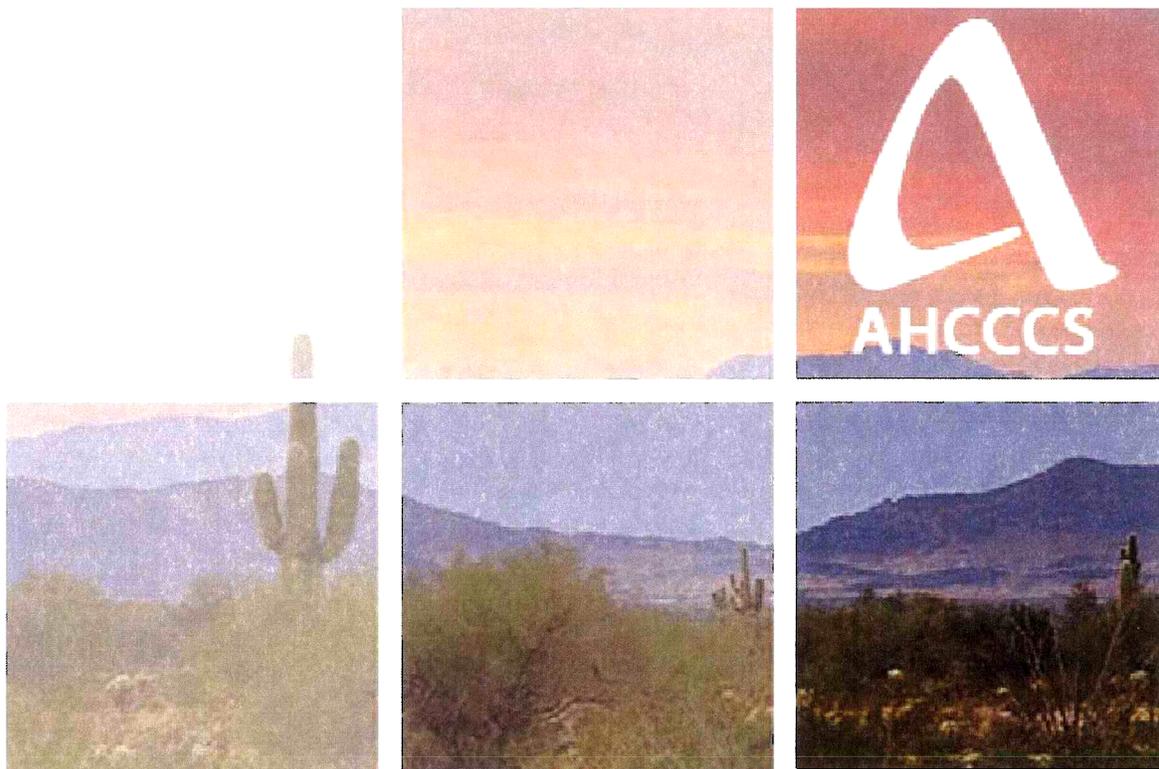


# AHCCCS STRATEGIC PLAN

## STATE FISCAL YEARS 2012-2016



January 2011  
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AHCCCS

*Our first care is your health care*

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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February 14, 2011

Dear Arizonans:

I am pleased to share with you a copy of the Arizona Health Care Cost Containment System (AHCCCS) Strategic Plan for State Fiscal Years 2012-2016. The Plan was developed within the context of an economy that continues to generate an increased need for health services in the face of restricted budgets and resource constraints. Therefore, the Plan offers four overarching goals, along with their respective strategies and measures, which will guide the overall direction AHCCCS takes over the next five years.

These four goals build on previous accomplishments and represent the collaborative efforts of the AHCCCS leadership team:

- Goal 1 AHCCCS must manage the delivery of quality health care services within an environment shaped by continuing budget reductions and regulatory constraints.
- Goal 2. AHCCCS must pursue continuous quality improvement.
- Goal 3. AHCCCS must maintain a core service delivery model that remains effective.
- Goal 4. AHCCCS must maintain core organizational capacity and workforce planning that effectively serves AHCCCS operations.

The State Medicaid program exemplifies the severity of the State's unprecedented fiscal crisis. As a result, significant policy decisions regarding AHCCCS will be required during the current fiscal year. Regardless of how policy and budgetary issues are resolved, however, AHCCCS will remain a significant purchaser of health care coverage and services. The AHCCCS Strategic Plan was constructed based on these realities. Historically, AHCCCS has served as a model for the efficient and effective use of resources in the delivery of health care to those in need.

The Strategic Plan is intended to carry that momentum forward to meet future challenges.

Sincerely,

Thomas J. Betlach  
Director

## TABLE OF CONTENTS

Introduction.....	4
Vision, Mission, Guiding Principles.....	4
AHCCCS Overview.....	5
Key Accomplishments.....	6
Environmental Scan.....	7
Strategic Goals	
Goal 1.....	12
Goal 2.....	14
Goal 3.....	15
Goal 4.....	18
Resource Assumptions.....	20

## INTRODUCTION

The AHCCCS Strategic Plan for 2012-2016 begins with statements of the AHCCCS vision and mission, and a description of the Agency's guiding principles. This is followed by an overview of the programs and populations served, and a scan of selected environmental circumstances that impact AHCCCS operations and drive strategic planning.

The Plan then presents four inter-related strategic issues, each of which is outlined to describe related goals, strategies to achieve the goals, and performance measures to determine accomplishment of the goals. It is important to remember that these issues are interdependent. Because the strategic issues overlap, effective strategies applied to one issue are often beneficial to another. Further, because of their interdependence, strategies build on each other in support of the overall plan.

### **AHCCCS VISION:**

Shaping tomorrow's managed health care from today's experience, quality, and innovation

### **AHCCCS MISSION:**

Reaching across Arizona to provide comprehensive, quality health care for those in need.

### **GUIDING PRINCIPLES:**

- A Strategic Plan is the result of a collaborative process and reflects informed planning efforts by the Executive Management Team.
- Health care quality and cost-effectiveness are not mutually exclusive constructs, it is possible to deliver quality care within the context of restricted budgets and resource constraints.
- Given the stress on the system, AHCCCS will need to work to preserve its "core," which includes competitive contracted health plans, strong provider networks, and a competent central administration that works to retain and attract employees.
- Program integrity is an essential component of all operational departments and, when supported by transparency, promotes efficiency and accountability in the management and delivery of services.
- AHCCCS must balance the interest of all stakeholders via appropriate decision-making.

## AHCCCS OVERVIEW

Arizona Health Care Cost Containment System (AHCCCS), the State's Medicaid Agency, uses federal, state, and county funds to provide health care coverage to the State's acute and long-term care Medicaid population, low-income groups, and small businesses. Since 1982, when it became the first statewide Medicaid managed care system in the nation, AHCCCS has operated under a federal Research and Demonstration Waiver that allows for the operation of a total managed care model.

Unlike programs in other states that rely solely on fee-for-service reimbursement, AHCCCS makes prospective capitation payments to contracted health plans responsible for the delivery of care. The result is a managed care system that mainstreams recipients, allows them to select their providers, and encourages quality care and preventive services. In State Fiscal Year (SFY) 2010, AHCCCS provided health care coverage to over 1.3 million Arizonans. AHCCCS oversees three major programs.

**Table 1. AHCCCS oversees three main programs.**

Program	Number Recipients*	Percent Recipients
AHCCCS Acute Care	1,281,506	94%
Arizona Long Term Care System (ALTCS)	50,568	4%
KidsCare	25,068	2%
TOTAL	1,357,142	100%

\* As of November 2010

### *AHCCCS Acute Care*

The majority of Acute Care Program recipients are children and pregnant women who qualify for the federal Medicaid Program (Title XIX). Although most are enrolled in AHCCCS contracted health plans, American Indians and Alaska Natives in the Acute Care Program may choose to receive services through either the contracted health plans or the American Indian Health Program. AHCCCS also administers an emergency services only program for individuals who, except for immigration status, would qualify for full AHCCCS benefits.

### *ALTCS*

The Arizona Long Term Care System (ALTCS) provides acute care, behavioral health services, long-term care, and case management to individuals who are elderly, disabled, or developmentally disabled and meet the criteria for institutionalization. Whereas ALTCS members account for only 3.6% of the AHCCCS population, they account for approximately 21% of the costs. The ALTCS program encourages delivery of care in alternative residential settings. As in the Acute Care Program, elderly physically disabled and developmentally disabled members of all ages receive care through contracted plans called program contractors.

### *KidsCare*

The Children's Health Insurance Program (CHIP), referred to as KidsCare, offers affordable insurance coverage for low-income families. Children under age 19 may qualify for the program if their family's income exceeds the limit allowed for Medicaid eligibility, but is below 200% of the Federal Poverty Level (FPL). With the exception of

American Indians, who are exempt in accordance with federal law, parents pay a monthly premium based on income. The KidsCare program results in a federal contribution that equates to a \$3.00 federal match for every \$1.00 spent by the State. As with the Medicaid Acute Care Program, American Indian and Alaska Native children may elect to receive care through an AHCCCS-contracted health plan or the American Indian Health Program. The majority of children enrolled in KidsCare, however, is enrolled in AHCCCS health plans and receive the same services available to children in the Medicaid Acute Care Program.

#### *Additional Program Detail*

AHCCCS administers a Freedom to Work Program and a Breast and Cervical Cancer Treatment Program. These are considered Acute Care programs and included in Acute Care Program enrollment numbers.

AHCCCS engages in contracts with a number of public and private organizations that provide a variety of services.

- Behavioral health services are provided by the Arizona Department of Health Services (ADHS), Division of Behavioral Health Services (DBHS)
- Services for developmentally disabled individuals in ALTCS are offered through the Arizona Department of Economic Security (ADES) Division of Developmental Disabilities (DDD).
- Acute health care services for children in foster care are provided by the Arizona Department of Economic Security (ADES), Comprehensive Medical and Dental Program (CMDP)
- Selected administrative services, such as eligibility determination, are performed by ADES.
- Claims payments associated with the Medicaid School Based Claiming (SBC) program are administered by a private third party administrator

#### **KEY ACCOMPLISHMENTS**

- AHCCCS, with over 30% enrollment growth and over 30% reduction in staff, continued to maintain the core components of the Program, with no serious decrease in the provider network, no change in MCO participation, an infrastructure of committed core staff, and continued improvement in quality measures.
- AHCCCS successfully managed budget expectations by implementing difficult benefit package changes, reducing overall capitation 2%, developing a plan to bridge a shortfall of \$150 million stimulus funding, and preserving and increasing Supplemental Payments (i.e. GME, DSH)
- AHCCCS established a medical team to examine MCO utilization trends, including readmission data.
- AHCCCS continued to make progress on issues related to American Indians, as indicated by growth in federal pass-through funding (\$175 million in FY 2004 to \$350 million in FY 2010), an increase in the number of tribal consultations throughout the year to 12, and the pursuit of CMS flexibility related to new benefit changes and payment requirements.

- AHCCCS began implementation of multiple health care reform issues by working with the Governor's Office to secure a planning grant for an Arizona health exchange, working with the Department of Administration to procure a Recovery Audit Contract, evaluating the impact of Health Care Acquired Conditions, and initiating CCI edits.
- AHCCCS pursued the integration and consolidation of services and activities related to behavioral health, dual-eligible members, and Children's Rehabilitative Services.
- AHCCCS continued to expand electronic government service opportunities for both providers and members, leading to a 25% increase in subscription applications and over 333,000 public applications in SFY 2010
- AHCCCS continued to promote transparency and communication through enhanced use of the Agency website
- AHCCCS executive team established an Office of Inspector General (OIG) and developed a comprehensive Program Integrity (PI) Plan, resulting in enhanced reporting and improvement of PI performance measures (e.g. 6% improvement in TPL, COB, and fraud recovery), developed and implemented PI e-learning tools for staff, providers, MCOs, and the public, and contracted with a vendor for regular analyses of PI-related data.
- AHCCCS submitted to CMS a State Medicaid Health Information Technology Plan that provides for implementation of incentive payments by summer 2011, expansion of e-prescribing, and participation in the HIE Governance model pursuing a sustainable state-wide Exchange
- AHCCCS HR successfully executed a substantial reduction in force to meet budget requirements while maintaining open communication and positive relationships with Agency staff
- AHCCCS developed and submitted a waiver extension request designed to preserve the AHCCCS model.

## **ENVIRONMENTAL SCAN**

To appreciate the context in which the AHCCCS Strategic Plan was developed, it is helpful to review the environment in which Arizona health care delivery systems operate and the challenges they may face in the future. The scan that follows is not meant to exhaust the multiple over-arching circumstances that impact AHCCCS operations and drive strategic planning.

### *Economy*

As the Arizona economy continues to remain weak despite limited growth, unemployment has stabilized at just under 10%. AHCCCS caseloads over the past 12 months have mirrored this trend, remaining relatively unchanged.

**Figure 1. Unemployment Impact on Arizona, 1948-2007**

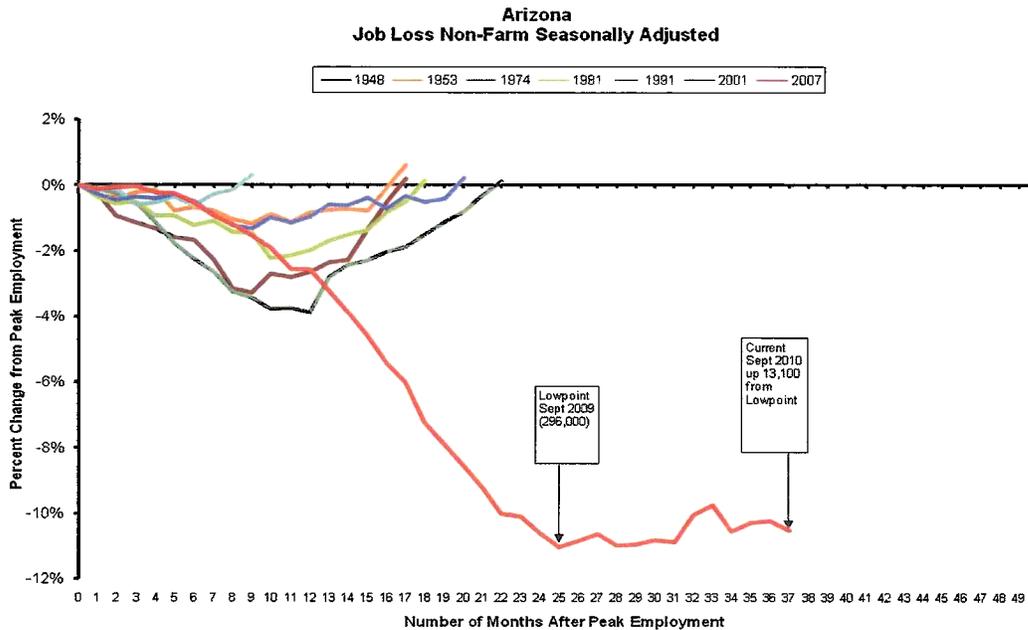


Figure 1 compares the change in employment that has occurred in Arizona during the past recession with every other recession since World War II. For each recession, the figure details the number of months required to return to the level of employment that existed before the recession began. Clearly the current recession is historical in its impact on employment in Arizona.

*Arizona Budget*

Arizona State Government continues to face an unprecedented fiscal crisis as a result of the economy and increased demand for services. While the General Fund revenues have declined in excess of 30%, the AHCCCS caseloads have increased by nearly the same percentage.

Since the start of the recession, State government has

- Reduced spending in excess of \$2 billion
- Issued over \$1.0 billion in debt
- Increased revenues by almost \$900 million with a vote of the people.

The fiscal challenges will continue into FY 2012 as Arizona attempts to deal with the “stimulus cliff” that is caused by the loss of additional federal funding for Medicaid and education.

*AHCCCS Budget*

To date AHCCCS has implemented \$875 million in budget policy changes. These include

- \$413 million in non-institutional rate reductions ranging from 5-10%
- \$241 million in institutional rate freezes

- \$120 million in eligibility changes to the Title XXI program
- \$40 million in benefit changes
- \$30 million in increased member cost-sharing
- \$30 million in administrative reductions

On April 1, 2011 AHCCCS announced that the majority of providers will face an additional 5% rate reduction. This action should generate savings of slightly less than \$300 million total funds.

*FY 2012 Stimulus Cliff*

As a result of congressional action, Arizona has received increased federal financial participation for the Medicaid program since October 1, 2008 (SFY 2009). However, the current law providing for the increased match is set to expire on June 30, 2011, and it is highly doubtful that additional federal support will be provided to states. This means that Arizona, like other states, is headed for a revenue cliff July 1, 2011.

In SFY 2012, Arizona will need \$750 million in State Fund match to support the AHCCCS program (including costs for Behavioral Health and the Developmentally Disabled, funded in DHS and DES respectively). Formulating a plan to meet this requirement will be the leading concern as the 2011 legislature works to develop the budget for SFY 2012.

**Figure 2. AHCCCS/Total Medicaid State Match, SFY2006-SFY2015**

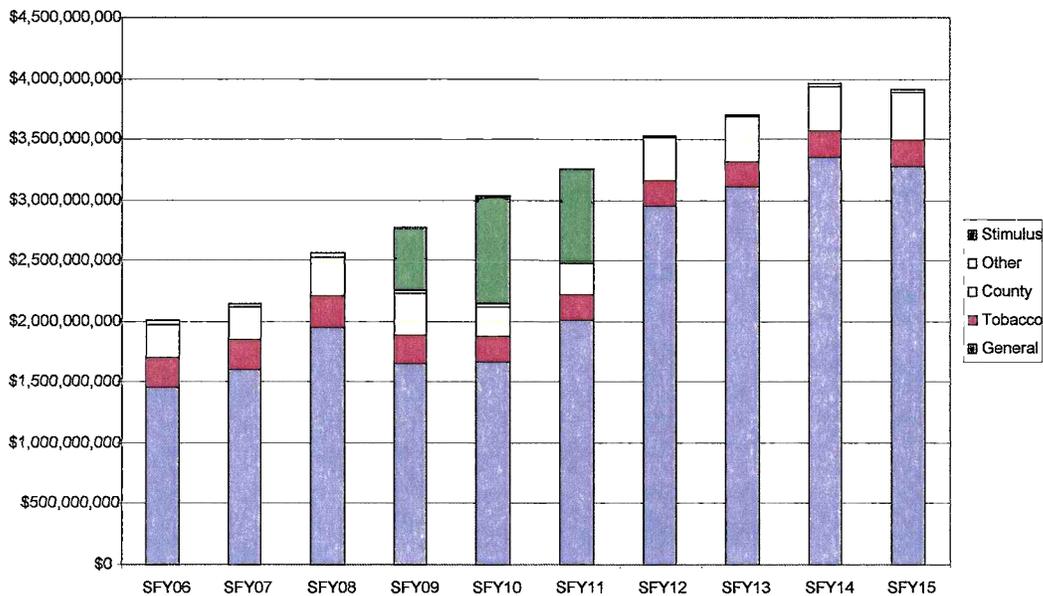


Figure 2 illustrates the projected state match required to support the AHCCCS program through 2015. As evident in the graph, the State match requirements are anticipated to grow from \$2 billion in SFY 2010 to \$4 billion by SFY 2014. This is an unsustainable rate of growth given the economic conditions in the State.

## *Health Care Reform*

As Arizona continues to pursue strategies to reduce overall health care spending in an effort to bring it back in line with available resources, the federal government is moving forward on the implementation of significant changes that were enacted as part of the Affordable Care Act.

Three significant reforms will impact the AHCCCS program:

1. **Medicaid Expansion** – On January 1, 2014, the Medicaid program for all states will be expanded to include coverage up to 133% of the federal poverty limit (FPL). Arizona is one of only a few states that already provide coverage to individuals, including childless adults, up to 100% of the FPL.
2. **Health Insurance Exchange** – On January 1, 2014 an exchange will be available for Arizona residents to purchase insurance, including federally subsidized commercial products. States can establish their own exchange or defer to the federal government to run the exchange. AHCCCS must play an important role in the infrastructure of the exchange because federal law requires that anyone applying to the exchange receive initial screening for Medicaid eligibility.
3. **Maintenance of Effort** – Federal law does not allow states to make any changes in the eligibility of their Medicaid programs. This greatly limits any states' flexibility in managing program costs. For example, over 380,000 individuals are currently on the AHCCCS program as a result of the expansion approved by voters in 2000. Up until the passage of the Affordable Care Act, decisions such as this were optional ones that could be made by a state. The Maintenance of Effort requirement eliminates that discretion for states.

In addition to these three substantive policy changes, AHCCCS has been working to comply with a number of [new mandates included in the Patient Protection and Affordable Care Act](#).

## *Integration*

The current structure of the AHCCCS program remains, in part, an artifact of previous Arizona programs that served a variety of populations with diverse needs. These populations received services through dedicated programs funded only with State dollars. With the implementation of a State Medicaid program that included federal financial participation, portions of populations, previously in programs funded only with State money, shifted to AHCCCS and, over time, AHCCCS became the primary payer. More recently, however, difficult budgetary decisions have led to the elimination of many remaining "State-only" programs. With only Medicaid-funded individuals in these programs, it is an appropriate time to re-evaluate the current structure.

*Children's Rehabilitative Services (CRS)* - On January 1, 2011 AHCCCS entered into an Intergovernmental Agreement with the Arizona Department of Health Services (ADHS) to implement an administrative simplification of the CRS program. No changes were made that impacted the members, providers, or health plan, and full administrative oversight for the program became the responsibility of AHCCCS. Future discussions with stakeholders will be undertaken to evaluate and determine the feasibility of further payer integration for this special needs population.

*Behavioral Health Services* – Legislation was introduced during the last session to integrate general mental health and substance abuse services with the AHCCCS acute care plans. In addition, the Governor sought to establish a pilot project to pursue an integrated delivery model for the Seriously Mentally Ill (SMI), similar to that of ALTCS. While this legislation was not enacted, significant community discussion continues today related to both payer and clinical integration.

*Dual Eligible Members* – AHCCCS has approximately 100,000 individuals who are eligible for both Medicaid and Medicare. When the Medicare Modernization Act was implemented, AHCCCS worked with its contracted managed care organizations to pursue the establishment of Special Needs Plans (SNPs), where the member is enrolled in the same managed care organization for both Medicare and Medicaid. One-third of dual eligible members have “aligned” enrollment in a SNP. Under the Affordable Care Act, new flexibility has been established for states, and CMS has created an office that is focused solely on integrating the delivery of Medicaid and Medicare services.

#### *Other Issues*

There are a number of other important issues facing the AHCCCS program over the next several years.

#### *American Indian Issues*

Over 280,000 American Indians live in Arizona and roughly 50% of this population is enrolled in AHCCCS. On average, American Indians are 19 years younger at death than white non-Hispanics. AHCCCS has made a commitment to work closely with American Indian stakeholders to improve health outcomes and the delivery of care for tribal members. During this past year, AHCCCS conducted 12 different tribal consultation meetings and, for the first time, held two different meetings on tribal lands. Federal 100% pass through funds paid to Indian Health Services (IHS) and 638 facilities has doubled from \$175 million in FY 2004 to \$350 million in FY 2010. This improves access to care for tribal members and reduces costs in the system by providing more care locally.

#### *ALTCS RFP*

Every five years, AHCCCS manages the second largest procurement in the State. This provides the agency with the opportunity to evaluate new options to improve the Long Term Care program and, at the same time, encourages competition in the market place.

#### *Waiver Renewal*

Since its inception, AHCCCS has operated under an 1115 waiver. This waiver allows the program to operate a mandatory managed care program that offers select populations Home and Community Based Services (HCBS). The waiver also has allowed for coverage of non-traditional Medicaid populations such as the childless adult population established by Proposition 204 in 2000. The current waiver is set to expire on September 30, 2011. AHCCCS will be working with CMS on the reauthorization of a new waiver for the Program.

#### *Audits*

AHCCCS continues to face numerous audits from external parties. In 2011, AHCCCS will begin the Sunset Review process with the State Auditor General staff. This comprehensive look at the program ultimately will lead to future legislation which must be enacted to continue the program. In addition to the Sunset Audit, the agency will

continue to staff both existing and new audits to be completed by various federal oversight entities.

### Workforce Issues

As a result of frozen wages, mandatory furloughs, increasing health care costs, an aging workforce and significant business challenges induced through the Affordable Care Act (health care reform legislation), AHCCCS is faced with opportunities that will certainly test the resolve of the Division of Human Resource and Development (HRD) as well as the entire AHCCCS team. Turnover rates are down from the significant layoffs in 2009 and 2010; however, still trending at approximately 23%. Over 33% of our workforce is Virtual Office with an even higher percentage on some variation of a flexible work schedule. This type of flexibility has proven essential to retention and assisting employees with striking a balance between work and life.

However, some of the areas requiring special focus in the immediate future include morale building, staff engagement, expanding alternative developmental options for existing employees, retention of critical staff, and retirement planning in order to ensure continuity of services and avoid leaving a significant gap in the Agency's knowledge base. Providing creative solutions to address these areas of opportunity with limited budgetary resources presents the HRD team with a significant challenge. Pulling together to partner with the various AHCCCS business units on creative solutions to the complex workforce issues referenced above will enable the organization to continue providing a positive employment experience for employees in order to continue delivering the very highest quality of services to our members.

## **STRATEGIC GOALS**

### **GOAL 1.**

**AHCCCS must manage the delivery of quality health care services within an environment shaped by continuing budget reductions and regulatory constraints.**

#### STRATEGY 1.1

To ensure access to care, continue efforts toward sustainable and manageable provider rate structures through periodic review and adjustment of Fee-For-Service (FFS) rates

##### PERFORMANCE MEASURE 1.1.1

Percent of FFS rates reviewed at least annually for compatibility with available budget and consistent with federal requirements

##### PERFORMANCE MEASURE 1.1.2

Percent of FFS rate adjustments implemented accurately

#### STRATEGY 1.2

Maintain an actuarially sound annual average capitation rate (per member per month) that meets budgetary expectations

##### PERFORMANCE MEASURE 1.2.1

Average capitation rate

PERFORMANCE MEASURE 1.2.2  
Percent change in average capitation rate (overall per member per month)

STRATEGY 1.3  
Continue to evaluate and reduce covered services as necessary

PERFORMANCE MEASURE 1.3.1  
Cost savings based on covered services revisions

STRATEGY 1.4  
Continue to explore cost-effective purchasing options for selected Medicaid services

PERFORMANCE MEASURE 1.4.1  
Cost savings resulting from selected purchasing options

STRATEGY 1.5  
When cost-effective, pursue non-State funding sources

PERFORMANCE MEASURE 1.5.1  
Percent of total supplemental (i.e. GME/IME and DSH) payments funded by non-State funding sources

PERFORMANCE MEASURE 1.5.2  
Percentage change in total supplemental (i.e. GME/IME and DSH) payments funded by non-State funding sources

STRATEGY 1.6  
Enhance Medical Management Team structure in order to support the effective analyses and use of utilization data for purposes of identifying and acting upon opportunities for the Agency and/or Contractors to improve quality of care, improve access to care, and reduce costs of care.

PERFORMANCE MEASURE 1.6.1  
Number of identified opportunities

PERFORMANCE MEASURE 1.6.2  
Number of identified opportunities acted upon

STRATEGY 1.7  
Maintain and update annual Program Integrity Plan that improves Third Party Liability (TPL), Coordination of Benefits (COB), and Fraud and Abuse programs

PERFORMANCE MEASURE 1.7.1  
Percent of Program Integrity goals met

STRATEGY 1.8  
Maintain AHCCCS administrative costs at or below 1% (excludes DES)

PERFORMANCE MEASURE 1.8.1  
Percent of AHCCCS Administrative costs

STRATEGY 1.9

Develop systematic review of current claims/encounter edits

PERFORMANCE MEASURE 1 9.1

Number of edit types reviewed and implemented

**GOAL 2.**

**AHCCCS must pursue continuous quality improvement**

STRATEGY 2 1

Continue to improve quality in Acute and Long Term programs through promotion of the Performance Improvement Process (PIP)

PERFORMANCE MEASURE 2.1 1

Percent of performance measures for the Medicaid population that achieve a statistically significant state-wide improvement

PERFORMANCE MEASURE 2.1.2

Percent of performance measures for the Medicaid population that meet the contractual minimum performance standard

PERFORMANCE MEASURE 2.1 3

Percent of performance measures for the Medicaid population that are above the NCQA HEDIS National Medicaid Mean

PERFORMANCE MEASURE 2 1 4

Percent of AHCCCS Acute Care and ALTCS contractors that complete AHCCCS-mandated Performance Improvement Plans (PIPs) or demonstrate statistically significant improvement on re-measurements

STRATEGY 2.2

Pursuant to the State Medicaid Health Information Technology Plan (SMHP), maximize Medicaid incentive payments to eligible providers who adopt and demonstrate meaningful use of electronic health records.

PERFORMANCE MEASURE 2.2.1

CMS approval of the SMHP

PERFORMANCE MEASURE 2.2.2

Number of eligible, registered providers (including hospitals) that receive incentive payments as a result of demonstrated meaningful use of EHRs

PERFORMANCE MEASURE 2 2.3

Percent of eligible, registered providers (including hospitals) who receive incentive payments as a result of demonstrated meaningful use of EHRs

PERFORMANCE MEASURE 2.2 4

Total dollars distributed to eligible, registered providers who receive incentive payments as a result of demonstrated meaningful use of EHRs

STRATEGY 2.3

Track quality assurance management and improvement processes through GPRA measures and AIHP claims data in IHS facilities, tribal health programs operated under P.L. 93-638, and Indian health programs for health outcomes trends over time

PERFORMANCE MEASURE 2.3.1

Percent of GPRA measures meeting annual goals in Arizona

**GOAL 3.**

**AHCCCS must maintain a core service delivery model that remains effective**

STRATEGY 3.1

Retain the network of AHCCCS-registered providers available for contracting with AHCCCS Acute Care and ALTCS contractors

PERFORMANCE MEASURE 3.1.1

Percent change in volume of AHCCCS providers

PERFORMANCE MEASURE 3.1.2

Number of providers leaving the AHCCCS MCO/PIHP networks due to AHCCCS-initiated rate reductions

STRATEGY 3.2

Continue to promote and ensure access to care

PERFORMANCE MEASURE 3.2.1

Percent of AHCCCS Acute Care contractors that meet the minimum contractual performance standards for Children's Access to Primary Care Practitioners (12-24 Months, 25 months-6 years, 7-11 years, 12-19 years)

PERFORMANCE MEASURE 3.2.2

Percent of ALTCS contractors that meet minimum contractual performance standards for Initiation of Services for HCBS members

STRATEGY 3.3

Maintain an infrastructure that encourages competition among contracted health plans and offers choice to members

PERFORMANCE MEASURE 3.3.1

Number of bids submitted for an AHCCCS Acute Care contract

PERFORMANCE MEASURE 3.3.2

Number of bids submitted for an ALTCS contract

PERFORMANCE MEASURE 3.3.3

Number of AHCCCS Acute Care contractors remaining during contract cycle

PERFORMANCE MEASURE 3.3.4

Number of ALTCS contractors remaining during contract cycle

PERFORMANCE MEASURE 3.3.5

Overall system profitability

PERFORMANCE MEASURE 3.3.6

Percent of Acute Care contractors with overall OFR findings  $\geq$  80% "substantial" and "full" compliance

PERFORMANCE MEASURE 3.3.7

Percent of ALTCS contractors with overall OFR findings  $\geq$  80% "substantial" and "full" compliance

STRATEGY 3.4

Continue to implement efficiencies that streamline administrative processes for AHCCCS and contractors

PERFORMANCE MEASURE 3.4.1

Percent of Acute Care contractor claims submitted electronically

PERFORMANCE MEASURE 3.4.2

Percent of ALTCS contractor claims submitted electronically

PERFORMANCE MEASURE 3.4.3

Percent of AHCCCS FFS claims submitted electronically

PERFORMANCE MEASURE 3.4.4

Percent of Acute Care contractor remits distributed electronically

PERFORMANCE MEASURE 3.4.5

Percent of ALTCS contractor remits distributed electronically

PERFORMANCE MEASURE 3.4.6

Percent of AHCCCS FFS remits distributed electronically

PERFORMANCE MEASURE 3.4.7

Percent of Acute Care contractor claims' attachments received electronically

PERFORMANCE MEASURE 3.4.8

Percent of ALTCS contractor claims' attachments received electronically

PERFORMANCE MEASURE 3.4.9

Percent of AHCCCS FFS claims' attachments received electronically

PERFORMANCE MEASURE 3.4.10

Percent of Acute Care contractor provider payments made electronically

PERFORMANCE MEASURE 3.4.11

Percent of ALTCS contractor provider payments made electronically

PERFORMANCE MEASURE 3.4.12

Percent of AHCCCS FFS provider payments made electronically

PERFORMANCE MEASURE 3.4.13  
Percent of total programmatic payments made electronically

STRATEGY 3.5  
Preserve the flexibility offered by the AHCCCS Waiver, including mandated managed care and ALTCS program choice limitations.

PERFORMANCE MEASURE 3.5.1  
Number of Waiver flexibilities reduced or eliminated

STRATEGY 3.6  
Implement health care reform measures

PERFORMANCE MEASURE 3.6.1  
Percent of enacted Health Care Reform measures implemented

PERFORMANCE MEASURE 3.6.2  
Implementation of Community First Choice by October 1, 2011

PERFORMANCE MEASURE 3.6.3  
Completion of draft policy for Hospital Acquired Conditions by July 1, 2011

PERFORMANCE MEASURE 3.6.4  
Implementation of Medicaid Drug Rebate Program and receipt of payments by June 1, 2011

PERFORMANCE MEASURE 3.6.5  
Percent of rebates received for prescription drugs provided to members between March 23, 2010 and December 31, 2010

PERFORMANCE MEASURE 3.6.6  
Design and implementation of Medicaid National Correct Coding Initiatives (NCCIs) and Medicaid Unlikely Edits (MUEs) by April 1, 2011

STRATEGY 3.7  
Continue to promptly address Legislative mandates

PERFORMANCE MEASURE 3.7.1  
Percent of legislative mandates addressed timely

STRATEGY 3.8  
Maintain an RFP process that promotes quality and cost-effectiveness, and ensures a fair and informed selection among bidders.

PERFORMANCE MEASURE 3.8.1  
Number/percent of prevailing bid protests

STRATEGY 3.9  
Maintain compliance with Medicaid Information Technology Architecture (MITA) principles as they relate to new implementations and enhancements

PERFORMANCE MEASURE 3 9 1  
Percent of APDs submitted with MITA principles incorporated

**GOAL 4.**

**AHCCCS must maintain core organizational capacity and workforce planning that effectively serves AHCCCS operations**

STRATEGY 4.1

Promote use of electronic processes among AHCCCS members, providers and staff

PERFORMANCE MEASURE 4 1 1  
Percent of members submitting on-line applications

PERFORMANCE MEASURE 4 1.2  
Percent of eligibility verifications completed on-line v through AHCCCS Communications Center

STRATEGY 4.2

Support transparency by reporting timely information on the AHCCCS website

PERFORMANCE MEASURE 4.2.1  
Average number of new topics added per month to content of the AHCCCS website

PERFORMANCE MEASURE 4.2.2  
Average number of revisions made per month to existing content on AHCCCS website

PERFORMANCE MEASURE 4.2 3  
Average number of visits per month to the AHCCCS website

STRATEGY 4.3

Manage relationships with partnering organizations, including the Centers for Medicare and Medicaid (CMS), Arizona Department of Education (ADE), Arizona Department of Health Services (ADHS), Arizona Department of Economic Security (ADES), and Hawaii Medicaid

PERFORMANCE MEASURE 4.3 1  
Percent of State Plan Amendments approved

PERFORMANCE MEASURE 4 3.2  
Maintenance of Intergovernmental Agreement (IGA) with the Arizona Department of Education

PERFORMANCE MEASURE 4 3.3  
Maintenance of contract agreement with Hawaii Medicaid

PERFORMANCE MEASURE 4.3.4  
Percent of MCO/PIHP contracts submitted timely to CMS for approval (i.e. at least 30 days prior to beginning of contract year)

**PERFORMANCE MEASURE 4 3.5**

Percent of MCO/PIHP contracts approved by CMS prior to beginning of contract year

**STRATEGY 4.4**

Continue to manage workforce environment, promoting activities that support employee engagement and retention, and address potential gaps in the organization's knowledge base due to retirements and other staff departures.

**PERFORMANCE MEASURE 4.4 1**

Rate of employee turnover

**PERFORMANCE MEASURE 4.4.2**

Development of HR strategic plan to include Agency succession plan and knowledge retention and transfer processes

**PERFORMANCE MEASURE 4.4.3**

Number of no-cost training solutions offered to employees

**PERFORMANCE MEASURE 4.4.4**

Number of work/life balance initiatives developed and offered to employees

**PERFORMANCE MEASURE 4.4 5**

Percent of ART goals achieved

**PERFORMANCE MEASURE 4.4.6**

Percent of employees participating in a flexible work environment

**PERFORMANCE MEASURE 4.4 7**

Overall percentage of positive responses from employees derived from the AHCCCS Employee Survey

**STRATEGY 4.5**

Ensure system-wide security and strict compliance with privacy regulations related to transfer of information

**PERFORMANCE MEASURE 4 5 1**

Number of incidents reported to federal authorities because of breaches of security or non-compliance with privacy regulations

**STRATEGY 4.6**

Maintain IT network infrastructure, including server-based applications, ensuring business continuity

**PERFORMANCE MEASURE 4 6 1**

Network system availability

## RESOURCE ASSUMPTIONS

Total FY2010 - FY2011	FY2011 Approp/Exp Plan	FY2012 Exec Rec.
Full Time Equivalent (FTE)	2,983.4	2,985.4
General Fund	1,376,901,300	1,395,895,500
Other Appropriated Fund	106,787,200	90,144,700
Non-Appropriated Fund	1,231,628,300	1,506,490,300
Federal Funds	7,775,514,300	5,782,140,300
<b>TOTAL FUNDS</b>	<b>10,490,831,100</b>	<b>8,774,670,800</b>

**Note:**

Due to the significant uncertainty related to the State of Arizona budget crisis, Federal Medicaid reform, and the AHCCCS waiver renewal, no estimates past FY12 are provided.

**Sources:**

- 1) FY 2011 Appropriation/Expenditure Plan from AHCCCS FY 2012 Budget Submittal. Includes all appropriated funding from JLBC FY 2011 Appropriations Report as well as non-appropriated funding based on AHCCCS estimates.
- 2) FY 2012 Executive Recommendation from Pages 18-19 of the Agency Detail Section from the FY 2012 and FY 2013 Executive Budget Book.