

December 24, 2019

The Honorable Karen Fann, President  
Arizona State Senate  
1700 W. Washington  
Phoenix, AZ 85007

The Honorable Russell Bowers, Speaker of the House  
Arizona House of Representatives  
1700 W. Washington  
Phoenix, AZ 85007

The Honorable David Gowan  
Chairman of the Senate Appropriations Committee  
Arizona State Senate  
1700 W. Washington  
Phoenix, AZ 85007

The Honorable Regina Cobb  
Chairman of the House Appropriations Committee  
Arizona House of Representatives  
1700 W. Washington  
Phoenix, AZ 85007

Dear President Fann, Speaker Bowers, and Chairmen Gowan and Cobb:

Pursuant to A.R.S. § 36-2925, subsection H, AHCCCS is submitting this status report on the agreement between AHCCCS and the State of Hawaii for data processing activities using the AHCCCS Prepaid Medicaid Management System (PMMIS).

This report summarizes the financial and operational activities for the Interstate Agreement between AHCCCS and the Med-QUEST Division/Department of Human Services for Hawaii. In accordance with A.R.S. § 36-2927, Intergovernmental Services Funds have been set up to deposit the monies received from Hawaii and to account for the expenditures that are incurred on its behalf. Chart 1 (attached) summarizes the revenues and expenditures of monies from these funds for State Fiscal Year (SFY) 2019.

We currently work with Hawaii on the following:

1. On-going Hawaii Operations and Maintenance Support. Arizona continues to provide support for ongoing operations and maintenance for the HPMMIS system. Hawaii is charged for work done by the AHCCCS Information Technology (IT) staff and independent contractors, a designated percentage of other specified AHCCCS personnel in IT, direct Hawaii costs, and a portion of AHCCCS indirect operating costs which benefit the project.

2. Medicaid and Children's Health Insurance Program Business Information Solutions (MACBIS). This project better enables the States to collect data in a more timely and synchronized manner to create an integrated view of the programs for better decision making. This project has been implemented for both States. There are ongoing data needs and data improvements as requested by CMS that are currently in process.

3. Electronic Validation and Verification. The EVV project is a CMS mandated project to help eliminate fraud and abuse of services rendered at a home setting. Section 12006(a) of the 21st Century Cures Act mandates that states implement EVV for all Medicaid personal care services (PCS) and home health services (HHCS) that require an in-home visit by a provider.

4. On-going Hawaii Operations and Maintenance Support for the Data Warehouse Systems. Arizona continues to provide support for the Hawaii Decision Support System.

5. The 1095-B process for reporting insurance coverage to the IRS. This is a federal mandate that requires annual changes. The current tax year is in development for Arizona and Hawaii.

6. Provider Registration Module Replacement. This project will modernize the system and process AHCCCS and Hawaii use to register providers. The goal of this project is to transform the process from a paper based process to a self-service electronic process. The aim is to decrease the work load on both the provider community and the States, while decreasing the registration time. Testing of the vendor provided solution is in progress. Internal use of the system is scheduled for March 2020. Roll out to the provider community is scheduled for June 2020.

### **HAPA Savings**

Financial activities for the HAPA Savings fund, which was established to track the dollars related to the savings achieved due to the HAPA Project, are illustrated in Chart 1A. Chart 1A is attached. For Fiscal Year 2018, AHCCCS was able to add over \$1,032,254.00 to the fund as a result of shared costs and work performed for Hawaii.

### **Project Summary**

As a result of this joint venture, both states have been able to share costs, knowledge and strategies for more efficient day to day operations as well as for special projects. AHCCCS and Med-QUEST continue to serve as a model for other state joint ventures and look forward to many more years working together with continued successes.

A.R.S. § 36-2925(H) Report

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If you have any questions regarding this report or the project itself, please feel free to contact me at (602) 417-4277.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Lippert', written over a horizontal line.

Dan Lippert

AHCCCS, Assistant Director/Chief Information Officer

Enclosure

Cc: Matt Gress, Director, Governor's Office of Strategic Planning and Budgeting  
Brittany Dettler, Budget Analyst, Governor's Office of Strategic Planning and Budgeting  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Christina Corieri, Senior Policy Advisor, Office of the Governor

**AHCCCS Hawaii Intergovernmental Service Funds  
Revenues/Expenditures and Fund Balance  
State Fiscal Year 2019**

**Chart 1**

**Chart 1A**

<b>Fund 2439-HAPA Savings</b>			
<b>Revenues/Expenditures</b>		<b>Fund Balance</b>	
<b>Revenues</b>			
Indirect Transfers In*	\$ 294,500	Beginning Fund Balance FY 2019	\$ 2,665,285
Personal Services & ERE**	737,754		
	<u>1,032,254</u>	Expenditures in Excess of Revenues	<u>273,801</u>
<b>Expenditures</b>			
Salary & ERE	733,453	Ending Fund Balance FY 2019	\$ <u>2,939,086</u>
Other Professional & Outside Services	-		
Travel - In-State	-		
External Programming - Mainframe	-		
Repair & Maintenance	-		
Software Support & Maintenance	25,000		
Capital Equipment	-		
Non Capital Equipment	-		
Other	-		
Operating Transfers	-		
	<u>758,453</u>		
<b>Revenues in Excess of Expenditures</b>	<b>\$ <u>273,801</u></b>		

\* State Match portion of designated AHCCCS Operating Costs which are allocated and charged to Hawaii

\*\* State Match portion of employees' salaries representing work done on the HAPA project charged back to Hawaii

**Chart 1B**

<b>Fund 2442-ISA #3 ( Ongoing, Data Warehouse/Decision Support System, Electronic Visit Verification, MMIS Provider Management, MMIS Replacement, Program Integrity, Security Implementation )</b>			
<b>Revenues/Expenditures</b>		<b>Fund Balance</b>	
<b>Revenues</b>			
Advanced from HI for expenditures	\$ 10,504,519	Beginning Fund Balance FY 2019	\$ 1,084,160
Interest earned on HI fund balance	38,919		
	<u>10,543,438</u>	Expenditures in Excess of Revenues	<u>1,235,745</u>
<b>Expenditures</b>			
Personal Services & ERE	3,126,782	Ending Fund Balance FY 2019	\$ <u>2,319,906</u>
Professional & Outside Services	85,138		
External Programming-Mainframe	717,595		
Travel	6,101		
Internal Service-Data Processing	1,475,274		
Software Support & Maintenance	2,932,790		
Capital & Non Capital Equipment	7,394		
Indirect Cost Transfers Out	956,620		
Other	-		
	<u>9,307,693</u>		
<b>Revenues in Excess of Expenditures</b>	<b>\$ <u>1,235,745</u></b>		

Note: This fund is comprised of deposits from Hawaii that are contractually restricted for Hawaii's use to pay its share of PMMIS and other expenditures.