AHCCCS Update

Waiver Update

- American Indian Medical Home
  - No longer waiver – State Plan Amendment
  - Wanting to use similar structure that recognizes AIMH +
  - Using 1932 Authority
- Traditional Healing
  - After obtaining additional information CMS has concluded State Plan is not an option and must be a waiver
  - Will need to wait for new Administration and complete AIMH
- DSRIP – Targeted Investment
  - Adult Integration
  - Children Integration
  - Justice

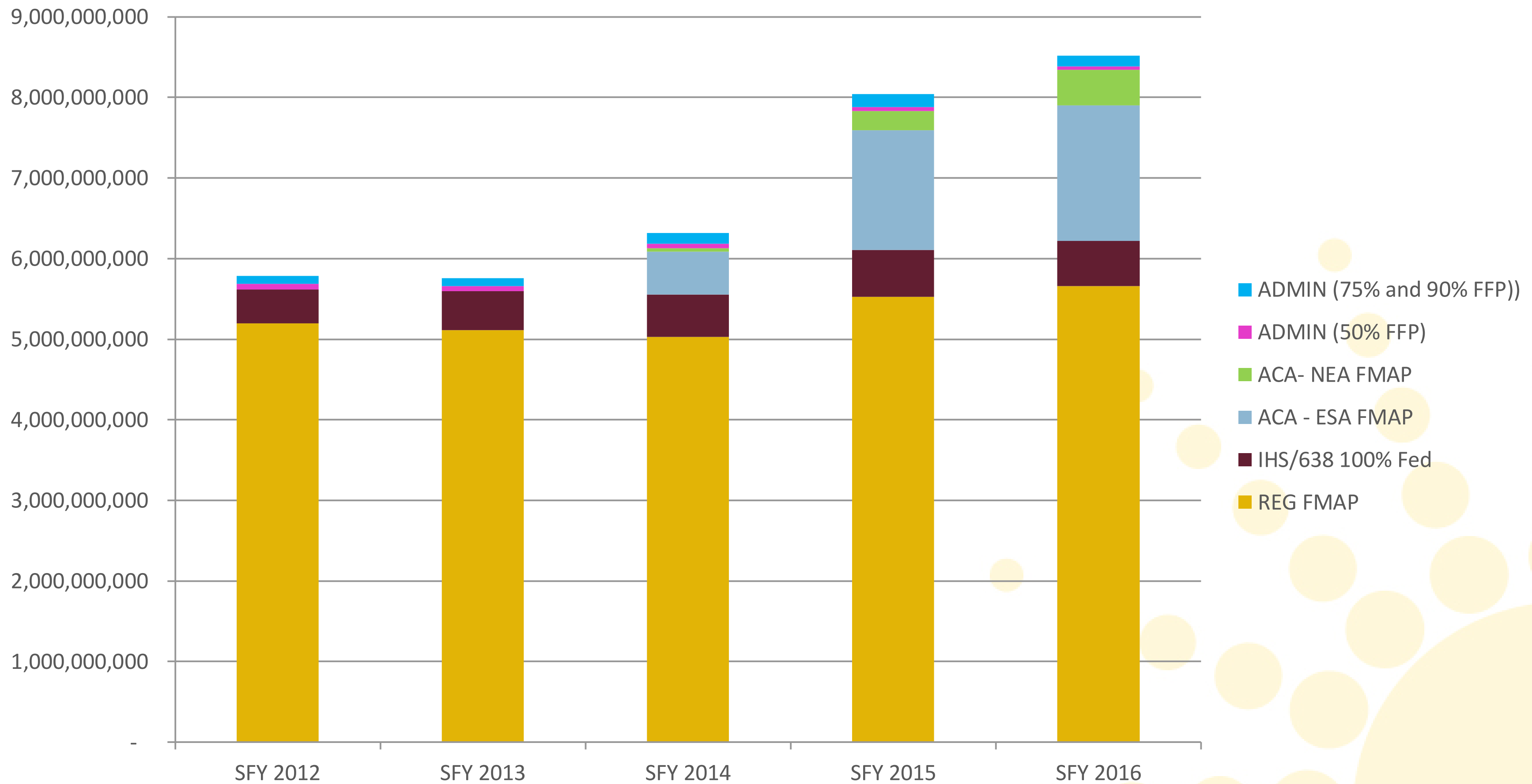
Potential Impact ACA Changes

	GF Costs	Total $ Removed from Economy	Members Losing Coverage
1. Eliminate non-categorical adults 0-138%	$328 Million	$3.2 Billion	(425,338)
2. Waiver at regular FMAP 0-100%, Eliminate 100-138%	$1 Billion	$599 Million	(115,823)
3. Waiver at regular FMAP 0-100%, Freeze enroll. 100-138%	$1 Billion	$175 Million	-

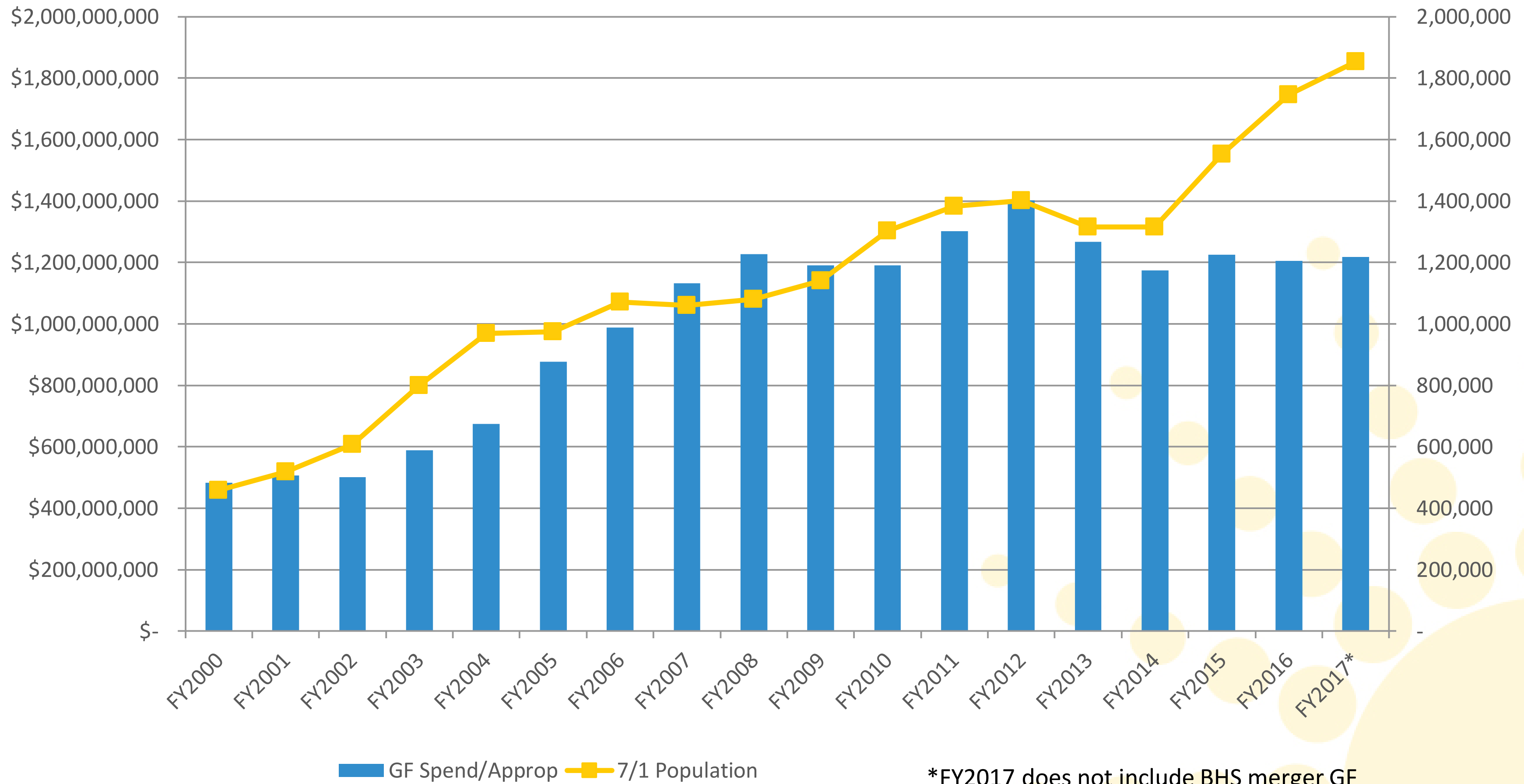
Funding Sources impacting GF

1. Hospital Assessment tied to provisions of ACA with automatic repeal
2. Prescription drug rebate for MCO pharmacy spend
3. Enhanced CHIP match for children's expansion
4. Lost premium tax

Title XIX Federal Funding History



Historical GF Spend vs Population



*FY2017 does not include BHS merger GF

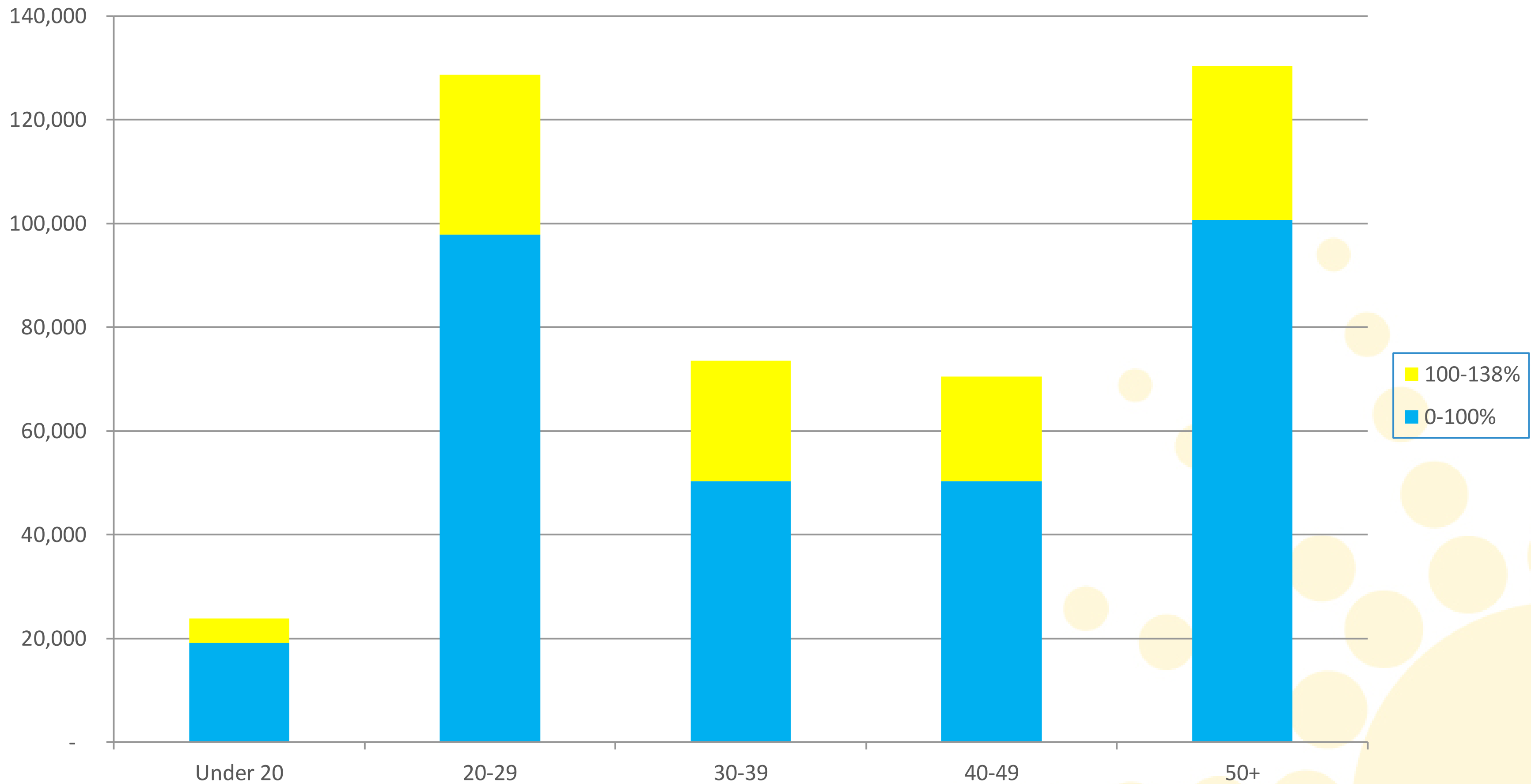
AHCCCS
Arizona Health Care Cost Containment System

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

AHCCCS AI Enrollment

	AIHP	MCO	Total
0-100%	3,611	1,922	5,533
100-138%	28,289	9,049	37,338
Subtotal – Restoration + Expansion	*31,900*	*10,971*	*42,871*
Other AHCCCS	86,975	48,100	135,075
Total	**118,875**	**59,071**	**177,946**

Age Distribution of ACA members



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 continued

- Most reported Medicaid made it easier to work or seek work – 58.6 easier to buy food – 48% easier to pay rent
- ED use decreased
- Patients with high risk blood pressure decreased from 33.8% to 21.9% - high risk cholesterol decreased 10.3% to 3.3%
- Those with Mental illness – 44% easier access – 5% harder access – 43% same
- 47.7% reported improved health status – 3.5% worse – 48.8 same

Ohio Summary

- Reduced uninsured rate to lowest ever – 89% had no coverage
- Improved access to care - inappropriate 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

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 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

States Need Flexibility

- Need a complete re-write of Federal Medicaid statutes and new regulatory structure
- Would replace 50 years of statutory and regulatory framework
- Will be big challenge for feds to agree to needed flexibility and still provide same $
    - Assumption of risk too great in absence of flexibility

Block Grant/PMPM policy questions

- What is in the base for federal grant? (e.g., A Better Way builds off 2016 and phases down enhanced ACA FMAP to regular FMAP.)
    - Note less efficient states may have room to make program changes to save funding and avoid cutting populations; Arizona has little room on benefits or provider rates or utilization rates (things like leveraging home and community services)
- What is the state match or maintenance of effort requirement?
- How is the expansion incorporated?

AHCCCS
Arizona Health Care Cost Containment System

Block Grant/PMPM policy questions

- What is in funding formula for growth and how is that calculated? What inflation factors are used?
- How is population growth accounted for? Is the formula a per member?
- What is the funding formula for recessions?
- What is in statutory framework for requirements?
  - Populations covered – how are AI members treated?
  - Services covered? (mandatory vs optional?)
  - Payment levels? Access to care & network?
- What happens with existing regulatory structure including but not limited to State plans and 1115 waivers?

Block Grant/PMPM policy questions for AI population

- How is the 100% federal funding for I.H.S./638 services treated?
- Implications of states making coverage level changes
- What are the implications for the non-I.H.S./638 services that AI members receive?
  - Currently, AI members receive same benefits that apply to AHCCCS members
  - If financing for Medicaid changes, how is AI population funded?
  - If states make program changes (e.g., benefits), how do those apply to AI members?
    - Currently no differentiation; will depend on financing

FY 2018 Budget

- Executive funds caseloads and some limited inflation
- Includes funding to restore emergency dental with $1,000 member cap per year
- Includes resources to pursue opioid epidemic strategies
- Includes recommendation expansion of newborn screening to include Severe Combined Immunodeficiency (SCID) – rare genetic disorder that if not detected and treated early can be deadly