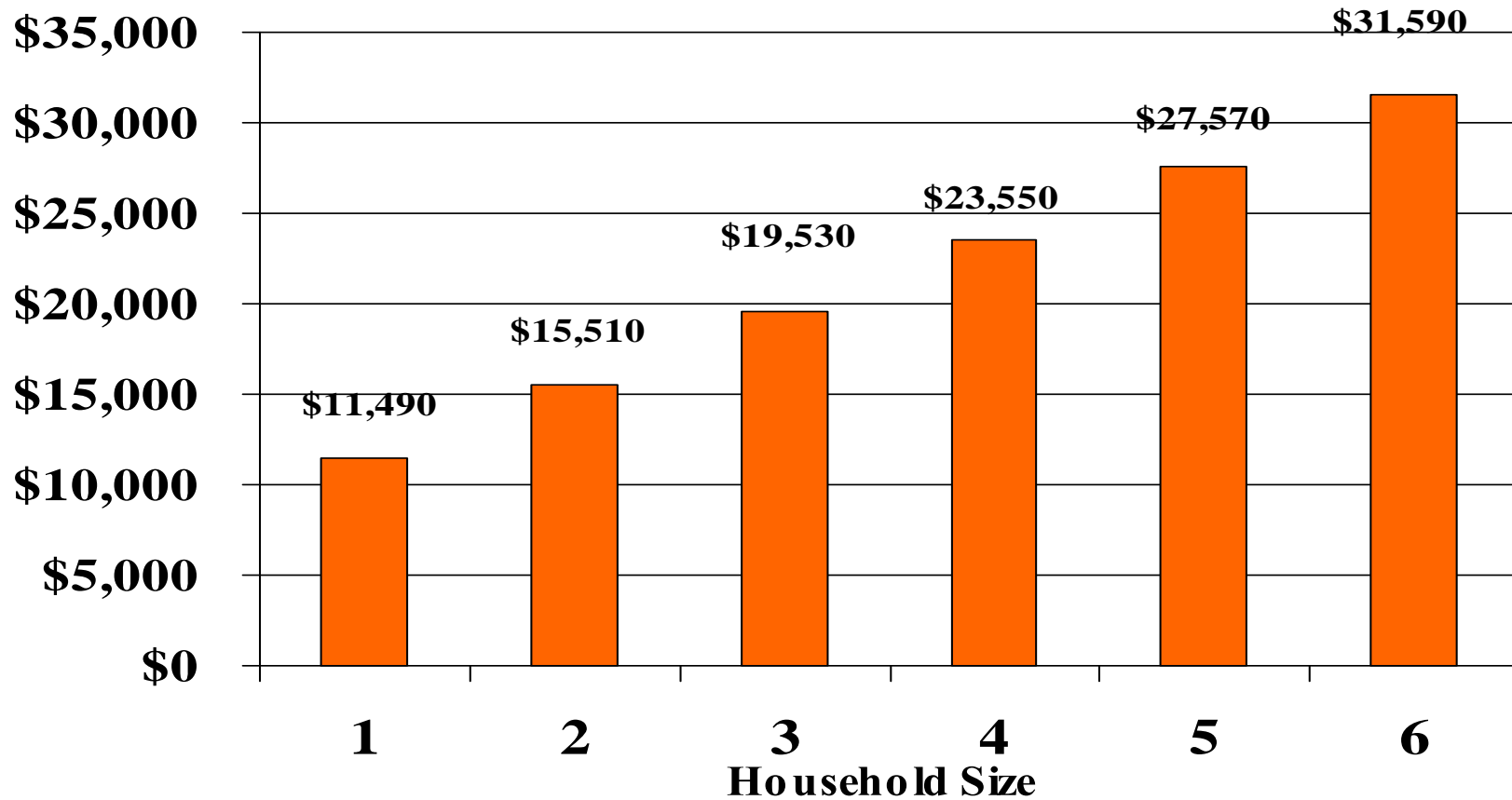

Community Forums: Understanding Governor Brewer's Medicaid Plan



30 Years of Medicaid Innovation
Our first care is your health care
Arizona Health Care Cost Containment System

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

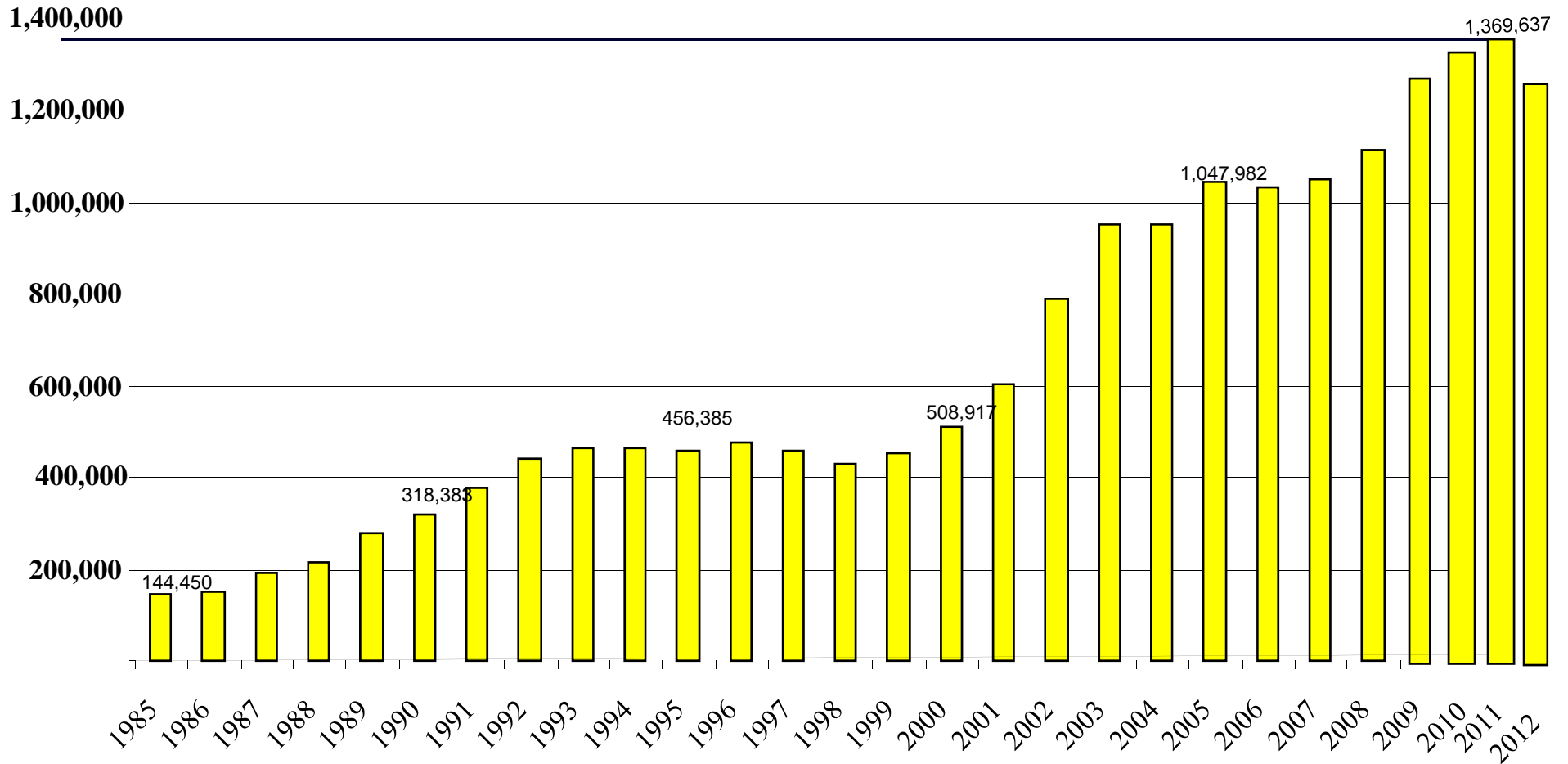
100% Federal Poverty Level (2013)



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AHCCCS Population as of July 1, 2012

1985 – 2012



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AHCCCS Coverage History

- Mid 1990s – Governor Symington proposed eligibility increase to 100% FPL to leverage state only spending
- 1996 Initiative approved by voters after lack of support by legislature
- 2000 Initiative passed by voters after State unable to implement 1996 initiative
- 2001 – coverage up to 100% FPL implemented
- 2010 – ACA passes; Medicaid coverage up to 133% FPL
- 2011 – State imposes freeze – insufficient resources
- 2012 – US Supreme Court ruling on ACA

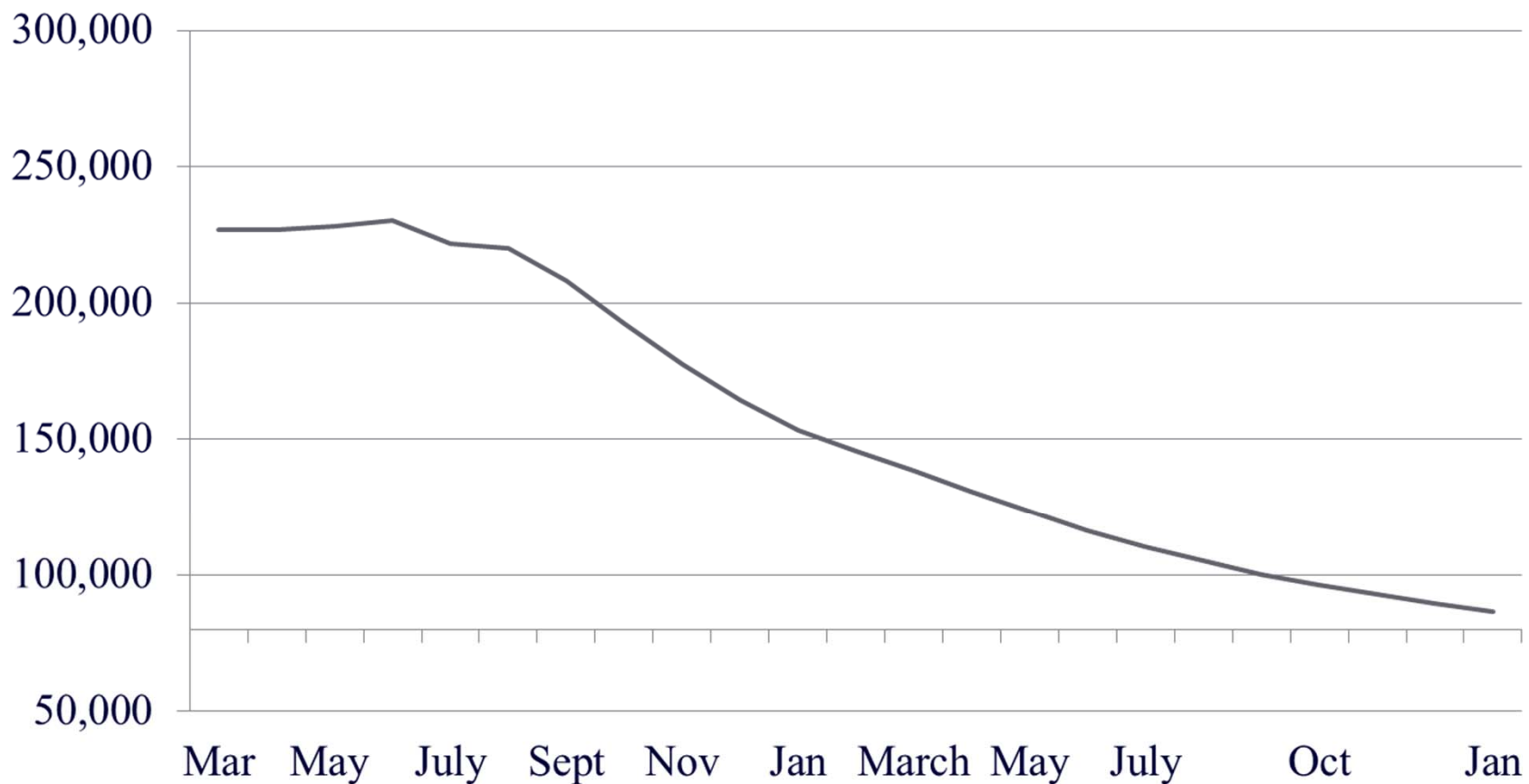


AHCCCS Reductions

- To address the budget crisis associated with the Great Recession, \$2.5 Billion in annual reductions were made to AHCCCS program.
 - Provider Reimbursement – up to 15%
 - Benefits – eliminate/limit nearly all optional benefits
 - Eligibility – Froze enrollment for childless adults and KidsCare; phased out spend down
 - Administrative reductions – 30% decrease in staffing
 - Cost Sharing – maximized at/above federal requirements

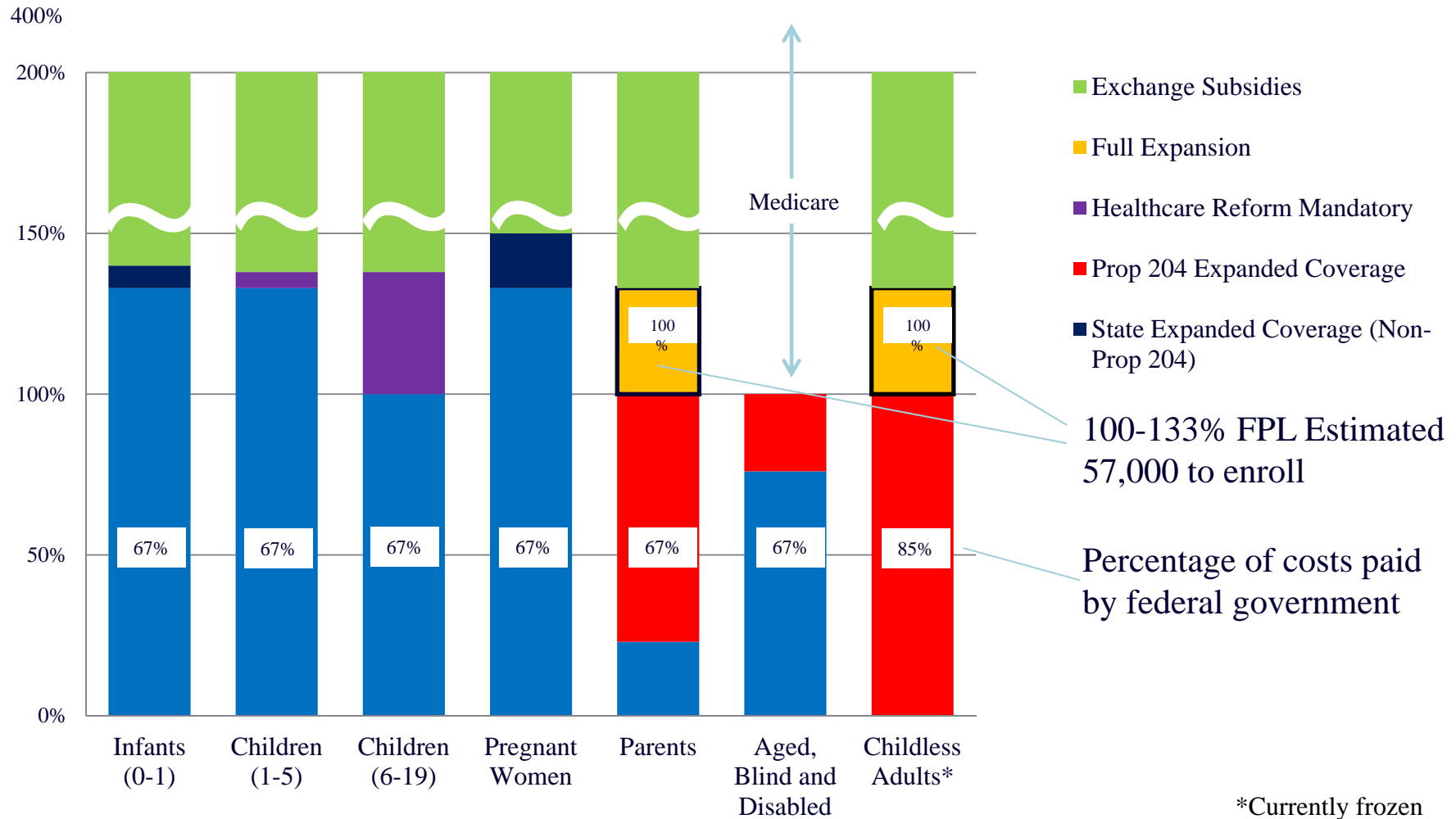


Prop. 204 Childless Adult Population

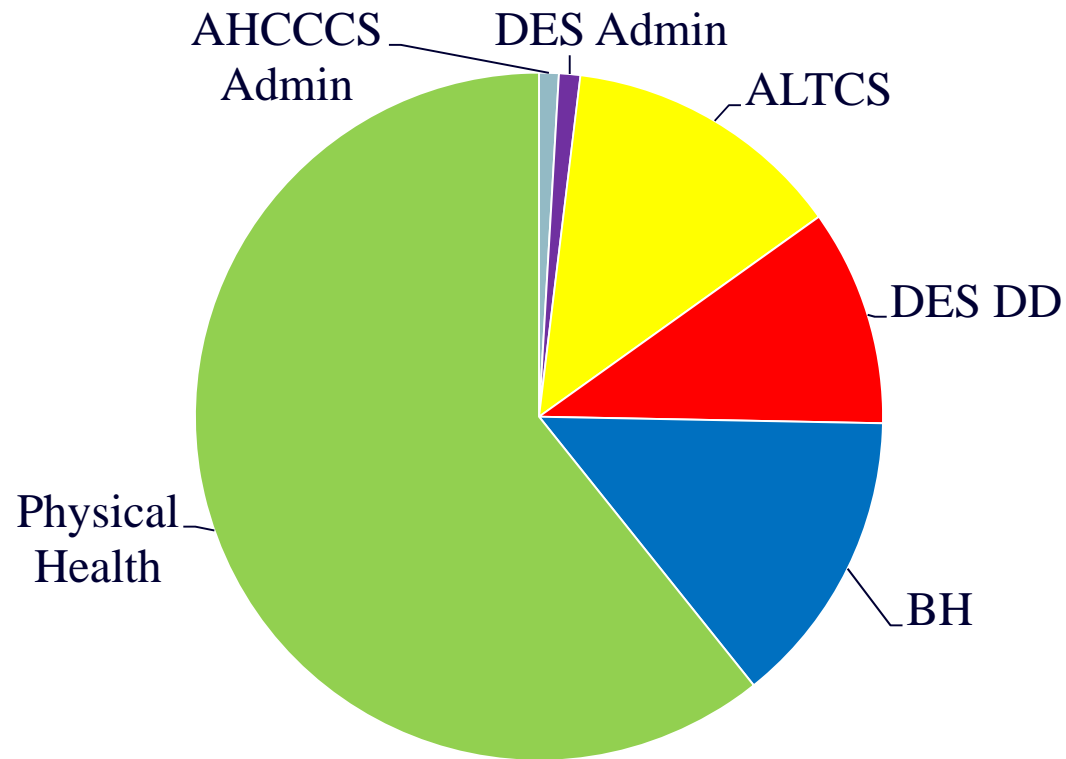


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Medicaid and ACA Populations



FY 2013 Medicaid Spending



Governor's Medicaid Plan

- In her State of the State Governor Brewer called for the legislature to restore Proposition 204 coverage and provide coverage up to 133% FPL.
- This would provide coverage for about 300,000 Arizona's statewide.
- Proposal would provide about \$1.7 billion in federal funds to support healthcare in AZ



Medicaid Coverage Protections

- ❑ ***Circuit Breaker*** – proposal includes requirement that if federal funding decrease below 80% for childless adults, coverage terminates.
- ❑ ***Funding Source*** – Executive proposal includes hospital assessment to cover state costs associated with Prop 204; replace City of Phoenix assessment and frees up State monies to fund other needs
- ❑ ***Pursue payment modernization opportunities*** – update 22 year old inpatient payment system.

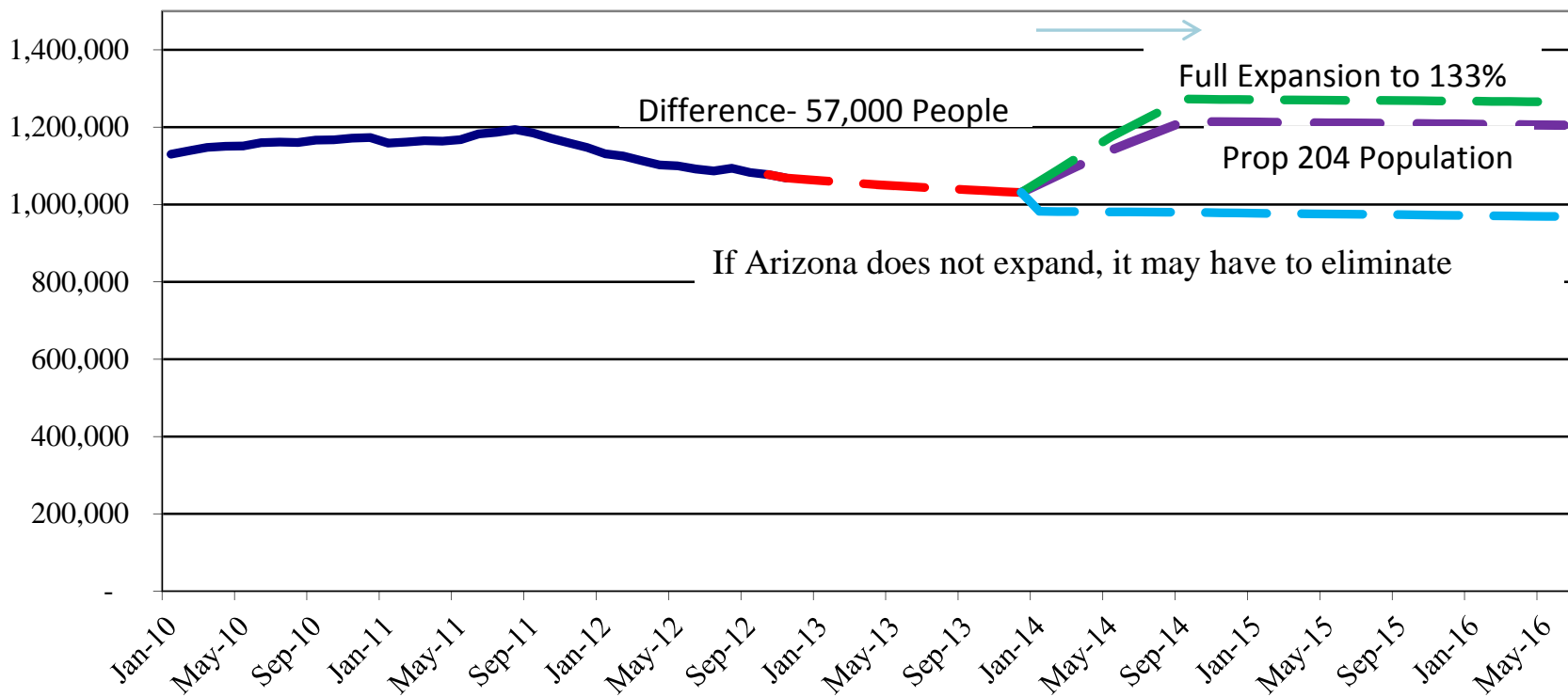


Profile of Childless Adults

Diagnosis	Members	Cost
Injuries/Trauma	65,095	\$163 m
Heart - circulatory	53,087	\$147 m
Digestive system disease	52,921	\$112 m
Cancer	18,766	\$76 m
Diabetes and kidney disease	28,981	\$49 m
Respiratory Disease	73,047	\$85 m

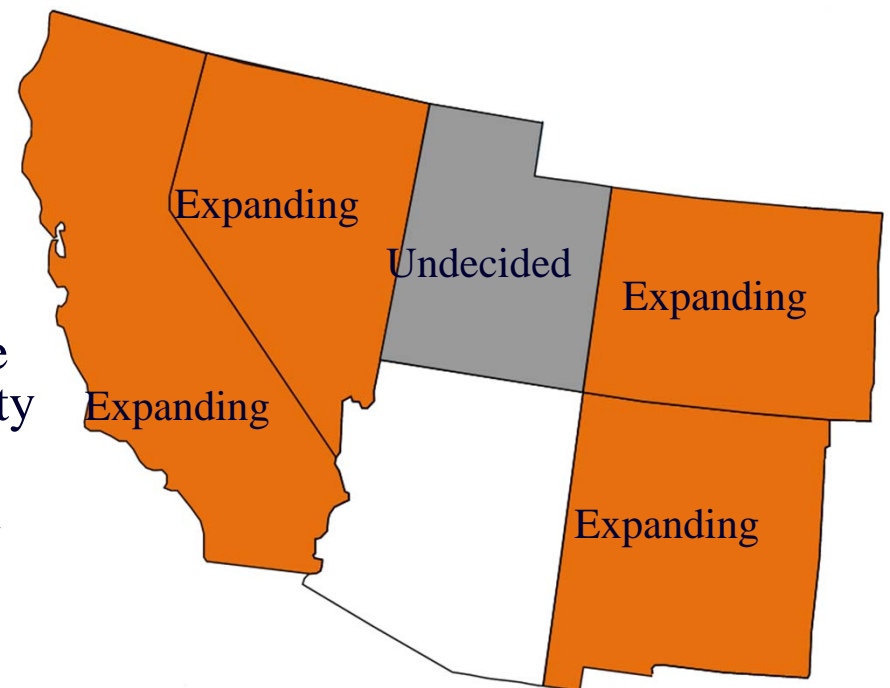


Relatively Minor Tweak to Populations Already Covered by Arizona Voters



Governor's Plan Will Maintain Arizona's Economic Competitiveness

- ❑ Almost all of Arizona's neighboring states are expanding.
- ❑ Arizona is mainly restoring coverage previously provided under Prop. 204.
- ❑ Not adopting the Governor's plan exposes Arizona to uncompensated care costs that will impact the cost and quality of care.
- ❑ This cost will hurt Arizona in economic competition with other states.
- ❑ Taxes from non-expanding states will fund Medicaid growth in expanding states creating a wealth shift.



Local Efforts to Shore Up Arizona's Healthcare Industry are Temporary

Item	Local Match	Federal Match
Safety Net Care Pool Maricopa	\$36.7 million	\$70.2 million
Safety Net Care Pool UMC & PCH	\$77.2 million	\$147.8 million
Phoenix Provider Tax	<u>\$109.0 million</u>	<u>\$208.6 million</u>
Total	\$222.9 million	\$426.6 million

These efforts end on 12/31/13



Governor's Plan Provides Stable Solution

	FY 2014	FY 2015	FY 2016
State Match Increase	\$27 million	\$154 million	\$105 million
Provider Assessment	(\$82 million)	(\$256 million)	(\$224 million)
Increase in Existing Premium Tax	<u>(\$7 million)</u>	<u>(\$34 million)</u>	<u>(\$36 million)</u>
Net Impact on GF	(\$62 million)	(\$136 million)	(\$155 million)
Federal Match	\$337 million	\$1.556 billion	\$1.712 billion



Governor's Plan is the Right Choice for AZ

- ***Honor the will of the Voters.*** Arizonans have twice voted to approve coverage for low-income Arizonans up to 100% FPL.
- ***Keeps Arizona Economically competitive.*** Today, Arizona families and businesses bear the cost of uncompensated care; states that expand Medicaid have competitive advantage.
- ***Protect rural, safety net and healthcare infrastructure.*** AHCCCS is part of the broader healthcare system; the impact of “doing nothing” will be felt by all Arizonans.
- ***AHCCCS part of sustainability solution.*** Healthcare financing is a national policy dilemma that requires a federal solution. AHCCCS is nationally recognized system and similar efficiency levels should be achieved elsewhere.
- ***Achieve healthier Arizona.*** *New England Journal of Medicine* found AHCCCS coverage saves lives; being insured by AHCCCS supports lower costs of care for patients.



AHCCCS is part of the Solution

- ❑ Conservative managed care principles based on competition and choice
- ❑ “Gold Standard” for managed care
- ❑ Error rates well below national average
- ❑ Quality performance measures above national averages
- ❑ #1 ranking nationally for Medicaid Developmentally Disabled program – United Cerebral Palsy 2012 Report
- ❑ High member satisfaction – less than 3% switch plans
- ❑ Strong Competition to participate in the program
- ❑ One of the highest rates of community placement nationally for those at risk of institutionalization (84% living at home or in community)
- ❑ National leader in Integrated delivery system for Dual eligible population
- ❑ Very strong provider participation rates – NO “Medicaid mills”



AHCCCS Program Integrity

- ❑ AHCCCS maintains strong focus on program integrity
- ❑ Agency created central Office of Inspector General
- ❑ Even with 31% reduction in agency staff, resources dedicated to program integrity have increased, establishing 22 new positions
- ❑ Signed contract with Data analytics vendor
- ❑ Had 3rd lowest error rate of 17 states in national study
- ❑ 1.1% eligibility error rate – State Auditor General
- ❑ Conducted two significant date of death analysis, minimal findings, cited as model
- ❑ Developed and distributed 3 training modules staff on identifying and addressing program integrity issues for health plans, members and providers
- ❑ Established eligibility match process with county jails
- ❑ Match with MVD photos – 1 million images per month
- ❑ Audit of \$3.2 billion in payments by outside vendor recovered only \$2,200
- ❑ Program Integrity Results for FY 2012:
 - 25 Total Convictions
 - \$960 million in Total Cost Avoidances and Recoveries





Learn More About
Governor Brewer's
Medicaid Plan
For a Healthy Arizona



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