

July 26, 2024

Re: AHCCCS Federal Policy Updates

Dear Tribal Leader and Urban Indian Health Organization Leader:

The Arizona Health Care Cost Containment System (AHCCCS), Arizona's State Medicaid Agency, has prepared this letter to share updates on AHCCCS' recent federal policy activity. There will be an opportunity to discuss these updates at the upcoming AHCCCS Quarterly Tribal Consultation Meeting which is scheduled to occur on Monday, August 5, 2024. We invite Tribal Leaders and UIO Leaders to notify AHCCCS of any specific federal policies mentioned in this letter, which Tribal Leaders and UIO Leaders would like to discuss in greater depth at the upcoming Tribal Consultation. To do so, please email the AHCCCS Tribal Relations Team at tribalrelations@azahcccs.gov. We additionally invite Tribal Leaders to share these updates, and the invitation to attend Tribal Consultation, with others in their community.

Background

Arizona's Medicaid and CHIP programs operate under the federal authorities of a State Plan and an 1115 Research and Demonstration Waiver. The Medicaid and CHIP (KIDSCARE) State Plans are federally mandated contracts between the State and the federal government, describing how Arizona's Medicaid and CHIP (KIDSCARE) programs are administered, and serving as the basis for Federal Financial Participation (FFP). In alignment with established federal regulations, the State Plan covers topics such as eligibility standards, provider requirements, payment methods, health benefit packages, and other topics. Changes to the State Plan regularly occur through State Plan Amendments (SPAs), which undergo rigorous negotiations with the Centers for Medicare and Medicaid Services (CMS). Once a SPA is approved, it becomes a permanent part of Arizona's Medicaid program and is filed in the State Plan. AHCCCS also operates Medicaid and CHIP under the authority of an 1115 Research and Demonstration Waiver and has done so since Arizona began providing Medicaid on October 1, 1982. The 1115 Waiver grants AHCCCS the ability to implement initiatives - such as managed care, health related social needs (HRSN) interventions, and home and community based services (HCBS) - with greater flexibility than federal regulations would otherwise permit. State Plan and 1115 Waiver updates are provided below.

State Plan Updates

Upcoming State Plan Amendments (SPAs)

AHCCCS plans to submit the following SPAs in the upcoming months:

- Prescribed Drug Shortage: This SPA authorizes coverage of certain drugs when the FDA allows temporary importation of non-FDA-approved drugs to mitigate the effects of a drug shortage, effective July 1, 2024.

Recently Approved SPAs

The following SPAs have been recently approved by CMS:

- [Medicaid Children's Continuous Eligibility](#): Attests to the State's compliance with requirements of the CAA 2023 to provide 12 months of continuous eligibility for children in Medicaid and the Children's Health Insurance Program (CHIP) on or before January 1, 2024.
- [CHIP Vaccine Coverage](#): Attests to the State's coverage of age-appropriate vaccines and their administration without cost sharing, effective January 1, 2024.

Additional State Plan Updates

- The Doula Services SPA was [submitted to CMS](#) on July 11, 2024. AHCCCS has since created a [Doula Services webpage](#) which includes a Frequently Asked Questions document.

1115 Waiver Updates

Upcoming 1115 Waiver Amendment Requests

AHCCCS is preparing to submit the following 1115 Waiver Amendment Requests:

- [Former Foster Youth \(FFY\) Coverage](#)
 - This request is currently being prepared and AHCCCS anticipates posting it for public notice in August 2024. The request is to extend eligibility for full Medicaid state plan benefits to FFY who are under age 26, who turned 18 on or before December 31, 2022, who were in foster care under the responsibility of another state or tribe on the date of attaining 18 years of age, were enrolled in Medicaid on the date of aging out of foster care, and are now applying for Medicaid in Arizona.
- Reentry Services
 - AHCCCS is continuing to develop a concept paper describing this request. The request is to offer a limited set of pre-release and re-entry services to AHCCCS-eligible members with complex medical and behavioral health conditions who are incarcerated in state prisons, county jails, city jails, youth correctional facilities, tribal facilities.

Additional 1115 Waiver Updates

- **Traditional Healing (TH) Request**
 - CMS has indicated that Arizona's waiver request is likely to be approved in the next 2-3 months. With tremendous help and contribution by the TH workgroup, AHCCCS submitted a revised fiscal estimate of TH services, which is under review by CMS.
 - CMS and AHCCCS are in active negotiations around CMS' proposed [traditional healing framework](#).
- [Housing and Health Opportunities \(H2O\) Demonstration](#)
 - On-track for an implementation date of 10/1/24 for the H2O program. On June 28, 2024, Solari Crisis and Human Services was awarded the contract as H2O's Program Administrator.
- [Parents as Paid Caregivers \(PPCG\)](#)
 - AHCCCS received approval from CMS on the PPCG demonstration on February 16, 2024. Approval of the PPCG program will allow AHCCCS to continue to reimburse legally responsible parents of minor children for providing direct care to their minor children.

- AHCCCS has begun preliminary planning including the development of a draft project plan and a workgroup to support implementation and operationalization of the Waiver requirements.
- **KidsCare Expansion**
 - On February 16, 2024, AHCCCS received approval from CMS to raise KidsCare eligibility thresholds from 200% of the FPL to 225% FPL.
 - The expanded income limit was implemented effective 3/1/2024. The number of kids eligible under the expanded income limit is reported monthly in the AHCCCS Population Highlights report found on the [population reports page](#).

AHCCCS invites Tribal Leaders to notify AHCCCS of any particular federal policies mentioned in this letter, which Tribal Leaders would like to discuss in greater depth at the upcoming Tribal Consultation. To do so, please email the AHCCCS Tribal Relations Team at tribalrelations@azahcccs.gov.

Tribal Leaders are also invited to submit written comments on any of the federal policies mentioned in this letter which are posted at the following locations:

- State Plan Amendments: <https://www.azahcccs.gov/AHCCCS/PublicNotices/#SPAs>
- Pending 1115 Demonstration Waivers: <https://www.azahcccs.gov/Resources/Federal/PendingWaivers/>
- Payment Rates and Supplemental Payments: <https://www.azahcccs.gov/AHCCCS/PublicNotices/>

AHCCCS welcomes any feedback that Tribal leaders may have on these policies. Key questions which may be helpful in organizing feedback include:

- What questions do you have about the federal policies?
- What impact will the policies have on AHCCCS members in your community?
- What impact will the policies have on AHCCCS-enrolled providers in your community?
- What concerns or suggestions should AHCCCS consider in implementing these federal policies?

We look forward to seeing you at the upcoming Tribal Consultation, scheduled for August 5th, 2024.

Thank You,

Christine Holden
AHCCCS Tribal Liaison

Ruben Soliz
AHCCCS Federal Relations Section Lead