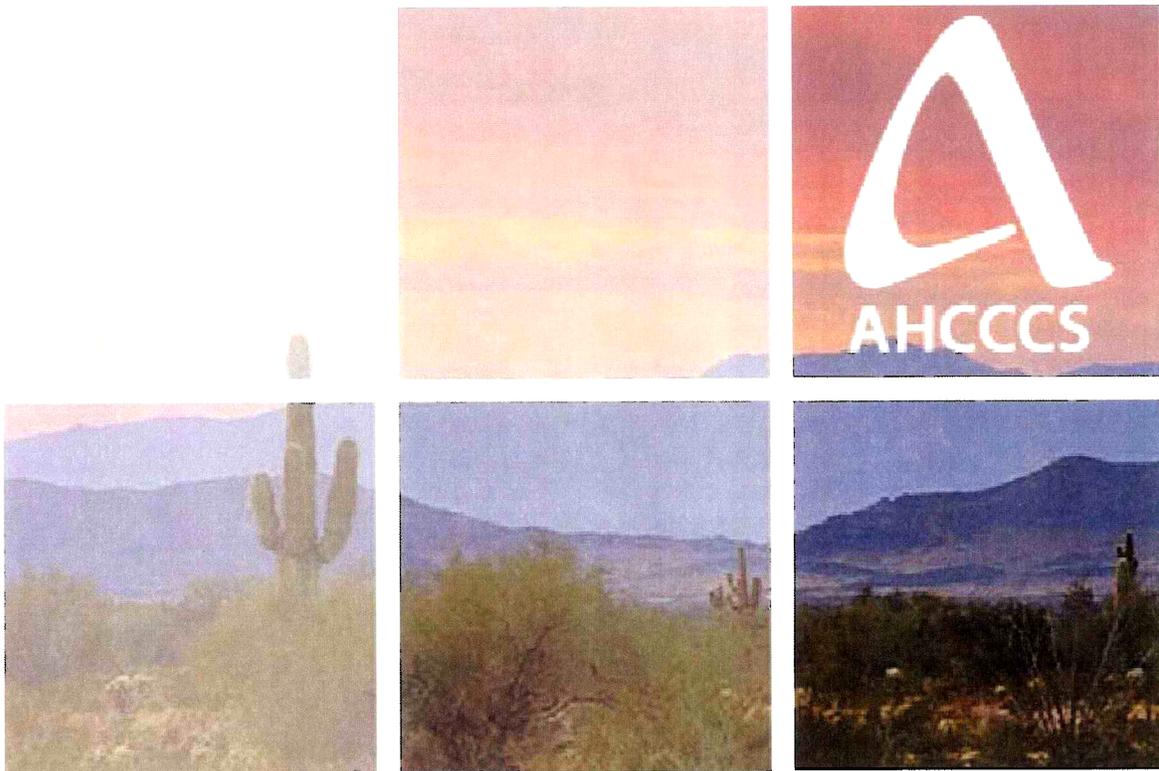


AHCCCS STRATEGIC PLAN

STATE FISCAL YEARS 2013-2017



January 2012
Thomas J. Betlach, Director

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

January 12, 2012

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 2013-2017. The Plan was developed within the context of an AHCCCS program in transition. As a result of unprecedented economic pressures AHCCCS has had to implement difficult changes and drive improved efficiency into the program. The FY 2012 total fund decrease in excess of 20% was the largest percentage decrease of any Medicaid program nationally and over two times larger than the next state.

As AHCCCS looks ahead, the agency must move forward with implementing new statutory requirements that impact Medicaid and the broader health care system. While the operational changes must move forward, policymakers and courts continue to debate and discuss these programmatic decisions.

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 pursue and implement long term strategies that bend the cost curve while improving the delivery and coordination of care.
- Goal 2. AHCCCS must pursue continuous quality improvement.
- Goal 3 AHCCCS must maintain, leverage and further develop the healthcare service delivery model that emphasizes competition and market forces
- Goal 4. AHCCCS must maintain core organizational capacity and workforce planning that effectively serves AHCCCS operations.

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 challenge during this transitional period is to leverage those opportunities that exist to reduce costs and improve care while maintaining appropriate fiduciary controls over public funds.

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

Sincerely,

Thomas J. Betlach
Director

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INTRODUCTION

The AHCCCS Strategic Plan for 2013-2017 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, a review of accomplishments during the past fiscal year, 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.
- While AHCCCS continues to focus on maintaining the "core," infrastructure required to be successful (plans, providers and services), the agency must develop long term strategies that can effectively bend the cost curve.
- Success is only possible through the retention and recruitment of high quality staff
- 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

The 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) 2011, 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	1,287,587	95%
Arizona Long Term Care System (ALTCS)	51,727	4%
KidsCare	14,238	1%
TOTAL	1,353,552	100%

* As of November 1, 2011

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 less than 4% of the AHCCCS population, they account for approximately 26% 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.

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.

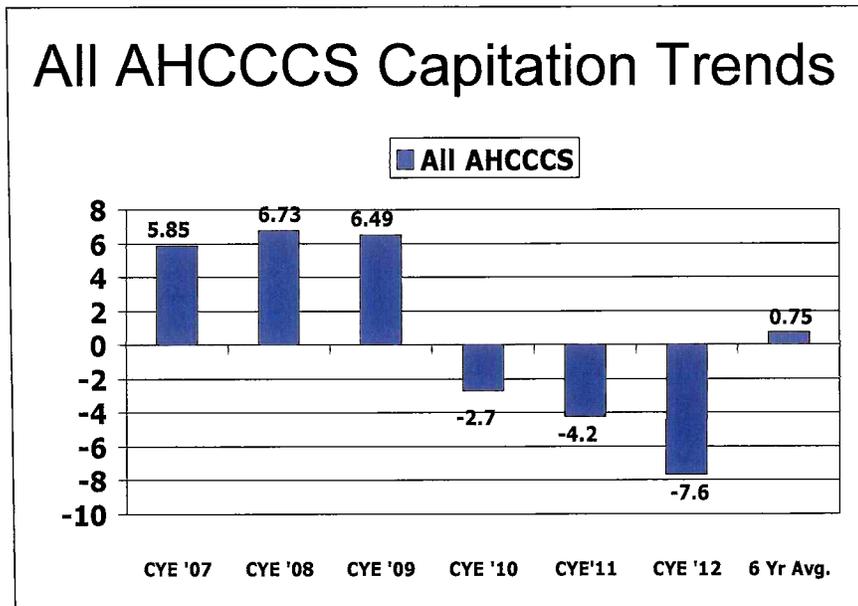
AHCCCS engages in contracts with a number of public and private organizations that provide a variety of services.

- Behavioral health services are provided by the Arizona Department of Health Services (ADHS), Division of Behavioral Health Services (DBHS)
- Services for individuals with developmental disabilities 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 worked with the Governor's Office in developing a plan that resulted in a reduction of \$1.5 billion in funding while preserving coverage for all enrolled members.
- AHCCCS has successfully implemented \$2.5 billion in budget changes since the beginning of the recession, with little degradation to the provider network and continued plan choice for members.
- AHCCCS has maintained essentially flat per member costs over the past six years. The vast majority of the decreases achieved over the past three years have resulted from short term budget saving changes made to provider reimbursement and benefits. In order to bend the cost curve going forward, the agency is pursuing longer term strategies.

Figure 1. AHCCCS Capitation Trends



- AHCCCS made significant progress pursuing long term strategies to bend the health care cost curve while improving quality outcomes and care coordination, including:
 - System Alignment and Integration – Over the past year AHCCCS has been pursuing a strategy to better align the service delivery model for three unique populations.
 - 1 *Seriously Mentally Ill* – AHCCCS and ADHS have made significant progress in pursuing a new model for the RBHA system that includes integrated acute care services for individuals with Serious Mental Illness and requires that plans become Medicare Special Needs Plans.
 - 2 *Children’s Rehabilitative Services* – AHCCCS worked with St. Luke’s Health Initiative and others to gather consumer, family and provider input regarding changes to the CRS model that would integrate more services into the CRS contract.
 - 3 *Dual Eligible Members* – A new national focus on the challenges associated with the dual eligible population has generated extensive effort on behalf of AHCCCS, which partnered with CMS on pursuing opportunities to better align the delivery model for this typically frail population.
 - Payment Modernization – In support of payment models designed to improve alignment with incentives, AHCCCS is pursuing payment modernization demonstrations with contractors and providers.
 - Exchange – Medicaid Coordination – AHCCCS has followed the Governor’s lead in preparing the state for implementation around the various components of the Affordable Care Act. The Agency completed extensive analyses of the IT infrastructure and has supported state efforts in moving forward with the development of a state exchange and Medicaid expansion. The Agency continues to emphasize care coordination and other opportunities that will be critical in keeping costs down.

- Program Integrity - AHCCCS met the vast majority of the Program Integrity goals established in its annual plan. The Agency implemented a new data analytics tool and worked with prosecutors successfully on 19 different cases. AHCCCS realized over \$960 million as a result of coordination of benefits, third party recoveries, and OIG activities, and began pursuing the ability to leverage private sector expertise on data analyses.
 - Health Information Technology - AHCCCS obtained approval from CMS for the State Medicaid Health Information Technology Plan (SMHP) and began processing payments to eligible hospitals and providers. AHCCCS continues to serve on the Health-E Connection Board and the Health Information Network of Arizona (HINAZ) Board, and entered into agreement with HINAZ to begin using its HIE services.
- AHCCCS successfully managed the Arizona Long Term Care System procurement, which attracted at least three bidders in every Geographical Service Area. The Maricopa County area attracted six bidders. Over 8,000 ALTCS members were transitioned to a new contractor, the average capitation rate decreased (without policy changes), and the Agency successfully defended against 3 formal bid protests
- AHCCCS had 17 of 25 quality measures exceed the Medicaid Mean for the last measurement period of 2009
- AHCCCS received approval from the Department of Health and Human Services' Secretary Sebelius for a new 1115 waiver that incorporated the historical flexibilities enjoyed by the program while obtaining some new authority necessary to implement budget changes. The Agency continues to pursue two outstanding waiver issues.
- AHCCCS continued to pursue an improved partnership with Arizona tribes while continuing to engage in strategies that improve the health system for tribal members. Whereas AHCCCS conducted a total of six tribal consultation meetings in 2006, 2007, and 2008, it conducted 13 tribal consultation meetings in the past year alone. AHCCCS also worked extensively with tribal partners on the development of a new reimbursement state plan.
- AHCCCS employee survey indicated a strong positive feeling among staff, despite the many challenges endured by the program over the past few years. A total of 98% of staff believe in the mission, 96% understand what is expected of them, 94% feel a sense of loyalty and commitment; 94% receive the guidance necessary to do their jobs well; 93% are proud to be an AHCCCS employee; 92% believe AHCCCS has a good system in place for communicating necessary information.

ENVIRONMENTAL SCAN

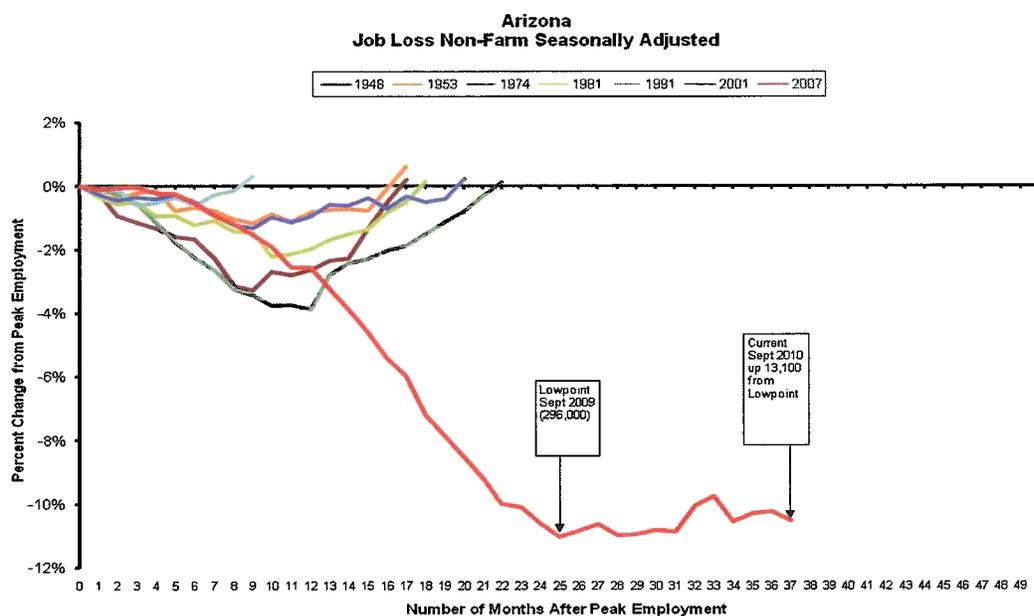
To appreciate the context in which the AHCCCS Strategic Plan was developed, it is helpful to review the environment in which Arizona health care delivery systems operate and the challenges they may face in the future. The scan that follows is not meant to exhaust the multiple over-arching circumstances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

Economy

The Arizona economy appears to have stabilized and some modest improved employment trends have materialized. AHCCCS caseloads over the past 12 months have mirrored this trend, remaining relatively unchanged (when adjusting for the impact of populations where enrollment has been frozen).

Figure 2 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.

Figure 2. Unemployment Impact on Arizona, 1948-2007

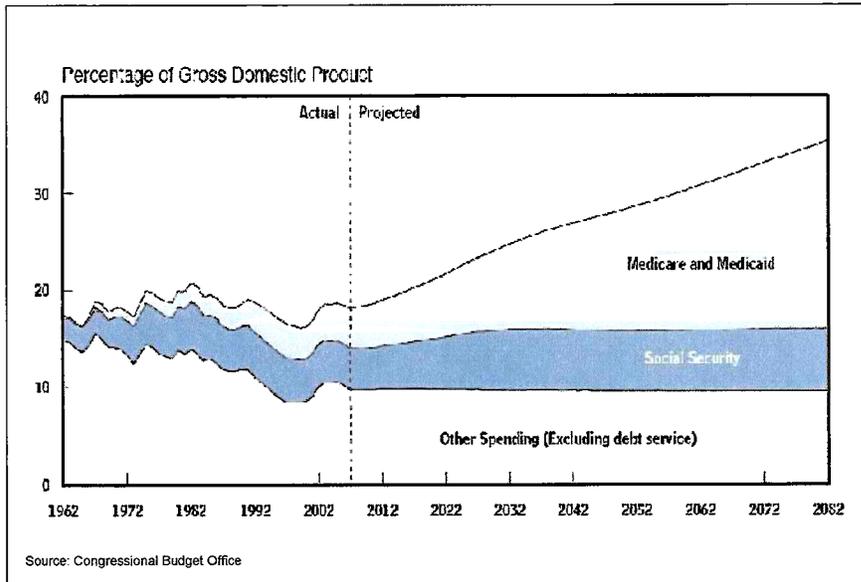


Federal Budget

Policymakers in Washington DC continue to struggle over how to manage the growing federal debt issue. As depicted in Figure 3, the long term federal fiscal outlook is bleak, with Medicare and Medicaid accounting for the vast majority of the projected growth in federal outlays.

Based on projected growth trends, healthcare will be a dominant topic for policymakers during the next several decades as they look for solutions and strategies that bend the cost curve.

Figure 3. Federal Spending



Arizona Budget

As Arizona legislators begin debate over the Fiscal Year 13 budget, a new challenge awaits - a temporary surplus. General Fund revenue has exceeded expectations during the past several months, resulting in a surplus. However, policymakers will also be looking ahead to FY 2014 and FY 2015, when a temporary sales tax expires and the Medicaid expansion is implemented.

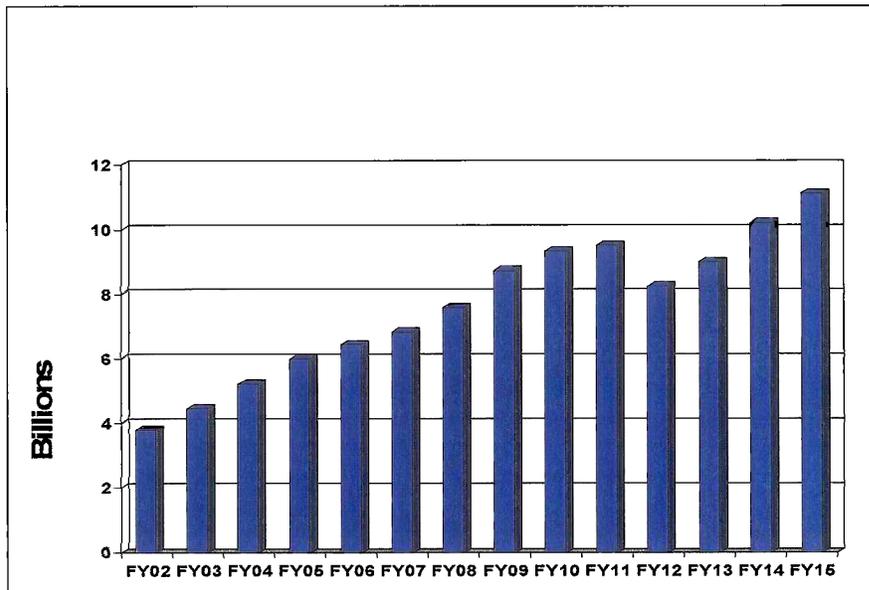
AHCCCS Budget

The Affordable Care Act (ACA) mandates that Medicaid expand coverage to 133% of the federal poverty limit beginning on January 1, 2014. AHCCCS is projecting that this expansion could result in approximately 250,000 individuals enrolling in the program. There are also unknown impacts that may result from some of the more technical eligibility changes that were included in the Act and subsequent proposed regulation.

In addition to the enrollment growth forecasted as part of the expansion, AHCCCS will also be restoring coverage to the adults without children program that has been operating under a freeze since July 2011. This will result in additional adults being enrolled in the program.

As detailed in Figure 4, AHCCCS has projected that spending growth in FY 2014 and FY 2015 will be substantial as a result of the ACA coverage mandates.

Figure 4. AHCCCS Spending



Long Term Cost Curve - Five Important Strategies

1. Alignment and 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 who were 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. The changes included in the ACA also will impact coverage and now is an appropriate time to re-evaluate the current structure and pursue opportunities to align and integrate services.

Children’s Rehabilitative Services (CRS) - On January 1, 2011, AHCCCS entered into an Intergovernmental Agreement with 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. In anticipation of an upcoming procurement, discussions with stakeholders have been conducted over the past several months to evaluate and determine the scope of further payer integration for this special needs population.

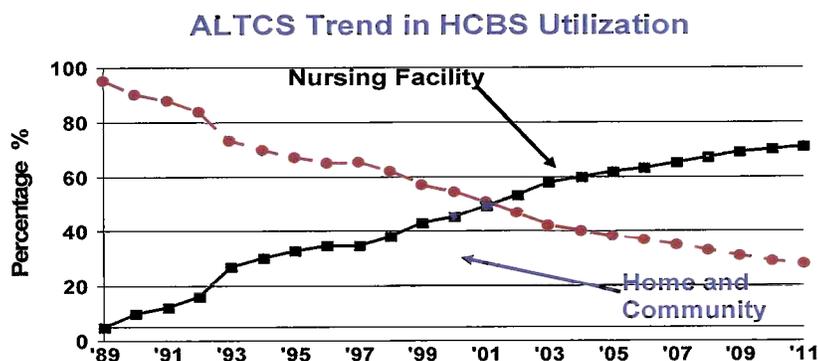
Behavioral Health Services –AHCCCS and ADHS have been collaborating on an effort to integrate and align behavioral and physical health services for individuals with Serious Mental Illness. Efforts are underway to pursue integration both at the clinical as well as administrative levels. Over the past several months input has been sought from consumers, providers and plans on how to best align the program as part of the 2013 Maricopa County procurement.

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. About one-third of the AHCCCS dual population is in an aligned plan structure. AHCCCS has been working with CMS over the past year to pursue opportunities to create even more alignment and care coordination for this frail population.

2. Payment Modernization

AHCCCS has had success in the past when payment incentives are properly aligned. For example, when the ALTCS program first began, the vast majority of members resided in nursing facilities. Over time AHCCCS incentivized contractors to establish more home and community placement opportunities for members. The end result has been a tremendous shift to home and community setting which not only results in a tremendous savings for the program but also more appropriately meets the needs and desires of the members.

Figure 5. Home and Community-Based Services



One of the biggest challenges facing health care today is that incentives are not aligned for the providers. Even with significant managed care penetration, many providers still are reimbursed through fee-for-service mechanisms. In addition, hospital systems have large facility fixed costs and have business models built around having consumers hospitalized.

Payment Modernization - AHCCCS has partnered with plans and providers to pursue payment modernization demonstrations to start reforming reimbursement. This new structure will look to align incentives and allow AHCCCS, plans and providers to share in the benefits that can be generated by managing utilization at the appropriate level of care.

Potentially Preventable Readmissions (PPR) – Medicare has made PPRs a significant quality improvement focus. AHCCCS has started collecting data on Medicaid PPR rates

and will be looking to work with stakeholders to reduce readmission rates for Medicaid members.

Inpatient Hospital Reimbursement – AHCCCS currently pays on a per-diem system that was developed using 1996 data. AHCCCS is evaluating the potential of updating the inpatient reimbursement methodology to transition to a Diagnostic Related Group Methodology in anticipation of the October 1, 2013, procurement.

3. Health Care Reform Coordination

Table 1. Health Care Reform: Population Estimates

Health Care Reform Est.

	Eligible	Participants
Exchange	621,000	479,000
AHCCCS	431,000	247,000
SHOP Exchange	1,822,000	510,000

Currently the Affordable Care Act mandates the expansion of Medicaid plus the creation of a State Insurance Exchange. While the Governor has participated in the lawsuit against the ACA, she has also begun work on implementing what is the current law of the land.

As depicted in the table above, over 10 million Arizonans could get their health care coverage through a combination of the Exchange and Medicaid expansion. On January 1, 2014, an exchange will be available for Arizona residents to purchase insurance, including federally subsidized commercial products for those individuals with incomes up to 400% of the federal poverty limit. 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.

While AHCCCS is participating with other state government agencies in developing the necessary infrastructure to manage an Exchange, the agency is also pursuing opportunities to better coordinate care. Currently, AHCCCS must manage a population with considerable membership churn. Approximately 70,000 individuals enroll and an equal number lose coverage monthly. If the Exchange does become operational, it is imperative that efforts be made to provide care coordination information between the Medicaid program and those plans that participate in the Exchange to best manage utilization and transition of care.

4. Program Integrity

For the third consecutive year, AHCCCS has developed and published an agency [Program Integrity Plan](#) that lays out a series of goals and objectives that are currently being pursued. This plan is developed by an Executive-level Program Integrity Team that meets on a regular basis to review agency progress

Given the size and scope of the AHCCCS program, there are program integrity risks at both the member and provider level. AHCCCS is committed to developing strategies and tools to ensure proper oversight of the limited taxpayer resources. Effective program integrity is a critical component of any long term strategy is managing costs.

5. Health Information Technology

The State [Medicaid Health Information Technology Plan](#) (SMHP), located on the AHCCCS website, describes the Agency's historical, current, and future efforts to improve health outcomes by leveraging electronic health record deployment, adoption, and use by providers. The federal government has made a significant fiscal commitment for the implementation of electronic health records. Medicaid programs are partially responsible for the administration of these incentives. It is incumbent on major payers like Medicaid to leverage the expanding capability of this technology in the healthcare system.

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. Over the past two years AHCCCS has conducted 25 Tribal consultation meetings. To put that in perspective, from 2006 through 2008, the agency held a total of 6 consultations.

AHCCCS has also focused on providing resources to build the health care infrastructure in Native American communities through the I.H.S and 638 facilities. Payment to these facilities has grown from \$175 million in FY 2004 to \$410 million in FY 2011. This improves access to care for tribal members and reduces costs in the system by providing more care locally.

System Issues

Looking ahead AHCCCS needs to put the final touches on 5010 implementation and then immediately begin work on the complex changes mandated by ICD-10 requirements. With an October 1, 2013, implementation date, states, payers and providers will be scrambling to meet this deadline, which also coincides with significant new requirements imposed by the ACA. System resources will continue to be a challenge and maintaining the appropriate infrastructure to manage and analyze the millions of records generated by the AHCCCS system requires appropriate investment.

Workforce Issues

As a result of staff shortages, frozen wages, 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 future prospects 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; however, still trending at approximately 16%. Over 30% 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 increasing AHCCCS' presence in the employment marketplace for purposes of continuing to attract the most qualified applicants, maintaining staff engagement, expanding innovative, low-cost professional development opportunities for existing employees, retaining critical staff; and workforce and succession 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 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 pursue and implement long term strategies that bend the cost curve while improving the delivery and coordination of care.

STRATEGY 1.1

Align and integrate the model for individuals with Serious Mental Illness (SMI), Children's Rehabilitative Services (CRS) and Dual-eligible members

PERFORMANCE MEASURE 1.1.1

Percent of individuals with SMI aligned and integrated into the same plan for behavioral health and acute care services

PERFORMANCE MEASURE 1.1.2

Percent of CRS members aligned and integrated into the same plan for CRS conditions and acute care services

PERFORMANCE MEASURE 1.1.3

Percent of dual-eligible members aligned and integrated into the same plan for Medicare and Medicaid services

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
When cost-effective, pursue non-State funding sources

PERFORMANCE MEASURE 1.3.1
Percentage change in total supplemental payments (i.e , GME/IME, DSH and Safety Net Care Pool - SNCP) funded by non-State funding sources

STRATEGY 1.4
Maintain and update annual [Program Integrity Plan](#) that improves Third Party Liability (TPL), Coordination of Benefits (COB), and Fraud and Abuse programs

PERFORMANCE MEASURE 1.4.1
Percent of Program Integrity goals met

STRATEGY 1.5
Maintain AHCCCS administrative costs at or below 1% (excludes DES)

PERFORMANCE MEASURE 1.5.1
Percent of AHCCCS Administrative costs

STRATEGY 1.6
Develop new Payment Reform opportunities between health plans and providers

PERFORMANCE MEASURE 1.6.1
Dollar value of Payment Demonstrations

STRATEGY 1.7
Pursue Care Coordination opportunities in System

PERFORMANCE MEASURE 1.7.1
Percentage of Exchange and Medicaid plans exchanging Care Coordination data post a January 1, 2014, implementation

PERFORMANCE MEASURE 1.7.2
Percentage of acute and RBHA encounters shared in the system on January 1, 2014

PERFORMANCE MEASURE 1.7.3
Implementation of new RBHA Care Coordination Requirements

GOAL 2.
AHCCCS must pursue continuous quality improvement

STRATEGY 2.1
Continue to improve quality in Acute and Long Term programs through accountability and promotion of standard measures

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 Medicaid population performance measures 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

Provide oversight to the Medicaid EHR incentive program and pursue health information exchange strategies for providers, health plans and the agency that support care improvement and cost reduction outcomes.

PERFORMANCE MEASURE 2.2.1

Governance and financial support of the Health Information Network of AZ with approved Medicaid allocable distributions

PERFORMANCE MEASURE 2.2.2

Implementation of HINAZ tools among selected populations

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

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, leverage and further develop the healthcare service delivery model that emphasizes competition and market forces

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 gaps in ALTCS EPD Attendant Care Services

PERFORMANCE MEASURE 3.3.2

Number of providers leaving the AHCCCS MCO/PIHP networks due to rate-related issues

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

Overall system profitability

PERFORMANCE MEASURE 3.3.3

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

PERFORMANCE MEASURE 3.3.4

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

STRATEGY 3.4

Obtain authority through the Waiver process to implement SNCP and IHS and 638 facility exemptions

PERFORMANCE MEASURE 3.4.1

Granted authority

STRATEGY 3.5

Work towards development of appropriate eligibility infrastructure for October 1, 2013, implementation.

PERFORMANCE MEASURE 3.5.1

Federal certification of State infrastructure.

STRATEGY 3.6

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 visits per month to the AHCCCS website

STRATEGY 4.3

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

PERFORMANCE MEASURE 4 3 1
Percent of State Plan Amendments approved

PERFORMANCE MEASURE 4 3 2
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 3.3
Percent of MCO/PIHP contracts approved by CMS prior to beginning of contract year

PERFORMANCE MEASURE 4.3.4
Maintenance of contract agreement with Hawaii Medicaid

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

Continued development of Agency succession plan and knowledge retention and transfer process

PERFORMANCE MEASURE 4 4.3

Percent of vacant positions filled with internal (existing) staff

PERFORMANCE MEASURE 4.4.4

Percent of ART goals achieved

PERFORMANCE MEASURE 4 4.5

Percent of employees participating in a flexible work environment

PERFORMANCE MEASURE 4 4.6

Number of learning and development opportunities offered to employees

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 all information/data

PERFORMANCE MEASURE 4.5 1

Documentation of annual privacy and security assessments and remediation activities

STRATEGY 4.6

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

PERFORMANCE MEASURE 4 6 1

Network system availability

PERFORMANCE MEASURE 4 6.2

Compliance with 5010 standards by mandated date

PERFORMANCE MEASURE 4 6.3

Compliance with ICD-10 requirements by mandated date

STRATEGY 4.7

Utilize funding opportunities to re-engineer the AHCCCS Customer Eligibility (ACE) system to capitalize on the advantages of a web based system

PERFORMANCE MEASURE 4 7 1

Approval of Planning-Advanced Planning Document (PAPD) to begin planning for ACE improvements

RESOURCE ASSUMPTIONS

Total FY2012 - FY2013	FY2012 Approp/Exp Plan	FY2013 Exec. Rec.
Full Time Equivalent (FTE)	2,969.9	2,998.9
General Fund	1,363,735,000	1,396,325,700
Other Appropriated Fund	114,467,000	193,952,500
Non-Appropriated Fund	1,345,452,600	1,430,014,200
Federal Funds	5,637,176,800	5,998,678,500
TOTAL FUNDS	8,460,831,400	9,018,970,900

Note: Due to the significant uncertainty related to the Federal Medicaid reform, no estimates past FY13 are provided.

Sources:

1) FY 2012 Appropriation/Expenditure Plan from AHCCCS FY 2013 Budget Submittal Includes all appropriated funding from JLBC FY 2012 Appropriations Report as well as non-appropriated funding based on AHCCCS estimates Does not include any potential supplemental appropriations.

2) FY 2013 Executive Recommendation from the Agency Detail Section of the FY 2013 and FY 2014 Executive Budget Book