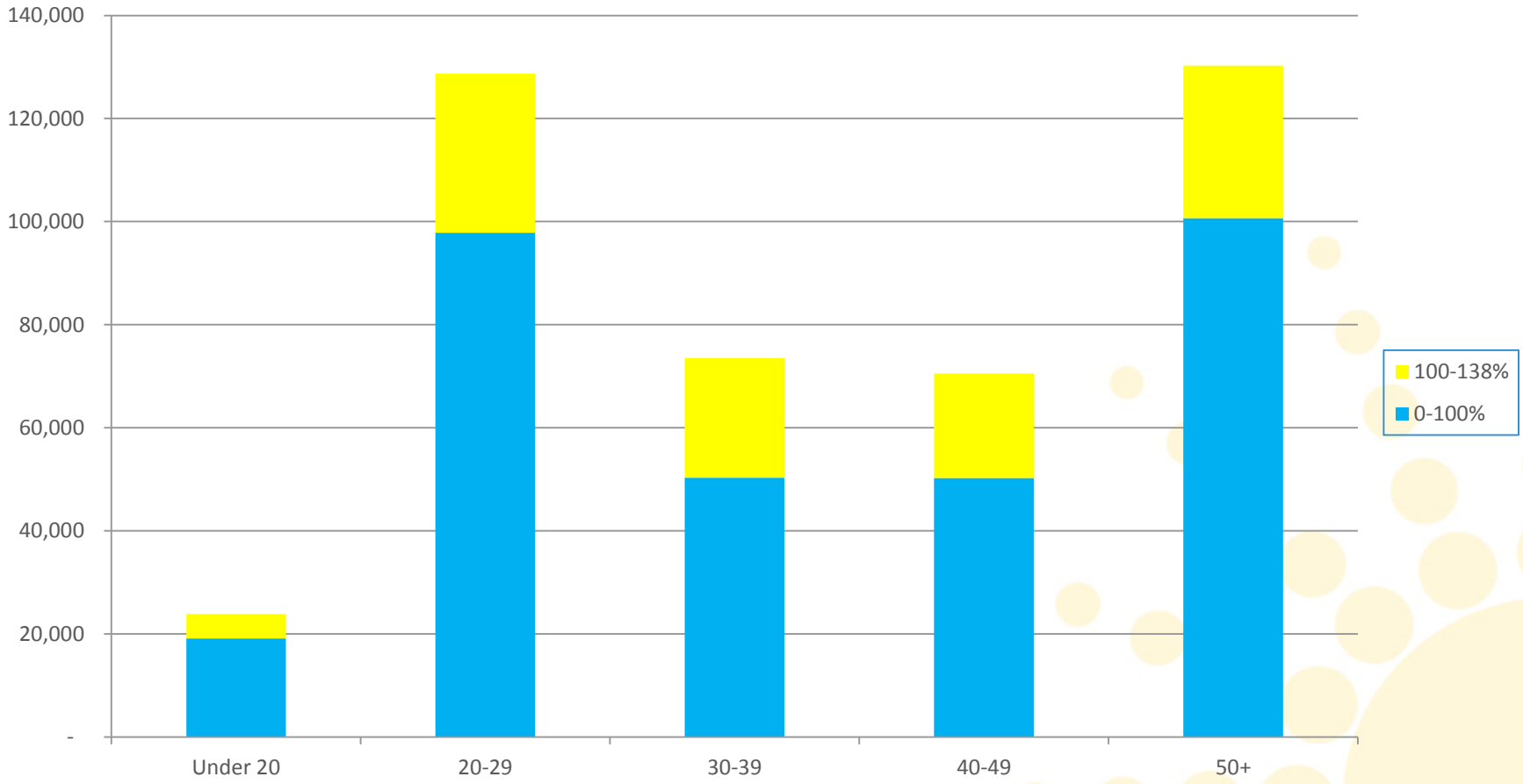



*FY2017 does not include BHS merger GF

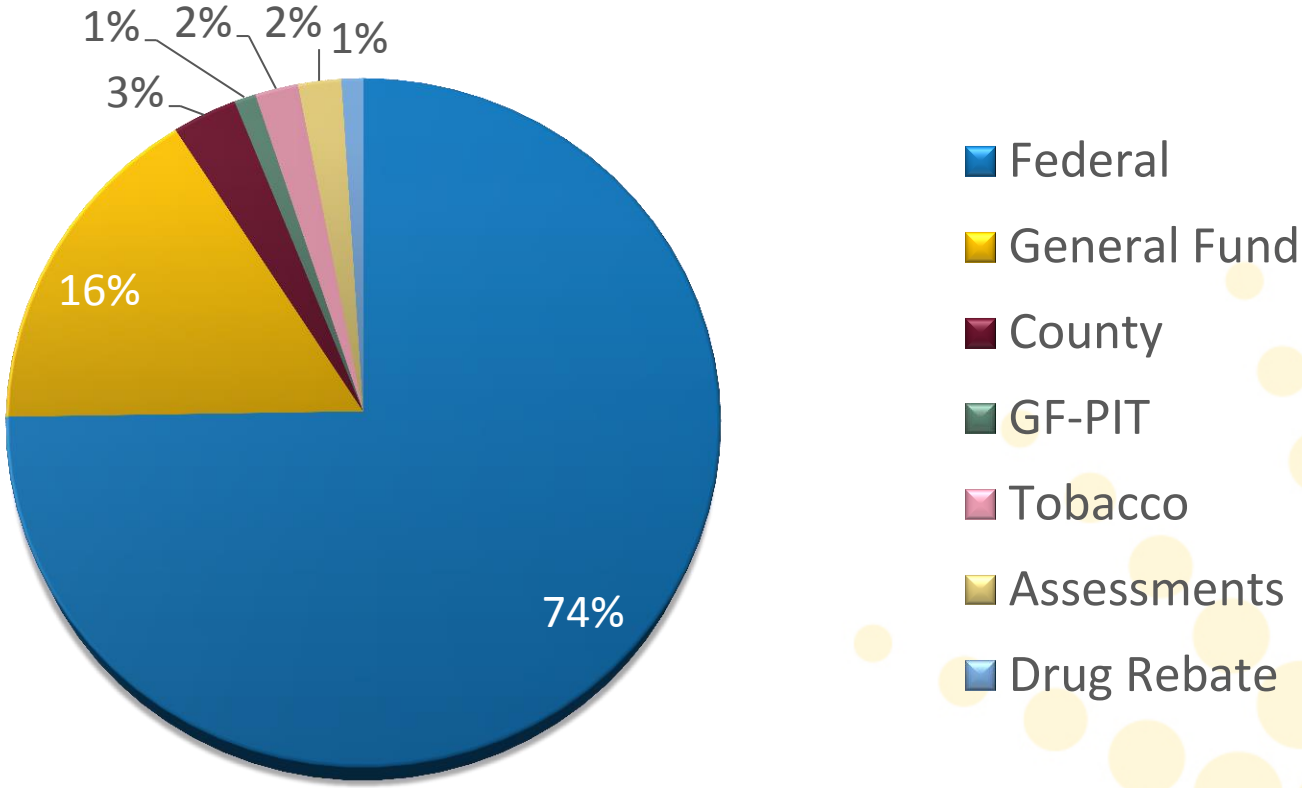
# Medicaid Portion of General Fund



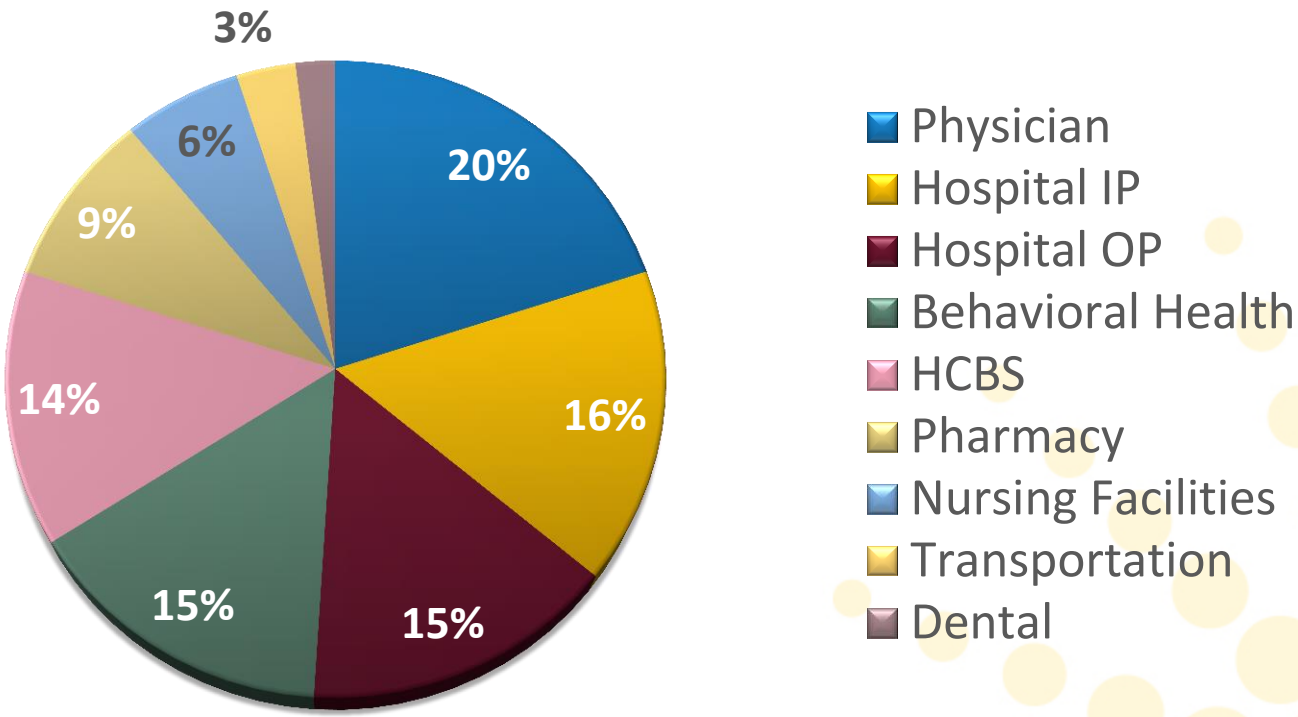
# Age Distribution of ACA members



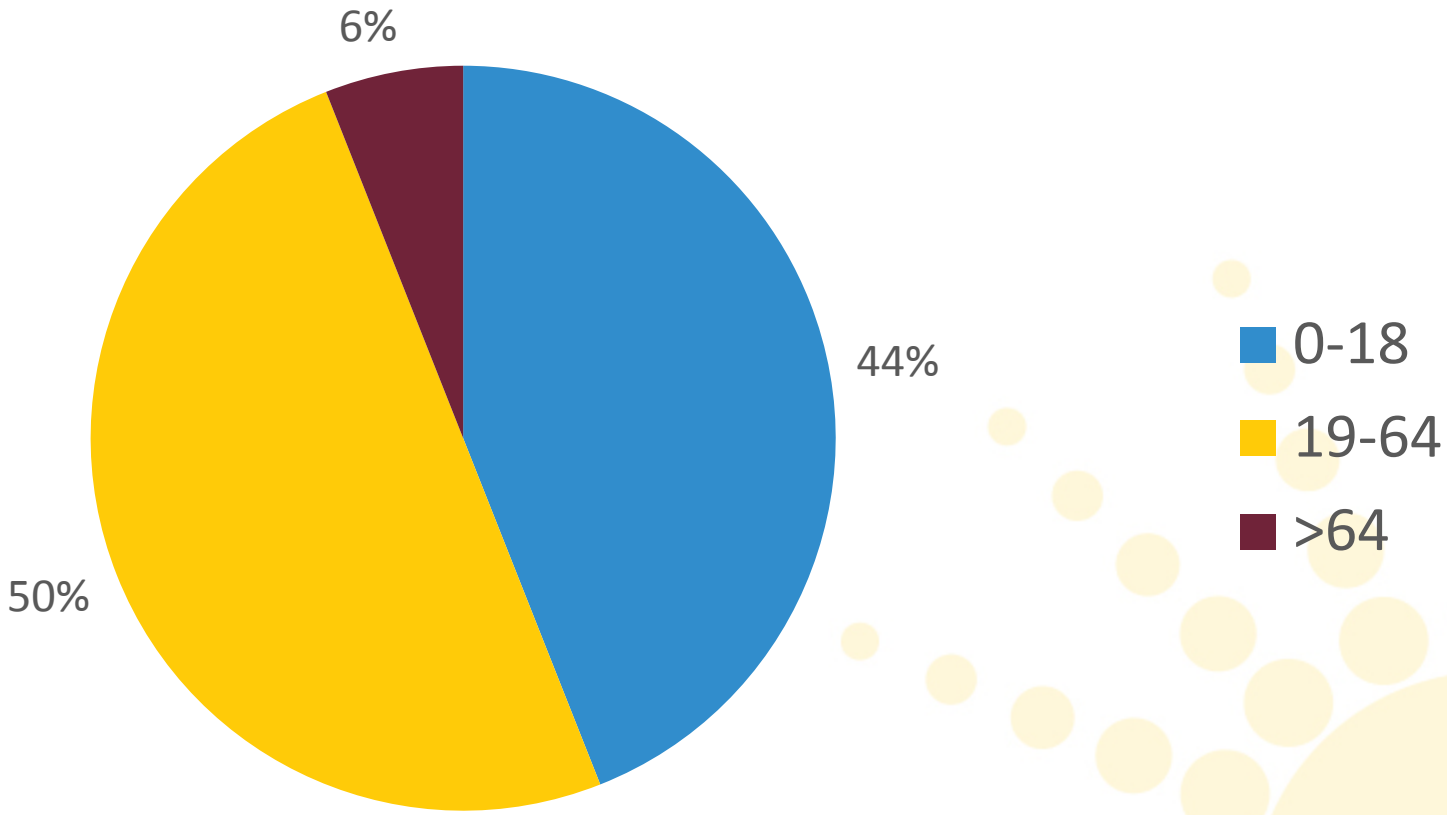
# FY 2016 Funding Distribution



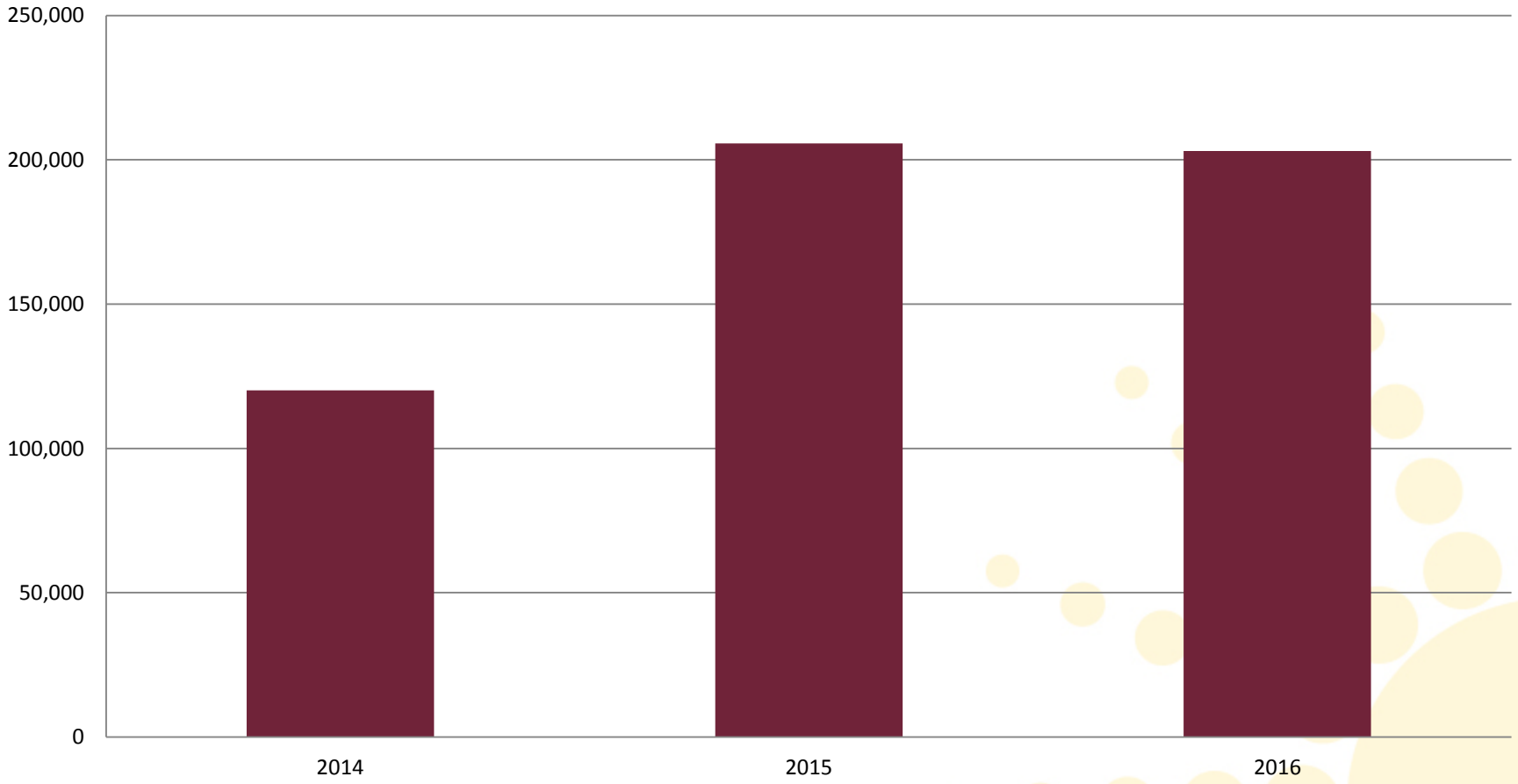
# Spending by Provider Type



# AHCCCS Population Age Breakout

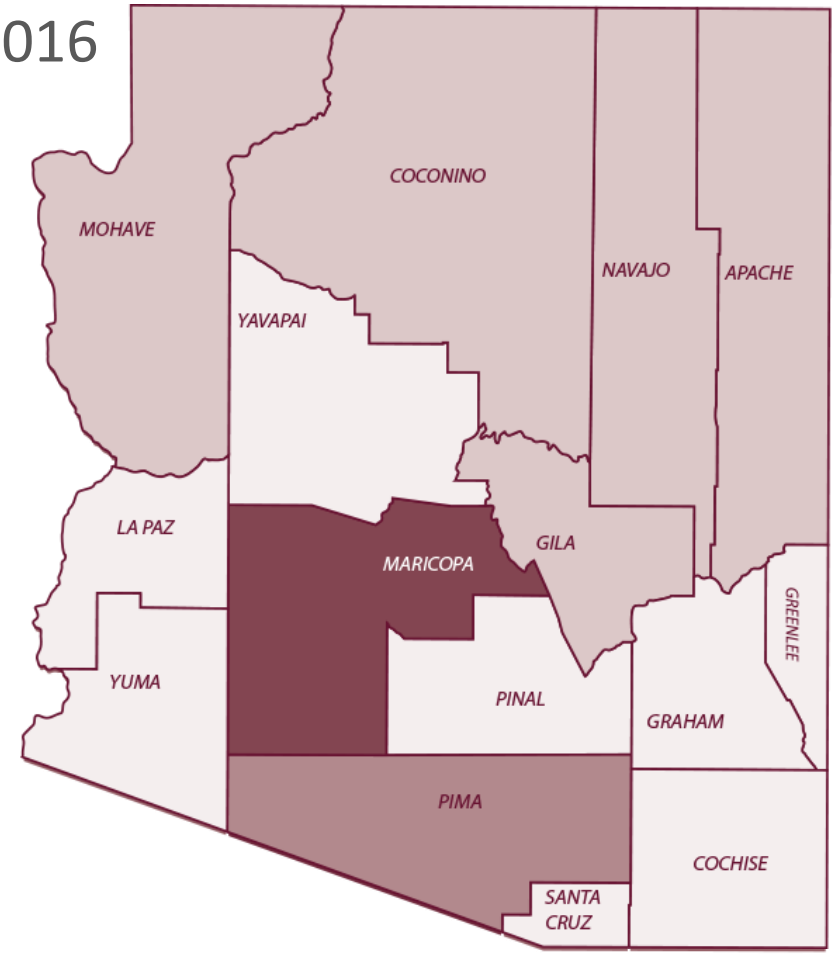


# Marketplace Enrollment: Arizona



# Marketplace Insurers 2014-2017

2016




| Counties | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Apache | 6 | 7 | 3 | 1 |
| Cochise | 6 | 7 | 2 | 1 |
| Coconino | 6 | 7 | 3 | 1 |
| Gila | 6 | 7 | 3 | 1 |
| Graham | 6 | 7 | 2 | 1 |
| Greenlee | 6 | 7 | 2 | 1 |
| La Paz | 6 | 7 | 2 | 1 |
| Maricopa | 9 | 10 | 8 | 1 |
| Mohave | 6 | 7 | 3 | 1 |
| Navajo | 6 | 7 | 3 | 1 |
| Pima | 8 | 9 | 5 | 2 |
| Pinal | 7 | 8 | 2 | 1 |
| Santa Cruz | 7 | 7 | 2 | 1 |
| Yavapai | 7 | 7 | 2 | 1 |
| Yuma | 6 | 7 | 2 | 1 |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Reaching across Arizona to provide comprehensive quality health care for those in need

# Potential Impact ACA Changes

| | GF Costs | Total $ Removed from Economy | Members Losing Coverage |
|---|---|---|---|
| 1. Eliminate non-categorical adults 0-138% | $328 m | $3,239 m | (425,338) |
| 2. Waiver at regular FMAP 0-100%, Eliminate 100-138% | $1,021 m | $599 m | (115,823) |
| 3. Waiver at regular FMAP 0-100%, Freeze enroll. 100-138% | $1,032 m | $175 m | - |

# Ohio Medicaid Expansion data

- Uninsured rate for adults below 138% went from 32.4% to 14%
- 88% of 700,000 were uninsured
- 51% age 45 and older
- 27% diagnosed with chronic condition after eligibility
- 38.8% had a chronic condition and 59.1% reported easier to manage
- 32% screened positive for depression or anxiety – 32.3% had substance use disorder

# Ohio Summary

- Reduced uninsured rate to lowest ever – 89% had no coverage
- Improved access to care - innappropriate use shifted – new diagnosis of chronic issues
- Nearly half reported improved health and only 3.5% reported worsening
- One third met screening criterial for depression or anxiety and they reported higher level of improvement
- Coverage has allowed participants to better pay for other necessities
- Supported employment and job seeking

# Speaker Ryan – A Better Way

- Federal/State balance has shifted strongly to feds
- Federal spending is unsustainable:
  - Growth from $350 billion in 2015 to an est. $624 billion in 2026
- Better Way:
  - Choice of per capita allotment or block grant
    - Phases down enhanced FMAP to regular FMAP – significant state fiscal impact
  - CHIP back to original match
  - Limits CNOM authority to just Medicaid population
  - Grandfathers successful waivers
  - Does not cut DSH in 18 or 19 - Creates single uncomp care pool at fed level

# A Better Way – Per Capita

- Average expense for individual populations:
  - Aged, Blind and Disabled
  - Children
  - Adults
- 2016 base trended to 2019 by inflation
- DSH and GME separate
- States would be given authority to better manage for non-disabled adults
  - Can require job search
  - Enforceable reasonable premiums
  - Can offer limited benefit package for optional population
  - Can do premium assistance without wrap-around of other services
  - States can use freezes and caps for non-mandatory populations; expansion states can reduce eligibility thresholds

# A Better Way – Block Grant

More flexibility in state management of program

- Required to serve elderly and disabled
- Base assumes "expansion" population transitions to other sources of coverage (Prop 204 implications unclear)
- States can keep savings
- Still require stringent eligibility
- Can require job search for "able bodied"
- Can exclude undocumented individuals

# Risk Transfer Challenges

- Transfer of risk to States is particularly challenging for Arizona
  - Previously expanded – loss of federal funds (See A Better Way)
  - Voter-Protected coverage requirements (will not be able to avoid "available funding" in perpetuity)
  - Overall lower per capita income to support programs and risk
  - Large American Indian population – fed $
  - Particularly vulnerable in recessions (see Great Rec.)
  - Ongoing instability due to funding pressure will undermine managed care delivery system

# Risk Transfer Challenges (ctd.)

- Lower-cost more efficient state
  - Fewer optional benefits (e.g., no dental)
  - High rates of HCBS
  - Aligned Duals
  - Low pharmacy spend
  - Mature managed care – for almost all populations
  - Delivery system performs well
  - Few special payments funded with non-state $

# How Will AZ Manage Risk?

- Changes will be states' responsibility and many will be very politically challenging:
  - Reducing Benefits
  - Reducing Eligibility
  - Reducing Payments
  - Increasing Cost Sharing
  - Program Administration
- Will likely be ***annual*** discussion as part of state budget negotiations

# Examples of Flexibility – McCarthy Letter

1. Freeze or cap certain eligibility group–ability to eliminate TMA
2. States should not have to cover all FDA approved drugs
3. Change FQHC reimbursements and statutes
4. Eliminate NEMT for certain populations
5. Increased cost sharing flexibility
6. Eliminate comparability and state-wideness
7. Eliminate Essential Health Benefits requirement
8. Allow more frequent eligibility redeterminations
9. Eliminate and reduce CMS regulatory burden
10. 1115 path to permanency

# Role of AHCCCS

1. Support Governor and his office during these discussions
2. Be transparent and communicate relevant information
3. Be thoughtful and engaged with broader national discussion but not distracted by it
4. Stay focused on the important work we are doing
5. Recognize and appreciate uncertainty may cause stress for people

# Annual Waiver Submittal

- AHCCCS statutorily required to submit annual waiver requesting:
  - Work requirement for all able-bodied adults
  - Establish one-year "ban" for knowingly failing to report change in income or making false statements re: work
  - Lifetime limit of 5 years for able-bodied adults
- Public Hearings in January/Submit in March

# AHCCCS Strategic Plan

## Reaching Across Arizona to Provide Comprehensive, Quality Health Care for Those in Need

- Bend the cost curve while improving the member's health outcomes
- Pursue continuous quality improvement
- Reduce fragmentation driving towards an integrated healthcare system
- Maintain core organizational capacity, infrastructure and workforce.

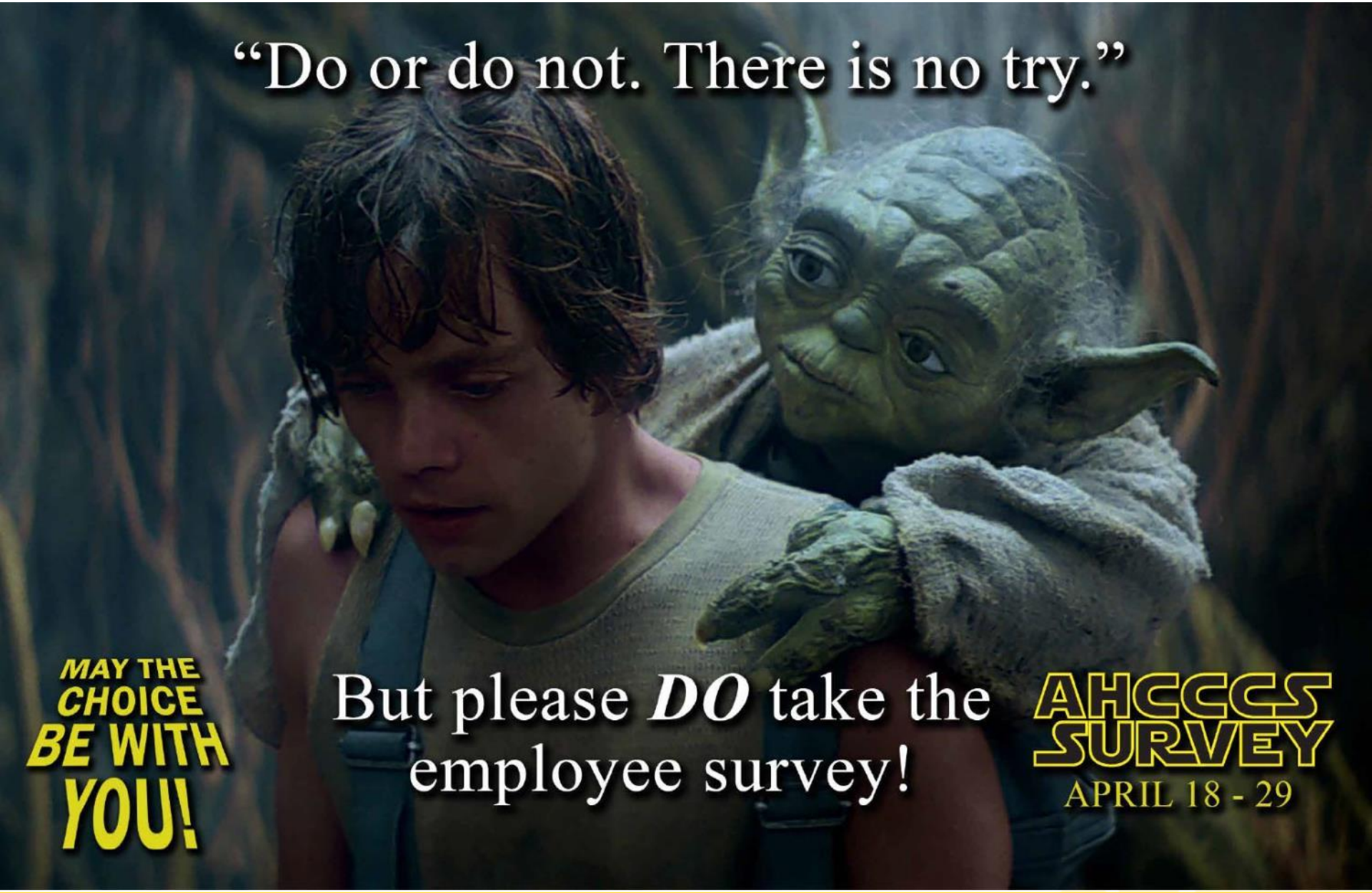
# Select AHCCCS Initiatives

1. Arizona Management System – Employee Development
2. Active Thoughtful Purchaser
3. Integration efforts
4. Value Based Purchasing
5. Justice System transitions
6. Autism related services
7. Opioid Epidemic
8. Program Integrity
9. Health Information Technology
10. American Indian care coordination and support

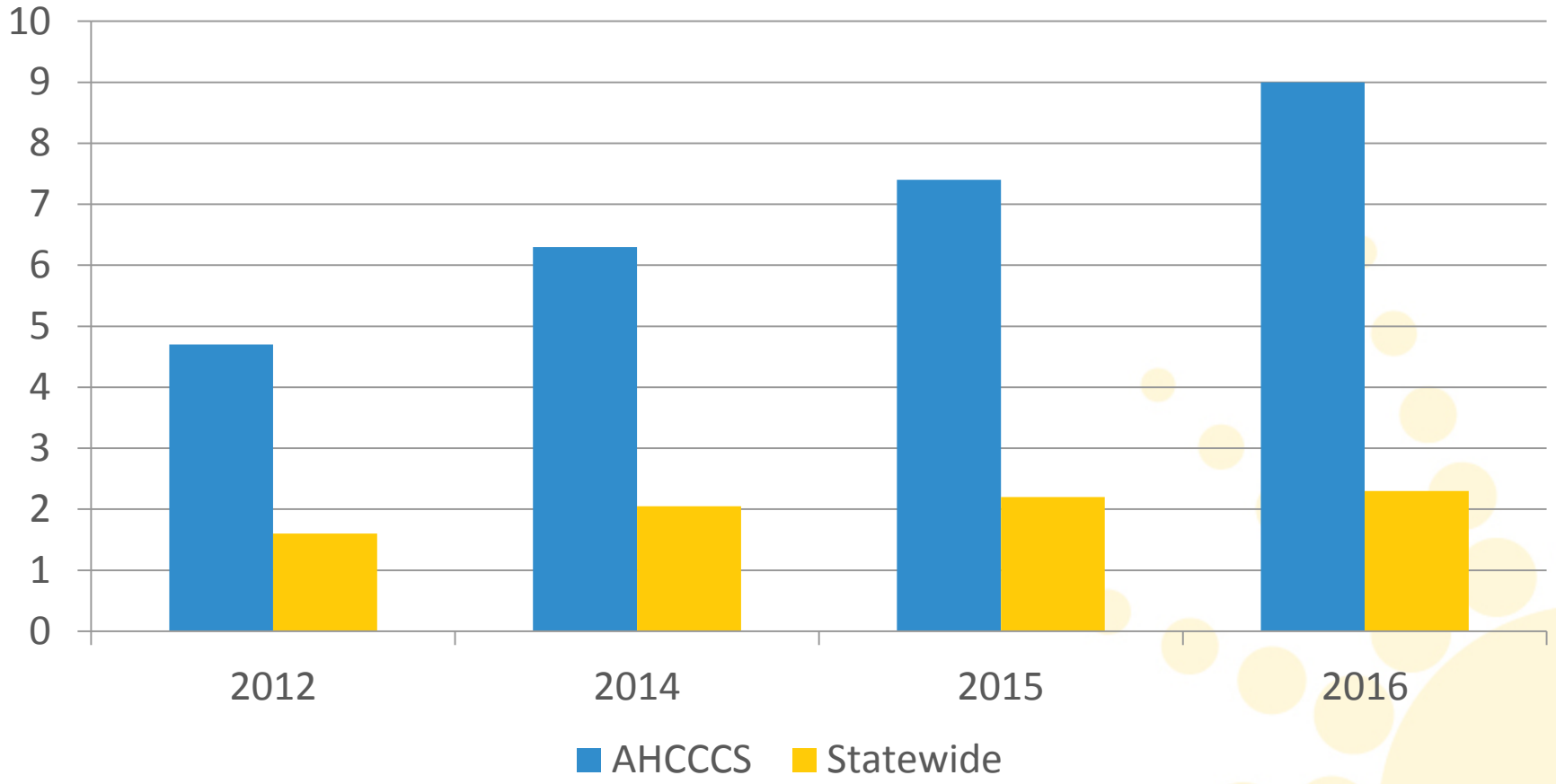
# Arizona Management System

# AMS Results

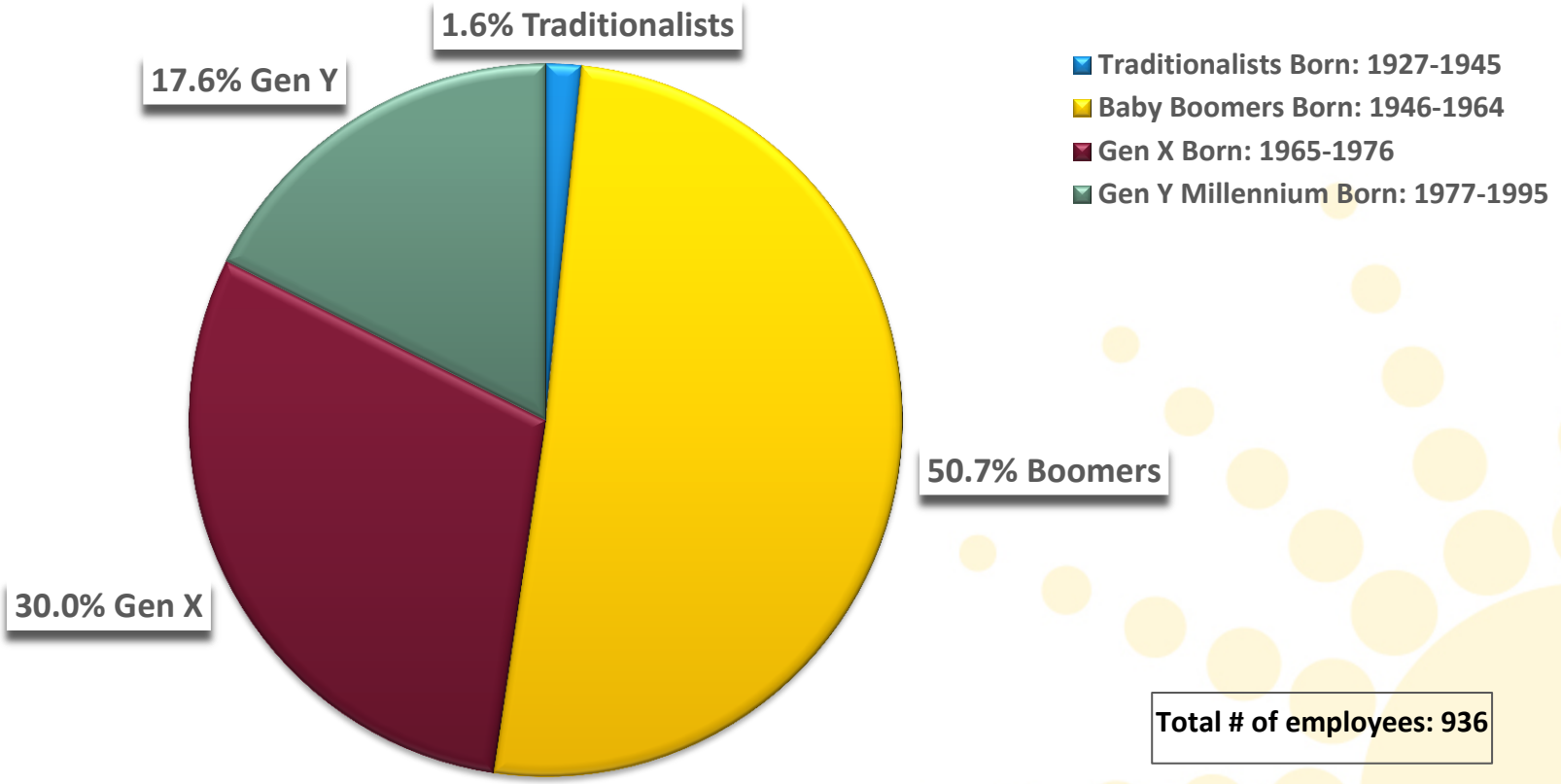
- DBF project to increase providers paid electronically by 5%. Division hit 9% and increased target to 15%.
- DFSM project to improve timeliness of authorizations for members needing level one facility admissions. The team reduced turnaround times by 75%
- The DHCAA project to reduce the number of members that are awaiting advocacy support. August 2015 162 members on a waitlist (up to 24 months) today there are 37 members (longest wait time 2.5 months).
- DMS and OALS project improve the Trust Review process. Time needed decreased from 44 days in January of 2016 to average of 10 days. Trusts taking 15 days or more has gone from 45% to 14%.
- OIG created a collections office project to collect 10% of the outstanding payments greater than 60 days. Today number is 18%.
- HRD projects to reduce agency turnover. December 2015 turnover was 21%. In November 2016 15%.


"Do or do not. There is no try."
MAY THE CHOICE BE WITH YOU!
But please DO take the employee survey!
AHCCCS SURVEY
APRIL 18 - 29

# Employee Engagement

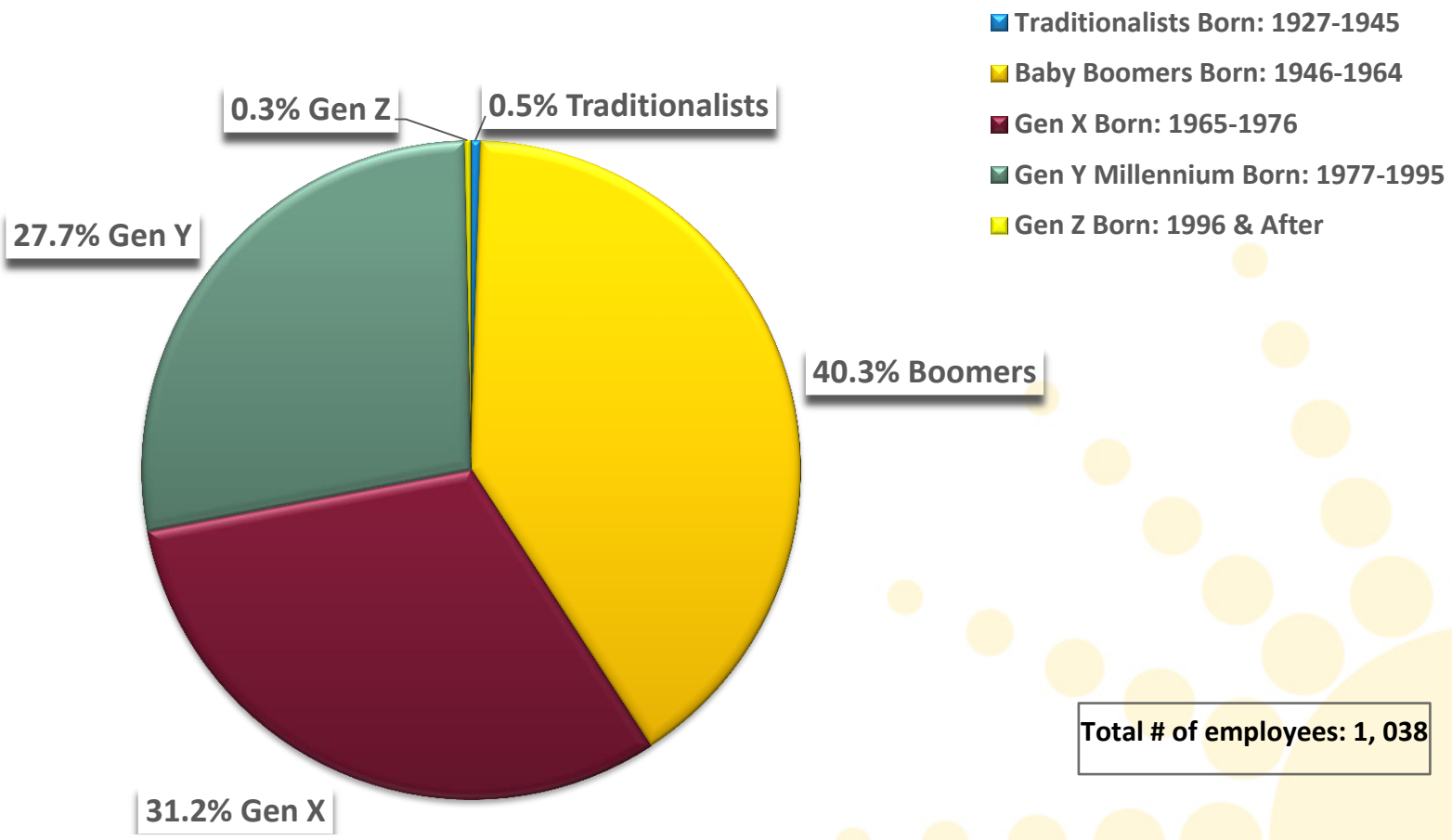


# AHCCCS Generations in workplace (2013)




**Total # of employees: 936**

# AHCCCS Generations in workplace 2016




**Total # of employees: 1, 038**