

*Sent electronically*  
January 8, 2016

Dr. Laura Love  
Assistant Director/Chief Executive Officer  
Department of Economic Security/Division of Developmental Disabilities (DES/DDD)  
1789 W. Jefferson, 4<sup>th</sup> floor  
Phoenix, AZ 85007

**Subject: Release From DES/DDD's Net Cost of Institutional Care Corrective Action Plan**

Dear Dr. Love:

The Arizona Health Care Cost Containment System (AHCCCS) is releasing the Department of Economic Security/Division of Developmental Disabilities (DES/DDD) from the March 5, 2015 Corrective Action Plan (CAP) regarding DES/DDD's determination of the net institutional cost portion of the Cost Effectiveness Study (CES) for AHCCCS members enrolled with DES/DDD. DES/DDD has fulfilled the CAP requirements for this action.

Specifically, on March 5, 2015 AHCCCS required DES/DDD to submit a CAP to develop a process for evaluating the net cost of institutional care that meets the requirements of the AHCCCS Medical Policy Manual (AMPM) Section 1620, including stratifying its institutional costs for levels of care and specialized needs, annually re-assessing and adjusting the costs, implementing a process that uses these costs to evaluate the CES for its members, and assessing the impact of these changes on its operations and members. In responding to this corrective action, DES/DDD:

- Developed, submitted and provided updates on the required CAP
- Met with AHCCCS to discuss a process for annually developing and revising its net institutional cost to meet the requirements of the AMPM
- Estimated the financial impact of these changes, and evaluated the number of members impacted
- Revised its process for developing and evaluating its institutional rates and applying them to member CES rates

On August 15, 2015 DES/DDD submitted its annual Case Management Plan that summarized DES/DDD's process for implementing these changes. On January 6, 2016 AHCCCS approved the Plan. As a result, AHCCCS is releasing DES/DDD from this CAP.

If you have any questions, please feel free to contact me at (602) 417-4249.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Dunkleberger". The signature is fluid and cursive, starting with a large loop and ending with a long, sweeping tail.

Jay Dunkleberger  
Operations and Compliance Officer  
Division of Health Care Management

C: Sherri Wince  
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