May 31st, 2016

Eliot Fishman, Director
State Demonstrations Group (SDG)
Centers for Medicaid and CHIP Services (CMCS)
Centers for Medicare & Medicaid Services (CMS)
7500 Security Blvd.
Baltimore, Maryland 21244-1850

Dear Director Eliot Fishman,

As chairperson of the Arizona Health Care Cost Containment System (AHCCCS) Tribal Uncompensated Care and Traditional Healing Workgroups I submit to you a summary of the workgroup consultation, progress, and my support for and recommendation on the Arizona 1115 Demonstration Waiver sections for Uncompensated Care and Traditional Healing.

On August 21, 2015 AHCCCS held Tribal Consultation and a community forum regarding the AZ 1115 Waiver in Flagstaff. There it was announced that 3 tribal workgroups would be formed whose responsibility would be to provide tribal input into the 1115 waiver process. The waiver proposal was submitted to the Centers for Medicare and Medicaid (CMS) on October 1, 2015. AHCCCS sent a letter to tribal leaders on October 7, 2015 notifying of the formation of the workgroups and to solicit tribal representation to serve and lead the workgroups. At the October 22, 2015 AHCCCS Tribal Consultation in Sacaton, AZ participants were given the opportunity to select workgroups to serve on. On December 10, 2015 the initial workgroup organizational meetings occurred. The participants reviewed the workgroup purpose, elected a chairperson and co-chair, and established a meeting schedule. There the workgroup participants were provided a timeline for completion and presentation by the April 2016 AHCCCS Tribal Consultation.

As chair I organized and facilitated monthly meetings and provided status updates biweekly to the workgroups. AHCCCS representatives were assigned as participants of each workgroup and provided advisement on the waiver drafting and AHCCCS information. All workgroup participants engaged in workgroup assignments.

Uncompensated Care

Uncompensated Care Workgroup Purpose

The State is authorized through September 30, 2016 under the expenditure authorities of the 1115 Waiver to make supplemental payments to IHS and tribal 638 health facilities that take into account their uncompensated costs in furnishing specified types of care to Medicaid-eligible individuals. The supplemental payments are for benefits that were reduced.
The purpose of the workgroup is to:

1) Review the methodology and data used to create the existing PMPM
2) Evaluate requests to modify the methodology to reflect current costs, utilization and service delivery.

Workgroup

Violet Skinner, Chair
Alida Montiel, Co-Chair
Participants included representatives from; various IHS and Tribal 638 healthcare facilities, the Advisory Council on Indian Health Care, the Inter-Tribal Council of Arizona, and AHCCCS.

Work & Progress

The Tribal Workgroup identified the following:

- IHS/638 tribal facilities had no way to evaluate their PMPM uncompensated care payments as the data needed was not available. AHCCCS provided the Tribal Workgroup the data and formula used to review the PMPM methodology.
- Error in current waiver payment calculation example. The payment calculation in the current waiver does not apply to the payment methodology of the current waiver, which is misleading. This has been replaced with a correct payment calculation in the submitted pending waiver.
- Underpayments in 2014 and 2015 identified. The annual IHS/638 A.I.R. Adjustment rate increase of $618,331 was not applied to the Supplemental Uncompensated Care Option 2 payments in accordance with the 1115 Waiver for calendar years 2014 and 2015. AHCCCS has since held a Special Tribal Consultation on 2/24/16 to announce the finding and make payments to IHS/638 tribal facilities to correct the underpayments.
- The PMPM payment methodology significantly underpays the majority IHS/638 tribal facilities in comparison to the A.I.R. per encounter payment methodology. In an example the CY 2014 annual PMPM payment to a facility was $498,847 whereas the calculated A.I.R. per encounter annual payment amount would have been $3,440,862, that's a $2,941,839 difference in the payment for services provided. See appendix A of the uncompensated care waiver section for this and other facility examples.

Recommendation

I recommend the Uncompensated Care section of the 1115 Waiver be approved. This would support the appropriate reimbursement of IHS/638 tribal facilities for the uncompensated services provided.

The submitted waiver includes both reimbursement methodologies; option 1-per encounter based all-inclusive rate and option 2.-Historical data per individual per month. Both options were included in the original waiver approved in 2011, but option 1 was removed beginning in 2014 by the State due to its "administrative burden". This has

resulted in millions of dollars of underpayment to IHS/638 tribal facilities in 2014 and 2015. The specifics of the administrative burden were not disclosed in detail with the workgroup. To reduce any administrative burden on the State, the proposed waiver includes both paper submission and election submission alternatives for option 1. The paper submission process has been used prior to 2014 and is simplified compared to prior years due to restoration of several benefits and Medicaid eligibility restoration and expansion of 2014. The electronic submission would use a coded identifier agreed upon by AHCCCS for claims submission to identify uncompensated care for reimbursement. Electronic submission would support efficiency in claims submission and payment to reduce any administrative burden.

Traditional Healing Services

Traditional Healing Workgroup Purpose

Currently AHCCCS does not reimburse for Traditional Healing services and will need to obtain federal authorization to do so. A request to reimburse for these services has been added to the 1115 Waiver. AHCCCS will develop the service parameters in partnership through the tribal consultation process. The parameters will need to be provided to CMS as part of the final language in the 1115 Waiver.
The purpose of the workgroup is to:
1) develop service parameters to include the following:
a. what services will be included
b. what services will be covered and not covered
c. what kind of qualified providers will provide the services

Workgroup

Violet Skinner, Chair
Terrilynn Nez Chee, Co-Chair
Participants included representatives from; various IHS and Tribal 638 healthcare facilities, the Advisory Council on Indian Health Care, the Inter-Tribal Council of Arizona, and AHCCCS.

Work & Progress

- An extensive review and research of traditional healing in Arizona and nationwide was conducted. This included the review of Arizona and New Mexico I/T/U facilities' services and programs, demonstration projects, Tribal and state insurance payer policies, a state behavioral health pilot program, various state behavioral health and Medicaid programs, and the U.S. department of Veterans Affairs.
- Review of Federal law as it pertains to traditional healing.
- Information regarding an AHCCCS reimbursable traditional healing pilot program provided by AHCCCS was determined by the workgroup to not actually be reimbursed by AHCCCS.

- An insurance payer increased their existing traditional healing benefit payment amount as a result of consultation with the traditional healing workgroup.
- Traditional healing practices vary by tribe as do traditional healers and organizations. The waiver is written to accommodate these variations in the service parameters and definition of a qualifying entity.
- The majority of IHS/638 healthcare facilities in Arizona provide traditional healing services and have programs and/or policies for providing such services.
- The majority of IHS/638 healthcare facilities in Arizona will meet the waiver service parameters for traditional healing as they already have traditional healing programs that can serve as facility qualifying entities.

Recommendation

I recommend the traditional healing portion of the 1115 wavier be approved. This would allow AHCCCS to reimburse I/T/U facilities for the traditional healing services provided.

The submitted waiver includes 3 reimbursement options as multiple reimbursement options were recommended by CMS. The preferred reimbursement is Option A. Per Encounter Payments as this methodology is currently established for covered services at IHS/638 tribal facilities. Federal authorization to make traditional healing services a covered reimbursable AHCCCS benefit would allow facilities to bill for a service currently provided and promoted.

Conclusion

I am pleased that AHCCCS engaged tribal consultation and representation in the waiver process. Further AHCCCS participated in each workgroup. This demonstrates the collaborative effort of both tribes and the state in working towards improving the quality of healthcare for American Indians/Alaskan Natives (AI/AN). Workgroups can be instrumental in overcoming challenges and I hope to see continued utilization of such in the future. It provided an opportunity to work face to face with the State, tribal and healthcare representatives in which we learned from each other and worked together on a focused goal.

The waiver sections submitted, traditional healing services and uncompensated care reimbursement, are the result of that collaboration and I request your approval of these sections. Doing so will provide the appropriate reimbursements to I/T/U facilities for the quality services provided to AI/ANs and support the continuation of such services.

Respectfully,

Violet Skinner, RN
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AHCCCS Tribal Workgroups
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