Arizona's Section 1115 Waiver Demonstration

Quarterly Report
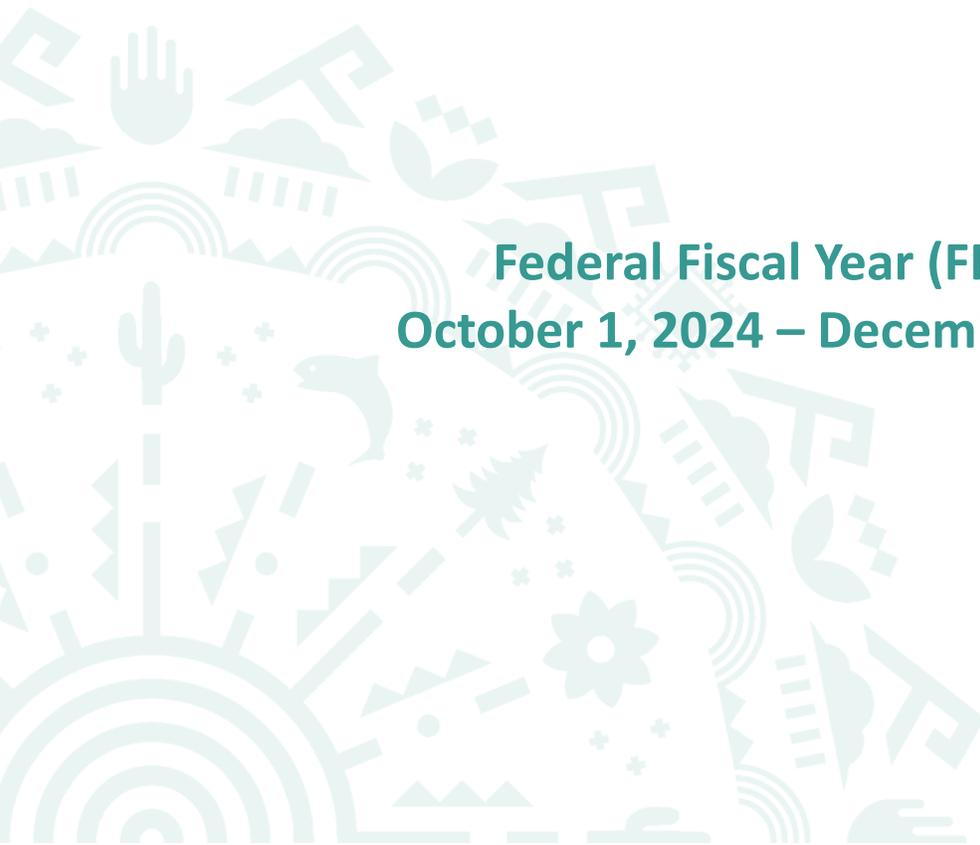
Arizona's Section 1115 Waiver Demonstration Annual Report

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Arizona's Section 1115 Waiver Demonstration Annual Report

I. Introduction

Title

Arizona Health Care Cost Containment System - AHCCCS
A Statewide Approach to Cost Effective Health Care Financing
Section 1115 Quarterly Report
Demonstration Year: 41
Federal Fiscal Quarter: 1st (October 1, 2024 - December 31, 2024)

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Purpose

As written in Special Terms and Conditions (STCs), paragraph 85, the Arizona Health Care Cost Containment System (AHCCCS) submits quarterly progress reports to the Centers for Medicare and Medicaid Services (CMS). Quarterly reports inform CMS of significant demonstration activity from the time of approval through completion of the demonstration.

II. Waiver Update

Waiver Renewal

On October 14, 2022, AHCCCS received approval for its five-year renewal of Arizona's demonstration project under Section 1115 of the Social Security Act. This renewal is effective through September 30, 2027. The current demonstration exempts Arizona from particular provisions of the Social Security Act and also includes expenditure authority permitting federal financial participation (FFP) for State expenditures that would not otherwise qualify for federal participation. Moreover, demonstration projects, including Arizona's, must

establish budget neutrality where Medicaid costs to the federal government are not expected to exceed in the absence of the demonstration.

The current 1115 Waiver approval continues the long-standing authorities and programs that have made Arizona's Medicaid program innovative, effective, and efficient, including integrated managed care for AHCCCS populations through:

- AHCCCS Complete Care (ACC),
- The Arizona Long-Term Care System (ALTCS),
- The Department of Child Safety Comprehensive Health Plan (DCS/CHP) for children in foster care,
- AHCCCS Complete Care Regional Behavioral Health Agreements (ACC-RBHAs) to provide integrated care for individuals with a Serious Mental Illness (SMI) designation, and
- The Waiver of Retroactive eligibility, which authorizes AHCCCS to limit retroactive coverage to the first day of the month of application for all Medicaid members, except for pregnant women, women who are 60 days or less postpartum, and children under 19 years of age.

In addition to renewing these historic programs, this 1115 Waiver includes approval for transformative projects intended to advance member health outcomes including:

- Authority to enhance and expand housing services and interventions for AHCCCS members who are experiencing homelessness or at risk of becoming homeless through the Housing and Health Opportunities (H2O) program which began implementation on October 1, 2024,
- Authority to direct managed care organizations to make specific incentive payments to providers that meet the criteria for receiving these payments with the goal of improving health for target populations by addressing health-related social needs (HRSN) through the Targeted Investments (TI) 2.0 Program, and
- Authority to reimburse Indian Health Services (IHS) and Tribal 638 facilities to cover the cost of adult dental services for American Indian/Alaskan Native (AI/AN) beneficiaries that are eligible for 100 percent FFP, that are in excess of the $1,000 emergency dental limit for adult members in Arizona's State Plan, and that are in excess of the $1,000 dental limit for individuals aged 21 or older enrolled in AHCCCS.

More details on Arizona's Section 1115 Waiver renewal approval (2022-2027), along with the proposal, approval letter, Special Terms and Conditions, and supplemental documentation can be found on the [AHCCCS Section 1115 Demonstration Waiver (2022-2027)](#) web page.

On June 6, 2023, CMS approved Arizona's application for continuous coverage for individuals determined ineligible for the Children's Health Insurance Program (CHIP) due to change of circumstances. This amendment will allow Arizona to align their policies for young adults in Medicaid and CHIP; thereby, prevent gaps in coverage during the COVID-19 Public Health Emergency (PHE) unwinding and redetermination period. Arizona is working with its independent evaluator, Health Services Advisory Group (HSAG), to put together a final evaluation report of this flexibility, due in March 2025.

New Waiver Program Implementation Updates

Housing and Health Opportunities (H2O)

CMS approved the new H2O Demonstration on October 14, 2022, to further address health-related social needs for vulnerable populations and ensure their access to health care.

For many years, Arizona has prioritized housing and used State General Fund dollars to support rental subsidies for as many people as possible. If AHCCCS were a housing authority, it would be the third largest in the State of Arizona with an annual budget of $29 million in non-Medicaid, state-only funds to provide rent subsidies for almost 2,500 AHCCCS members living with an SMI designation. AHCCCS and its contracted health plans have successfully leveraged this experience to expand the reach of housing opportunities, improve member health outcomes, and reduce overall health care costs.

Recognizing that stable housing is an important component of overall health, CMS approved the H2O Demonstration to strengthen outreach to vulnerable Medicaid members, including those experiencing homelessness, those living with an SMI designation, and young adults transitioning out of the foster care system. AHCCCS will be able to reimburse for up to six months of medically necessary transitional housing specifically for individuals transitioning out of institutional care or congregate settings such as nursing facilities, large group homes, congregate residential settings, Institutions for Mental Diseases (IMDs), correctional facilities, and hospitals; individuals who are homeless, at risk of homelessness, or transitioning out of an emergency shelter as defined by 24 CFR 91.5; and enhance those services that support a member's success in housing (e.g., tenant rights education, eviction prevention, housing transition navigation services, and medically necessary home modifications).

In accordance with STCs, AHCCCS has submitted numerous H2O-related deliverables to CMS which were approved by CMS in preparation for the October 1, 2024, implementation.

On October 1, 2024, AHCCCS began implementation of the program with the most acute member populations, inclusive of members who are experiencing homelessness, living with an SMI designation, living with an active chronic health condition, or currently in a correctional facility with a release date scheduled within 90 days, or released from a correctional facility within the last 90 days. During this quarter, AHCCCS continued implementation efforts with the selected H2O Program Administrator, Solari Crisis and Human Services. AHCCCS worked in partnership with Solari on program readiness, which included receiving several documents that confirmed strategies for operational effectiveness. AHCCCS assisted Solari in discussions with the MCOs to establish necessary data sharing agreements and plans for the coordination of care for members.

Solari began contracting with H2O Providers and establishing the provider network. Solari created a [dashboard](#) that is available to the public, designed for program transparency for health plans, providers, members, and their families. Solari will continue to implement and make improvements to the dashboard with the goal of finalizing the resource by April 2025. AHCCCS and Solari worked in partnership with the Statewide Housing Administrator (SHA) to develop technical specifications that allow the SHA to pay rental assistance on behalf of an H2O-eligible member and turn the rental assistance payment into an invoice that the H2O-PA can transfer to a Medicaid claim to then submit to AHCCCS. These technical details were finalized and the first H2O-eligible member moved into housing in December 2024, with Medicaid paying the rent.

Target Investments (TI) 2.0

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On January 18, 2017, CMS approved an amendment to Arizona's 1115 Research and Demonstration Waiver authorizing the TI program. The TI program funds time-limited, outcomes-based projects aimed at building the necessary infrastructure to create and sustain integrated, high-performing health care delivery systems that improve care coordination and drive better health and financial outcomes for some of the most complex and costly AHCCCS populations. The TI Program provides funding for providers who serve the following populations:

- Adults with behavioral health needs,
- Children with behavioral health needs, and
- Adults transitioning from incarceration.

A summary of the implementation activities AHCCCS conducted for the renewal program (TI 2.0) in Federal Fiscal Year (FFY) 2025
Quarter One include:

- Presented current initiatives and TI 2.0 activities at the Arizona Health Equity Conference in October,
- Educated and assisted attendees of the November National Committee of Quality Assurance (NCQA) Health Innovation Summit as a Subject Matter Expert regarding the first State, Provider, and NCQA Partnership to meaningfully address health gaps,
- Created and began a process for AHCCCS and Arizona State University (ASU) partners to review and provide feedback on TI 2.0 participants' NCQA Accreditation evidence prior to NCQA's official survey review,
- Created a portal, instructions, and templates to guide participants in evidence-based quality improvement projects (i.e. Targeted Investments Program Quality Improvement Collaborative projects), including a project charter, process map, root cause analysis, and PDSA report related to TI initiatives,
- Updated machine learning algorithms to automatically score and provide feedback on the TIPQIC projects,
- Upgraded data dashboards for MCOs, Accountable Care Organizations (ACOs) and Clinically Integrated Networks (CINs), and participating providers to review aggregate and stratified (i.e. geography and preferred language) trends of their rolling 12-month performance on select NCQA Healthcare Effectiveness Data and Information Set (HEDIS) measures,
- Tested and launched the TI 2.0 Year 2 attestation portal to collect participants' milestone evidence and confirm which initiatives they are pursuing,
- Led a Quality Improvement Collaborative where subject matter experts and provider peers housing related initiatives, goals, best practices, and challenges related to identifying and addressing housing needs,
- Continued validating TI 2.0 application data with address, licensing, and other statuses maintained by CMS (National Plan and Provider Enumeration System), AHCCCS (provider enrollment), and Arizona Department of Health Services (ADHS-licensure),
- Began drafting document validation criteria that will be used to identify minimum elements Y3 processes must include,
- Hosted more than 10 webinars related to the milestones, NCQA Accreditation, and general "office hours" to quickly clarify requirements and provide assistance,

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- Updated the prototype customer relationship management (CRM) tool to organize and track participation in and engagement with the program,
- Collaborated with Contexture (Arizona Health Information Exchange [HIE]) and ASU, Arizona Department of Health Services (ADHS), Arizona Department of Housing (ADOH), and other data sources to explore future demographic data enrichment strategies, opportunities to prepare for electronic clinical quality measurement (eCQM), and complement mutual initiatives such as implementing the closed-loop referral system (CommunityCares), providing housing support, increasing utilization of Community Health Workers, and Tobacco Cessation programming, and
- Refined TI requirements and addressed nuanced questions by engaging appropriate subject matter experts, such as Postpartum Support International for the postpartum behavioral health screening milestones, the Behavioral Health and Wellness Program and ADHS for the tobacco cessation milestones, health plans and ACOs for collecting and transmitting HRSN screening and referral data, health plans' cultural competency coalition for Culturally and Linguistically Appropriate Services (CLAS) standards milestones, NCQA Accreditation and milestones, and the Contexture and the CommunityCares teams for the HIE requirement and Closed-Loop Referral System (CLRS) milestones.

IHS/638 Tribal Dental Services

Effective October 14, 2022, the $1,000 emergency dental services limit for American Indian or Alaska Native (AI/AN) members over 21 years of age, and the $1,000 limit for AI/AN ALTCS members receiving services for medically necessary diagnostic, therapeutic, and preventative dental services at IHS/638 facilities were eliminated. This flexibility applies to medically necessary diagnostic, therapeutic, and preventative dental services for beneficiaries who are AI/AN, as long as the services are received at participating IHS facilities and/or Tribal 638 facilities.

AHCCCS saw an increase in the number of unique individual adults who had one or more claims submitted on their behalf for dental services between FFY 2023 and FFY 2022. Data for FFY 2024 remains incomplete due to the one-year claim lag. Tribally owned and operated 638 organizations and Federal Indian Health Services Facilities have one year to submit claims.

The most common reasons for adult utilization of dental services in FFY 2024 include:

- Dental exam with cleaning,
- Dental caries, and
- Screening for dental diseases.

The chart below shows the number of unduplicated unique individuals who had a claim for dental services submitted on their behalf by FFY.

Figure 1:

Number of unique adults who had a claim submitted for dental services by FFY

Year	# of unique individuals
2019	9609
2020	8722
2021	9359
2022	9833
2023	13661
2024	11939

— # of unique individuals
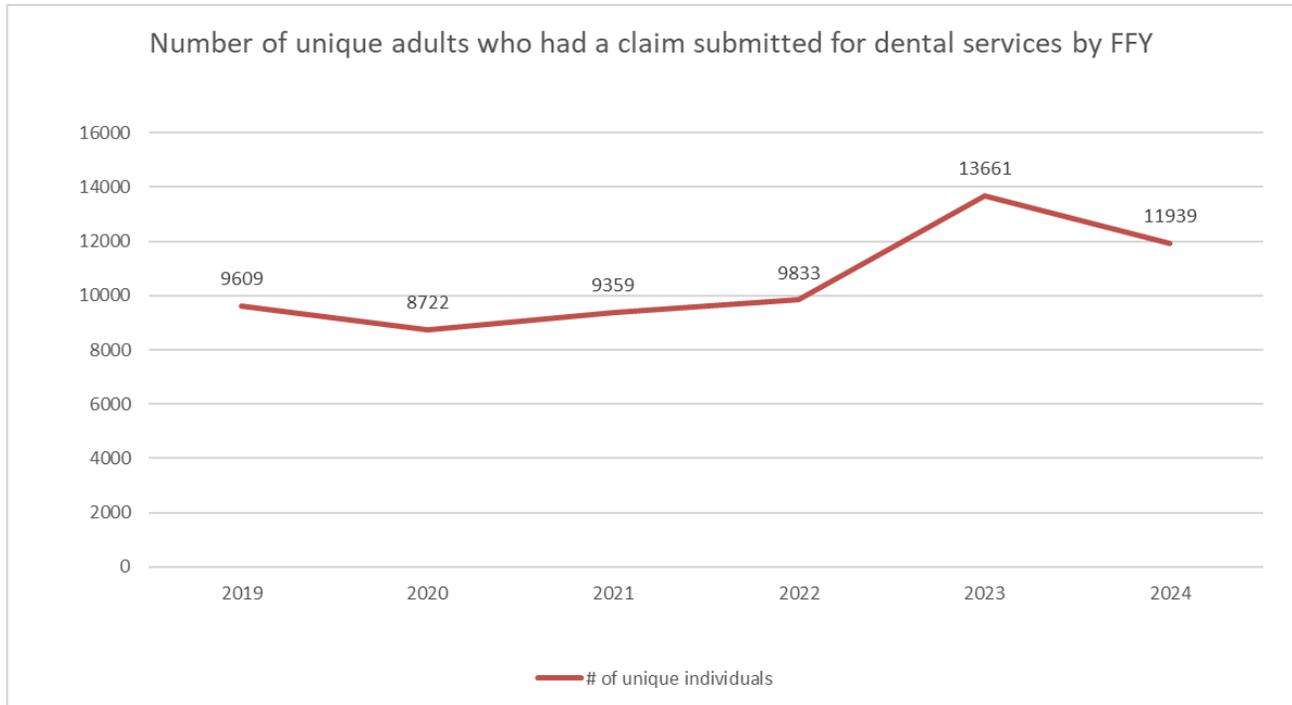
Parents as Paid Caregivers (PPCG)

The COVID-19 PHE necessitated innovative service delivery models to ensure members could continue to receive services while mitigating their risk of COVID-19 exposure. To address concerns raised by families and PHE impacts on the direct care workforce, AHCCCS received temporary approval to implement a COVID-19 Appendix K PHE flexibility waiver allowing parents to be reimbursed for the provision of the "extraordinary care" to ensure their child's needs were met throughout the pandemic. On March 22, 2023, CMS approved a six-month extension of this waiver flexibility, allowing AHCCCS to continue the program until November 11, 2023, under the existing Appendix K authority.

Participating families and direct care worker (DCW) agencies expressed enthusiastic support for this waiver flexibility and urged AHCCCS to make the program permanent. On September 27, 2023, AHCCCS submitted a section 1115 demonstration waiver amendment for the Parents as Paid Caregivers (PPCG) service delivery model requesting authority to reimburse parents for the provision of certain direct care services to their minor-aged children beyond the November 11, 2023, expiration date. The request maintained most of the parameters of the original PHE waiver. Only legally responsible parents of children enrolled in the ALTCS program qualify to participate in PPCG, and only the provision of medically necessary "extraordinary" care, including attendant care and habilitation services, would qualify for reimbursement.

The section 1115 waiver demonstration amendment also established additional guardrails, which align with a similar long-standing service delivery model that the state has in place allowing spouses to receive reimbursement for services rendered. These included new parameters for PPCG participation, including a 40-hour (per child) per week cap on reimbursement for services provided by a parent. The waiver demonstration amendment also established a Family Support Service as part of the home and

community-based services (HCBS) benefit package to better support primary caregivers, including parents, and improve access to timely, effective care.

This proposal was informed by a robust public input process. In total, AHCCCS engaged 1,765 stakeholders, generated 849 pieces of written and verbal input through public forums and other community events, and resulted in 739 comments submitted through a public input email dedicated to the PPCG waiver. To enable negotiations to continue beyond the November 11, 2023, expiration date, CMS granted AHCCCS a second temporary extension of the State's existing COVID-19 Appendix K authority through March 29, 2024, or through the proposal's approval–whichever came first. AHCCCS received approval from CMS on February 16, 2024, for the PPCG demonstration including the new family support service benefit. As part of the Waiver negotiation process, CMS asked AHCCCS to submit the state's plan and timeline, for the 40-hour weekly reimbursement cap, for final approval prior to execution.

During the reporting period, AHCCCS continued implementation planning with the multi-stakeholder workgroup composed of family members, providers, MCOs, and AHCCCS personnel. The workgroup continued discussions and deliberations on the development of tools necessary to support the operationalization of the waiver requirements, including incorporating an extraordinary care test to the service assessment and considerations for the selection of the service model. The workgroup has leveraged national research and experience from other states that have implemented similar models.

The state plans to implement the waiver proposal in two distinct stages to comply with the STCs and administration of safeguards/guardrails outlined. The first stage includes a timeline for caregivers to come into compliance with the 40-hour weekly reimbursement cap limit on parent-provided services. The second stage will entail full-scale implementation of administrative policies and procedures related to this service delivery model.

Internal data shows a significant growth in the number of parent providers being reimbursed for more than 40 hours per week of caregiving services. When AHCCCS submitted the permanent waiver proposal, 277 members were receiving over 40 hours of paid care from a parent with a total of 3,500 parents utilizing the model. By June 2024, approximately 6,100 parents are utilizing the model in total with a steady increase to over 750 parents consistently providing 40 or more hours of paid care in any given week. In total, there are roughly 1,800 parents who have provided more than 40 hours of paid care since the beginning of PPCG, most of whom have provided that level of paid care on an intermittent basis. The state plans to impose the 40-hour limit reimbursement cap for parent caregivers beginning July 1, 2025. To support the transition to alternate caregivers, AHCCCS (with input from the workgroup) has begun to formulate plans and timelines to conduct extensive member, family, stakeholder, and case management engagement, notification, and education prior to the July 1, 2025, effective date.

Implementation of the second phase of the proposal (administrative policies and procedures) is slated for the fourth quarter of Calendar Year 2025. This large-scale effort will include enhancing the service assessment process to incorporate the addition of the extraordinary care test and service model selection tool, developing strategies to maximize member-driven decision-making and community integration as part of the person-centered service planning process, and updating caregiver oversight requirements for provider agency supervisory visits. This timeline takes into account opportunities for community engagement and public

comment periods, provision of technical assistance for workforce development to provider agencies, and case manager training to support consistent and equitable use of these new tools and evaluation criteria.

AHCCCS will prioritize the development of the family support service after both phases of the PPCG implementation work plan have been fully implemented.

KidsCare Expansion

On February 16, 2024, AHCCCS received approval from CMS on the KidsCare Expansion Section 1115 demonstration Amendment Proposal to raise the CHIP, KidsCare in Arizona, eligibility thresholds from 200% of the FPL to 225% FPL with the flexibility for KidsCare coverage to go up to and include 300% FPL, subject to approval by the state legislature. The KidsCare Expansion demonstration is in alignment with Arizona Senate Bill (SB) 1726. The expanded income limit was implemented effective March 1, 2024. Since KidsCare eligibility is prospective, the earliest effective date of eligibility for the expansion was April 1, 2024. The number of kids enrolled under the expanded income limit is reported monthly in the AHCCCS Population Highlights report found on the population reports page. Original estimates projected an additional 9,700 children would become enrolled in KidsCare's expansion. However, the actual increase significantly exceeded expectations, with 20,407 enrolled children.

Traditional Healing

In partnership with leaders of Tribal nations, AHCCCS received approval from CMS on October 16, 2024, to reimburse for traditional healing services provided through Indian Health Service (IHS) and Tribally-operated health facilities. This action is the culmination of nearly a decade of work and partnership. AHCCCS submitted the nation's first-ever request for traditional healing reimbursement through Medicaid in 2015, and again in 2020. Throughout this process, AHCCCS has engaged with traditional healers representing Tribal nations throughout the state.

The CMS approval will allow AHCCCS to establish processes and policies for reimbursement of services provided by traditional healers employed by or contracted with an IHS or Tribally-operated health center (commonly known as a "638 facility"). Additionally, traditional healers employed by or contracted with an Urban Indian Organization (UIO) may provide services through a care coordination agreement with an IHS/638 facility.

Once AHCCCS receives the necessary approval from the Arizona legislature, the agency will establish a timeline for implementation and notify members and providers of the effective date.

Reentry Services

On November 22, 2024, AHCCCS re-submitted an updated 1115 Waiver Reentry Demonstration Initiative application in the CMS Pre-Print Format along with the state's Budget Neutrality workbook to CMS. On December 27, 2024, AHCCCS received approval for this program from CMS. Approval of this demonstration amendment provides expenditure authority for the coverage of certain services furnished to eligible incarcerated individuals for up to 90 days immediately prior to the individual's expected date of release. Furthermore, this approval also provides expenditure authority to the state to provide non-medical

transportation (NMT) to and from health-related social needs (HRSN) services and home and community-based services (HCBS) for Arizona ALTCS eligible beneficiaries.

New Demonstration Waiver Amendment Proposals

Former Foster Youth Annual Automatic Renewal

On March 28, 2023, AHCCCS submitted the Former Foster Youth Annual Automatic Renewal Demonstration Waiver proposal in alignment with House Bill 2622 passed by Arizona's 55th Legislature. This proposal seeks authority to waive the condition of eligibility in 42 CFR 435.608 requiring Medicaid beneficiaries to apply for other cash benefits for the Former Foster Youth (FFY) population. AHCCCS currently offers transitional medical care for children leaving foster care that are between the ages of 18 and 26. AHCCCS refers to this group as the Young Adult Transitional Insurance (YATI) population.

On December 3, 2024, AHCCCS submitted an amendment to this existing waiver application where the agency intends 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. The public comment period on the latest amendment request concluded on October 10, 2024. The application is currently under review by CMS and negotiations with AHCCCS are underway. If approved, the amendment will run concurrently with AHCCCS' requested renewal period through September 30, 2027.

III. Operational and Policy Updates

Legislative Update

The 56th Arizona Legislature, Second Regular Session, adjourned Sine Die on June 16, 2024. The General Effective Date (GED) is September 13, 2024. The Arizona Legislature passed a number of bills in the 2024 legislative session that impacted the agency, including:

HB 2764 ("long-term care; enforcement; memory care") contains a number of provisions including, but not limited to: the establishment of additional enforcement, licensure, and penalty authorities to the Arizona Department of Health Services (ADHS) for oversight of health care institutions/facilities; relating to Adult Protective Services (APS), provides additional oversight and penalty provisions related to abuse and neglect of vulnerable adults; and establishes rules for a licensure subclass for assisted living facilities that provide memory care services.

HB 2520 ("community health centers; graduate education") contingent on the approval of the Centers for Medicare and Medicaid Services (CMS), directs AHCCCS to distribute monies appropriated for primary care graduate medical education (GME) services to qualifying community health centers and rural health clinics for direct and indirect costs.

SB 1250 ("AHCCCS; claims") updates Arizona Statute to comply with new federal requirements relating to state laws pertaining to Medicaid Third Party Liability.

HB 2897/ HB 2903 (Budget Bills)

- Continued state funding for AHCCCS's multi-year Medicaid Enterprise System (MES) Modernization, to come into compliance with federal interoperability regulations.
- Provides ongoing funding for 101 AHCCCS Full Time Employees (FTEs) to reduce Fraud, Waste, and Abuse.
- Provides one million dollars in one time State funding for AHCCCS to distribute to entities that provide case management for persons with serious mental illness (SMI).

State Plan Update

During the reporting period, the following State Plan Amendments (SPA) were filed and/or approved:

Table 1

SPA #	Description	Filed	Approved	Eff. Date
23-0003 Long Acting Reversible Contraceptives (LARC)	Updates the reimbursement methodology for LARC.	*3/16/23*	*10/9/24*	*1/1/23*
24-0002 Physician Administered Drugs	Updates the state plan Physician Administered Drug (PAD) Rates.	*3/21/24*	*10/29/24*	*1/1/24*
24-0012 Physician Administered Drugs	Updates the Physician Administered Drug (PAD) rate methodology	*9/27/24*	*12/20/24*	*7/1/24*
24-0013 Prescribed Drug Shortage	Authorizes coverage of certain drugs when the FDA allows temporary importation of non-FDA approved drug	*9/27/24*	*11/21/24*	*9/27/24*
24-0014 Third-Party Liability	Attests to the Third Party Liability requirements outlined in Section 1902(a)(25)(I) of the Social Security Act.	*9/27/24*	*10/16/24*	*9/14/24*
24-0015 Outpatient Differential Adjusted Payment (DAP)	Establishes an outpatient differential adjusted payment (DAP) for FFY 2025.	*11/18/24*	*1/7/25*	*10/1/24*
24-0016 Nursing Facility Differential Adjusted Payment (DAP)	Establishes a nursing facility differential adjusted payment (DAP) for FFY 2025.	*11/18/24*	*12/13/24*	*10/1/24*
24-0017 Inpatient Differential Adjusted Payment (DAP)	Establishes an inpatient differential adjusted payment (DAP) for FFY 2025.	*11/18/24*	*12/13/24*	*10/1/24*
24-0018 Emergency Medical Transportation	Updates the state plan EMT rates, effective October 1, 2024.	*11/25/24*	*1/6/25*	*10/1/24*

SPA #	Description	Filed	Approved	Eff. Date
(EMT) Rates				
24-0019 Long-Term Care Hospital and Rehabilitation Hospital Rates	Updates the state plan Long-Term Care Hospital and Rehabilitation Hospital rates, effective October 1, 2024.	11/25/24	12/13/24	10/1/24
24-0020 Outpatient Hospital Rates	Updates the state plan Outpatient Hospital rates, effective October 1, 2024.	11/25/24	1/6/25	10/1/24
24-0021 Other Provider Rates	Updates the state plan Other Provider rates, effective October 1, 2024.	11/25/24	1/6/25	10/1/24
24-0022 All Patient Refined Diagnosis Related Groups (APR-DRG) Rates	Updates the state plan APR-DRG rates, effective October 1, 2024.	11/25/24	12/13/24	10/1/24
24-0023 Medicaid and CHIP Core Set Reporting	This SPA attests to Arizona's compliance with federal requirements for mandatory Medicaid and CHIP Core Set Reporting that were established in Final Rule 88 FR 60278.	12/16/24	12/19/24	10/1/24
24-0024 Vaccine Administration Fee	This SPA updates the rates for the Pharmacy Vaccine Administration Fees effective December 15, 2024.	12/30/24	N/A	12/15/24
24-0025 MSIC Rates	This SPA updates the rates for the Multi-Specialty Interdisciplinary Clinic (MSIC) rates effective January 1, 2025.	12/30/24	1/13/25	1/1/25
24-0026 Nursing Facility Rates	Updates the state plan Nursing Facility Rates.	12/30/24	1/14/25	1/1/25

IV.   Evaluation Activities and Findings

Waiver Evaluation Update

CMS has approved the Evaluation Design for the legacy Section 1115 Waiver Demonstration Projects. A separate 1115 Waiver Evaluation Design was also created for the TI Program 2.0 and was submitted and received approval from CMS on October 3, 2024. Evaluation design plans for the two newly approved Waiver initiatives (i.e., Traditional Health Care Practices and In-Reach Services) are pending until further discussions and negotiations with CMS.

V.   Consumer Issues

Table 2 summarizes advocacy issues received by the Office of Client Advocacy (OCA) for the quarter October 1, 2024 – December 31, 2024. The originators of the issues are identified in Table 3.

Table 2

Advocacy Issues[1]	October	November	December	Total
Billing Issues • Member reimbursements • Unpaid bills	0	0	0	**0**
Cost Sharing • Co-pays • Share of Cost (ALTCS) • Premiums (KidsCare, Medicare)	0	0	0	**0**
Covered Services	0	0	2	**2**
ALTCS • Resources • Income • Medical	10	4	9	**23**
DES • Income • Incorrect determination • Improper referrals	71	68	84	**223**
KidsCare • Income • Incorrect determination	0	0	0	**0**
SSI/Medical Assistance Only • Income • Not categorically linked	24	22	23	**69**
Information • Status of application • Eligibility criteria • Community resources • Notification (Did not receive or didn't understand)	20	17	17	**54**
Medicare • Medicare coverage • Medicare Savings Program • Medicare Part D	4	8	0	**12**
Prescriptions • Prescription coverage	0	0	1	**1**

[1] Categories of good customer service, bad customer service, documentation, policy, and process are captured under the category to which it may relate.

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Advocacy Issues[1]	October	November	December	Total
• Prescription denial				
Fraud-Referred to Office of Inspector General (OIG)	0	0	0	**0**
Quality of Care-Referred to Division of Health Care Management (DHCM) • Health Plans/Providers (Caregiver issues, Lack of providers) • Services (Equipment, Nursing Homes, Optical and Surgical)	0	0	0	**0**
Total	**129**	**119**	**136**	**384**

Table 3

Issue Originator[2]	October	November	December	Total
Applicant, Member or Representative	28	30	34	**92**
CMS	1	3	8	**12**
Governor's Office	10	7	7	**24**
Ombudsmen/Advocates/Other Agencies	88	77	85	**250**
Senate & House	2	2	2	**6**
Total	**129**	**119**	**136**	**384**

VI. Performance Metrics

Enrollment Information

Table 4

Population Groups	Number of Enrollees	Number Voluntarily Disenrolled	Number Involuntarily Disenrolled
Acute AFDC/SOBRA	1,182,146	3,466	79,643
Acute SSI	217,969	201	6,876

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[2] This data was compiled from the OCA logs by the OCA Client Advocate and the Member Liaison.

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Population Groups	Number of Enrollees	Number Voluntarily Disenrolled	Number Involuntarily Disenrolled
Prop 204 Restoration	505,009	1,533	68,495
Adult Expansion	134,966	323	18,024
LTC DD	43,213	60	179
LTC EPD	29,380	28	1,687
Non-Waiver	150,419	320	15,097
Total	2,263,102	5,931	190,001

Table 5 is a snapshot of the number of current enrollees (as of January 1, 2025) by funding categories as requested by CMS.

Table 5

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan [3]	1,359,974
Title XXI funded State Plan [4]	56,939
Title XIX funded Expansion[5]	500,361
• Prop 204 Restoration (0-100% FPL)	433,659
• Adult Expansion (100% - 133% FPL)	66,702
Enrollment Current as of	1/1/2025

Individuals with SMI Opt-Out for Cause Report

Between October 2024 and December 2024, the number of requests made by a member with an SMI designation to Opt Out of the integrated RBHA for the delivery of physical health care services and receive these services from an ACC plan were zero.

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[3] SSI Cash and Related, 1931 Families and Children, 1931 Related, TMA, SOBRA child and pregnant, ALTCS, FTW, QMB, BCCP, SLMB, QI-1

[4] KidsCare

[5] Prop 204 Restoration & Adult Expansion

Figure 2:

Decertification by Type per Month: Opt Outs by Month: October 2024 - December 2024 - The decertifications pertain to a determination that an SMI member no longer meets the clinical criteria for eligibility as a person with SMI, or they have requested a review under the administrative process based upon no longer receiving behavioral health services for a period of 6 or more months, and the individual is seeking to have the SMI behavioral health category changed to reflect general mental health.

Decertification by Type per Month: October 2024 - December 2024
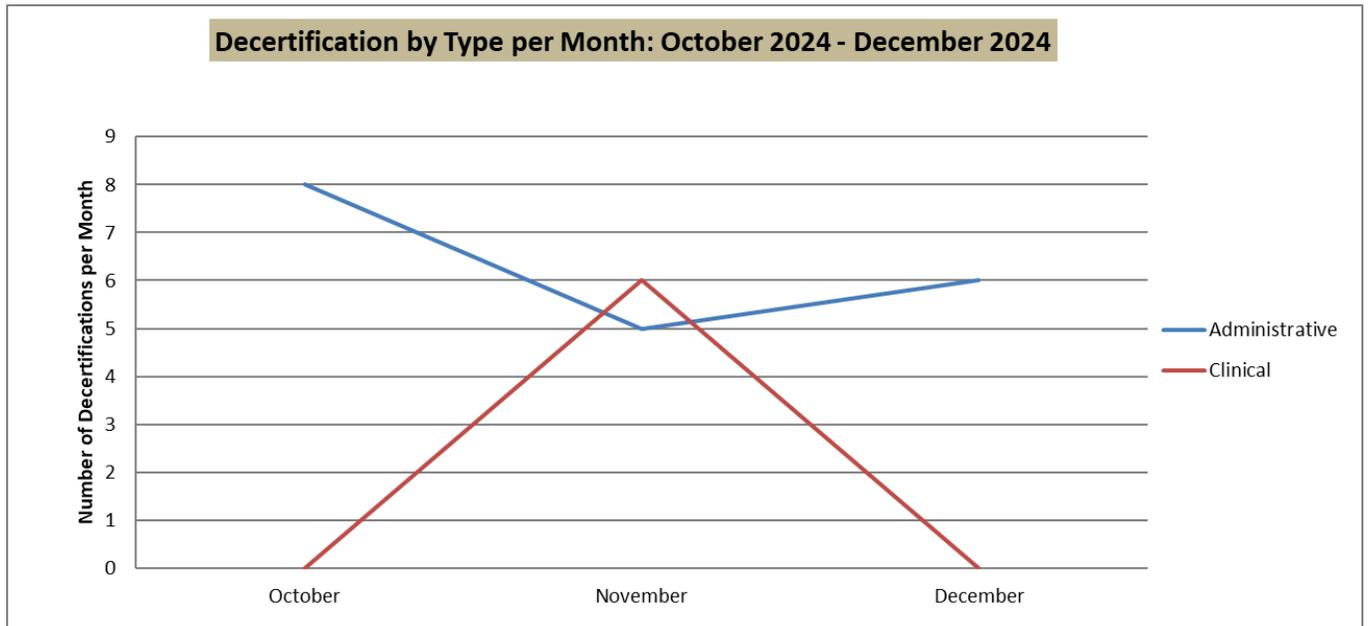
Quality Assurance/Monitoring Activities

Introduction

This report describes AHCCCS's quality assurance and monitoring activities that occurred during the quarter, as required in Special Terms and Conditions of the Arizona Section 1115 Waiver. This report highlights activities related to delivery system initiatives, innovations, and improvements as well as Managed Care Organization (MCO) monitoring and compliance. The main report headers are indicated in blue with related sub-headers in maroon. The sections under the maroon sub-headers contain quarterly-specific updates. AHCCCS' Division of Health Care Services (DHCS) [formerly Division of Health Care Management] and Division of Behavioral Health and Housing (DBHH) [formerly Division of Grants and Innovation] including Operations, Compliance, Quality Management (QM), Quality Improvement (QI), Medical Management (MM), Maternal, Child Health/Early and Periodic Screening, Diagnostic and Treatment (MCH/EPSDT), and Integrated System of Care (ISOC) oversee the reported activities.

Managed Care Programs

AHCCCS maintains overall objectives for its Managed Care Demonstration programs, AHCCCS Complete Care (ACC), ACC plans with Regional Behavioral Health Agreements (ACC-RBHAs), Arizona Long Term Care System (ALTCS) for the Elderly and/or Physically Disabled (EPD) and Developmentally Disabled (DD), and the Comprehensive Health Plan for children in the foster care system (CHP). These objectives include maintaining

and improving care coordination among primary care and behavioral health providers; maintaining and enhancing access to care and quality of care; improving health outcomes and member satisfaction as well as quality of life for members; and continuing to operate as a cost-effective managed care delivery model. AHCCCS has engaged in a multi-year effort to reduce delivery system fragmentation at all levels through the transformational initiative of integrating physical and behavioral health services under the same MCO to enhance care management and quality of care across the entire continuum of care. AHCCCS's objectives are further supported by evidence of integration's benefits (including whole-person care, increased care coordination, simplifying a complex health care system for members and providers, and resulting in improved health outcomes). AHCCCS is continually reviewing opportunities to improve the effectiveness and efficiency of Arizona's health care delivery system, as well as the methods utilized to promote optimal health for members.

AHCCCS currently holds contracts with MCOs as outlined in the table below.

Table 6

MANAGED CARE ORGANIZATION (MCO)	LINE OF BUSINESS	GEOGRAPHICAL SERVICE AREA (GSA)		
		CENTRAL MARICOPA, GILA, PINAL EXCLUDING ZIP CODES 85542, 85192, AND 85550	NORTH MOHAVE, COCONINO, APACHE, NAVAJO, YAVAPAI	SOUTH COCHISE, GRAHAM, GREENLEE, LA PAZ, SANTA CRUZ, YUMA INCLUDING ZIP CODES 85542, 85192, AND 85550
Arizona Complete Health-Complete Care Plan	ACC & ACC-RBHA	X	X	X
Mercy Care	ACC & ACC-RBHA	X		
Banner University Family Care	ACC	X		X
Health Choice Arizona	ACC	X	X	
Molina Healthcare	ACC	X		
UnitedHealthcare Community Plan	ACC	X		
Banner University Family Care	ALTCS-EPD	X		X
Mercy Care	ALTCS-EPD	X		PIMA COUNTY ONLY
UnitedHealthcare Community Plan	ALTCS-EPD	X	X	
Department of Economic Security/Division of	ALTCS/DDD	X	X	X

MANAGED CARE ORGANIZATION (MCO)	LINE OF BUSINESS	GEOGRAPHICAL SERVICE AREA (GSA)		
		CENTRAL *MARICOPA, GILA, PINAL EXCLUDING ZIP CODES 85542, 85192, AND 85550*	NORTH *MOHAVE, COCONINO, APACHE, NAVAJO, YAVAPAI*	SOUTH *COCHISE, GRAHAM, GREENLEE, LA PAZ, SANTA CRUZ, YUMA INCLUDING ZIP CODES 85542, 85192, AND 85550*
Developmental Disabilities				
Department of Child Safety, Comprehensive Health Plan	DCS/CHP	X	X	X

Delivery System Initiatives, Innovations, and Improvements

AHCCCS is committed to the development of a thoughtful, data-informed delivery system that incorporates CMS priorities and AHCCCS's business needs and promotes optimal health outcomes for all members. Throughout AHCCCS, various teams undertake extensive efforts to promote delivery system innovation and improvement for internal and external processes.

Initiatives

Behavioral Health Clinical Chart Audits (BHCCA)

During quarter one, the Integrated System of Care (ISOC) team updated and finalized the BHCCA documents to enhance the quality of audits scheduled to be conducted throughout the contract year. Final results of the MCO conducted BHCCA audits are due to AHCCCS on October 15, 2025. The ISOC team also continued to work on BHCCA portal enhancements that focus on expanded data analysis that was requested by the MCOs. Additionally, a fifth section of audit elements that had been finalized and agreed upon during the fourth quarter required changes requested by DCS CHP. The requested changes were deemed necessary to enhance accurate scoring to several elements of the audit section. Upon completion of the fifth DCS CHP section during the last quarter, it was determined that for the upcoming quarter, changes were needed to allow comparison of specific elements from across the audit as a whole for DCS CHP. These updates will be utilized for the BHCCA report that is due October 15, 2025. The identified changes included the addition of two scoring groups to allow comparison of specific elements from four sections of the audit. Group 1 will include a specific combination of elements from the Assessment section and the General Clinical Chart section of the audit. Group 2 was designed to include a different set of elements from the two other sections of the audit (Service Planning and the dedicated DCS CHP section). These two distinct reports will allow comparison scores for high priority elements within the Assessment and General Clinical Chart section to high priority elements scores within the Service Plan and dedicated DCS CHP sections. This additional capability allows DCS CHP to evaluate scores to ensure further compliance with the Foster Care Litigation Revised Settlement Agreement: B.K. ex rel. Tinsley, et al. v. Faust, et al., CV-15-00185-PHX-ROS (August 14, 2020).

Behavioral Health Residential (BHRF) Settings

AHCCCS continues to work with community providers and interested stakeholders to formulate a plan that addresses the need for Secured BHRF in the community. Currently, MCOs have a network of BHRFs for members to utilize as a part of their treatment plan and focus on long-term stability in the least restrictive environment.

Child Adolescent Level of Care Service Intensity Utilization System (CALOCUS)

CALOCUS is a standardized assessment tool that provides determination of the appropriate intensity of services needed by a child or adolescent and their family, and guides provision of ongoing service planning and treatment outcome monitoring in all clinical and community-based settings. Regarding CALOCUS activities during quarter one, AHCCCS renewed the contract for software licensing of the CALOCUS and determined that all training is now required to come from the American Academy of Child and Adolescent Psychiatry (AACAP). Additionally, AHCCCS worked to establish a contract with AACAP to continue to provide training for the CALOCUS to providers that deliver behavioral health services to children in Arizona.

Child and Family Team Practice

AHCCCS has continued its efforts to improve Child and Family Team (CFT) practice in quarter one. The Workforce Development Alliance collaborated with AHCCCS to develop the content for Child and Family Team stakeholder trainings designed to help families, child-serving agencies, and others that may be included in a child and family team. The focus is to assist family members to increase understanding of their roles, as well as the role of the CFT facilitator within CFT practice. AHCCCS is working to have subject matter experts review the content prior to making these trainings available to the public. AHCCCS has collaborated with the Arizona's Association of Health Plans Workforce Development on obtaining the training software, Articulate.

During quarter one, the development of stakeholder training with the Articulate software began to create interactive self-paced online learning modules.

AHCCCS continues to work with the National Wraparound Implementation Center (NWIC), a nationally recognized evidence-based program, to implement high fidelity Wraparound for members that qualify for high needs case management. In quarter one, AHCCCS paid NWIC to train two cohorts of high needs case management in high fidelity Wraparound. AHCCCS plans to utilize the Wraparound model to increase the quality of CFT practice for members with the greatest needs, especially for those who are at risk for out-of-home placement. AHCCCS's work with NWIC includes a study of the current behavioral health system. In quarter one, AHCCCS and NWIC planned to convene family focus groups to obtain feedback from members regarding the behavioral health system and hosted the first three focus groups in December. These focus groups will continue throughout quarter two and will result in a report from NWIC on success and barriers families have experienced in receiving behavioral health services.

Additionally, AHCCCS is working to implement a preventative coordination of care model called FOCUS, which is another evidence-based model. The use of FOCUS will provide additional support and intervention to children and families with moderate needs, prior to children being identified as at risk for out-of-home placement. Utilization of both Wraparound and FOCUS will create a system that targets the intensity of care coordination based on the needs of the child and family, while also creating advancement opportunities for

care coordination staff. In quarter one, AHCCCS paid to train a cohort of care coordination staff in the FOCUS model.

NWIC is providing a dual plan approach to identify fidelity measurement techniques and sustainability for both Wraparound and FOCUS.

Clinical and Operational Significant Policy Changes

In quarter one, AHCCCS completed the following significant policy changes:

1. ACOM Policy 314 - Auto-Assignment Algorithm was revised to update factors and requirements used by the auto assignment algorithm to determine enrollment.

2. ACOM Policy 303 CYE 25 –Community Reinvestment (All Lines of Business Except E/PD) was revised to specify MCO requirements for designation and spend of after-tax-profits, using a tiered approach, contributing up to 10% from each line of business to community reinvestment investment activities in communities served by the MCO.

3. AMPM Policy 541 – Coordination of Care with Other Government Agencies was revised to address MCO Collaborative Protocol and Memorandum of Understanding (MOU) processes between MCOs and the Arizona Department of Child Safety; the Arizona Department of Education, Schools, or other local educational authorities; the Arizona Department of Economic Security; and Courts and Corrections. The MOU must identify points of contact for each entity including internal agency staff, as well as external stakeholders, including Title(s) and contact information.

4. AMPM Policy 410 – Maternity Care Services was revised to add the requirements for newly covered services group prenatal care, doula services, and human donor milk.

5. AMPM Exhibit 300-3 – AHCCCS Integrated System of Care Structure, Values, and Principles is a newly Exhibit developed to outline AHCCCS values, principles, and goals; the Adult System of Care – Nine Guiding Principles; and the Children's System of Care – Arizona Vision and 12 Guiding Principles.

6. AMPM Policy 320-R – *Special Assistance for Members with Serious Mental Illness* was revised to add a requirement for the individual designated to provide Special Assistance to be involved at key stages including but not limited to: Adult Recovery Team (ART) meetings, development of the Individualized Service Plan (ISP), development of the Inpatient Treatment and Discharge Plan (ITDP), grievance and appeal processes, and when treatment decisions are made. The Policy was also revised to update notification requirements to indicate that submissions of Special Assistance Notification must be submitted via the AHCCCS QM Portal, to contact AHCCCS/OHR for immediate assistance, and to specify that all Notices of Adverse Benefit Determination (NOA) and Notices of Decision (NOD) issued to the member/guardian/designated representative shall also be submitted to AHCCCS/OHR.

7. AMPM Exhibit 1720-1 – Housing and Health Opportunities (H2O) Services is a new Exhibit developed to establish requirements for the H2O Program Administrator and H2O providers regarding provision of H2O services.

8. AMPM Exhibit 1720-2 – Housing and Health Opportunities (H2O) Caseload and Contact Requirements is a new Exhibit developed to establish requirements for the H2O Program Administrator and H2O providers regarding caseload and contact requirements for Outreach and Education, Enhanced Shelter, and Pre-Tenancy/Tenancy Services.

9. AMPM Exhibit 1720-3 – Housing and Health Opportunities (H2O) Provider Training is a new Exhibit developed to establish requirements for the H2O Program Administrator and H2O providers regarding H2O provider training.

10. AMPM Policy 411 – Women's Preventive Care Services was revised to add a requirement for MCOs to develop and implement a process for monitoring, evaluating, and improving provider compliance regarding the testing of members for syphilis, at least annually, beginning at age 15 years. Providers shall ensure members are tested for syphilis at least annually beginning at 15 years of age. The screening requirements for syphilis is a joint collaborative effort between AHCCCS and the Arizona Department of Health Services; and is reviewed by Arizona Congenital Syphilis Collaborative.

11. AMPM Policy 420 – Family Planning Services and Supplies was revised to add a requirement for MCOs to ensure that service delivery, monitoring, and reporting requirements are met regarding the testing of members for syphilis, at least annually, beginning at age 15 years.

12. AMPM Policy 430 – Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Services was revised to include annual syphilis testing beginning at age 15 years and to add human donor milk as a covered service in certain circumstances.

13. AMPM Policy 1230-C – Community Residential Settings was revised to align with 2023 Arizona House Bill 2166, amending ARS 36-551. The Policy was revised to add a definition for Group Home and to amend the licensing authority for Community Residential Settings to Arizona Department of Health Services (ADHS), and to update the roles and responsibilities of Community Residential Settings licensed by DES/DDD.

14. AMPM Policy 610 – AHCCCS Provider Qualifications was revised to align with operational changes supporting AHCCCS' fraud, waste, and abuse prevention efforts. Major revisions include requirements for disclosure of reportable events, ownership entity, and criminal convictions; as well as clarifying specific documentation submission processes.

15. AMPM Policy 310-B – Title XIX XXI Behavioral Health Service Benefit was revised to clarify service delivery requirements for clinical oversight, clinical supervision, outpatient treatment services, and alignment with the AHCCCS Covered Behavioral Health Services Guide (CBHSG) and AHCCCS Medical Coding page resources. Categories and subcategories for behavioral health services were modified to remove duplication and to align with the CBHSG for consistency. Services have been organized into categories and subcategories based on the type of service. Additional examples, definitions, billing guidance, and requirements have also been relocated to the CHBSG and/or AHCCCS Medical Coding Page.

16. AMPM Policy 310-II – Genetic Testing was revised to align with the AHCCCS State Plan Amendment (SPA) covering Rapid Whole Genome Sequencing Testing, to include a rapid whole genome

sequencing definition based on 2023 Arizona Senate Bill 1720, to add Rapid Genome coverage requirements in alignment with Arizona Senate Bill 1726, and to include Prior Authorization (PA) requirements.

Collaboration with Arizona Department of Education (ADE) and Arizona Department of Health Services (ADHS) for Accessing Behavioral Health Services in Schools

The AHCCCS Behavioral Health in Schools (BHIS) Program, in partnership with the ADE, has made notable advancements in expanding mental health services for students. Project AWARE (Advancing Wellness and Resilience in Education) is a Substance Abuse and Mental Health Services Administration (SAMHSA) funded grant awarded to Arizona schools, through the Arizona Department of Education (ADE). Project AWARE II (2021-2026) has been instrumental in addressing these gaps, focusing on building lasting infrastructure and increasing capacity for mental health services in schools. In its third year, the initiative trained over 5,153 individuals, including 937 mental health professionals, and facilitated 2,524 student referrals, with 1,840 students accessing services, reflecting an 83% access rate. Additionally, outreach efforts reached more than 17,555 individuals, promoting mental health awareness and suicide prevention. New partnerships, such as those with Spectrum Healthcare Group and Horizon Health & Wellness, have further bolstered service delivery within schools.

In response to the escalating opioid overdose epidemic, particularly involving fentanyl among school-aged children, the Arizona Department of Education (ADE) established the School Training Overdose Preparedness and Intelligence Taskforce (STOP-IT) in May 2024. This task force comprises representatives from schools, healthcare, law enforcement, and other stakeholders, including the Arizona Department of Health Services (ADHS). The STOP-IT initiative focuses on educating students and school staff about the dangers of fentanyl, implementing preventive measures, and equipping schools with overdose-reversing drugs like Narcan (naloxone). The collaboration between AHCCCS, ADE, and ADHS within the STOP-IT task force exemplifies a unified approach to combating the opioid crisis in educational settings.

Despite the challenges brought by the end of CBHSF funding, the combined efforts of AHCCCS, ADE, and ADHS continue to enhance access to mental health services and address substance use issues among Arizona students. These initiatives are crucial in creating a sustainable and effective framework for supporting the well-being of students across the state.

Targeted Investments Program(s)

On October 14, 2022, CMS approved the five-year Targeted Investments 2.0 (TI 2.0) provider incentive program for the ACC and ACC-RBHA lines of business. Building upon the original program (TI 1.0), TI 2.0 aligns with AHCCCS' strategic plan and the Arizona Section 1115 Waiver to support and incentivize providers to develop and enhance comprehensive whole person care systems that effectively address the social risk factors that adversely affect health. Eligible Medicaid provider organizations that meet certain benchmarks will receive financial incentives through the MCOs for developing infrastructure and protocols to optimize coordination of services designed to meet the member's physical health, behavioral health, and Health-Related Social Needs (HRSN) and address identified health inequities among their member population. In closing out the TI 1.0 program and continuing to lay the foundation for future years of the TI 2.0 program during quarter one, the following quality assurance activities were established and conducted:

1. AHCCCS reviewed and approved the MCO deliverables delineated in ACOM Policy 325 and the AHCCCS website: monthly PCP Assignment files demonstrating adherence to AMPM Policy 510 PCP Assignment and the ACOM Policy 325requirements for the MCOs to reconcile the member's assigned PCP with the provider that renders services to the member or, when there is no utilization to inform the reconciliation, a PCP near the member's home residence; monthly justice referral lists of justice-involved members referred to the participating justice clinics to ensure compliance with ACOM Policy 325 requirements that encourage MCOs to refer individuals to TI 2.0 justice clinics that partner with criminal justice agencies (e.g., probation, parole, jails, courts) to engage, screen, and coordinate treatment that assist individuals with reentering the community and reduce individual's interactions with the justice system; a list of TI contacts that serve as a liaison between AHCCCS, providers, and MCOs for VBP arrangements, PCP assignment concerns, and justice reach-in; and TI Payment Distribution reports to verify each MCO followed AHCCCS guidance for the state directed payment program and identify uncleared checks that warrant a new payment medium.

2. AHCCCS created a new MCO deliverable to require MCOs to submit a supplemental encounter file with any no-pay claim lines that are not encountered to AHCCCS. This includes three non-pay HCPCS codes that identify the outcome of HRSN screening and, as appropriate, referral status. Only one MCO was not already encountering this data to AHCCCS.

3. AHCCCS contractors led a Quality Improvement Collaborative meeting with the TI 2.0 participants and stakeholders. As specified in ACOM Policy 325, MCOs are incentivized to attend these meetings to provide the payer perspective, immediately address provider concerns related to TI-initiatives, and discuss ideas to improve related activities.

4. Outpatient provider organizations applying for TI 2.0 must demonstrate readiness to embark on the rigorous program initiatives (e.g., addressing health related social needs). Providers began submitting processes and protocols related to these initiatives to qualify for year two the TI 2.0 program. AHCCCS reviews these processes and protocols to ensure each contains required elements that foster accountability and efficacy. For a PCP organization to meet the whole-person care requirement, for example, an applicant's policy and procedures must identify the behavioral health and HRSN screening tools, including the individual conducting the screening, explain when screening is conducted and how results are communicated to the member and documented in the system, and delineate how referrals are made to a service provider that can best meet the member's identified needs. Participating provider organizations must submit the year two application and required evidence by January 31, 2025.

5. Other deliverables driving the TI 2.0 program provider incentives have been defined, including: enhanced policies and protocols related to program initiatives, NCQA Accreditation, and reports summarizing internal audit of process and protocol implementation. AHCCCS continues to refine the requirements to optimize feasibility, impact, and value.

6. AHCCCS continues to develop federally-required program metrics and monitoring protocols with CMS. As specified in the Arizona Section 1115 Waiver Special Terms and Conditions (STCs) this includes: TI 2.0 Incentivized Metrics and Funding Protocols (STC 51), the New Initiatives Implementation Plan (STC 73), DSHP Metrics and Monitoring Protocols and subsequent quarterly

reports (STC 84-85), Arizona Section 1115 Waiver Program Evaluation Design and subsequent quarterly-until-annual reports (STC 97-98, 101-102), and Annual Pre-Prints as described in 42 CFR 438.6(c)(1)(i) through (c)(1)(ii) and (c)(1)(iii)(B) through (D).

Innovative Approaches and Continuous Quality Improvement

Data Dashboards

In alignment with strategic and Health Information Technology (HIT) planning goals for transparency into delivery system performance, AHCCCS continues its efforts with the state's Health Information Exchange (HIE), Contexture, to develop and publish public-facing delivery system utilization dashboards. To date, the partnership with Contexture resulted in three public-facing dashboards (COVID-19 Immunizations, Emergency Department Visits, and Hospital Inpatient Admissions) being published to the AHCCCS website in quarters one and three of 2024 with a third dashboard (Telehealth Utilization) projected to be completed in the second quarter of 2025. AHCCCS also continues its work with internal development of additional public-facing dashboards. To date, an AHCCCS Eligibility Determinations dashboard was published in quarter four of 2024 with two additional dashboards, AHCCCS Demographics and AHCCCS Provider Enrollment, projected to be published in quarter two and quarter three of 2025, respectively.

Whole Person Care

The AHCCCS Whole Person Care Initiative (WPCI) is AHCCCS' next step in integrated care and is focused on improving Health-Related Social Needs (HRSN) of members. WPCI includes the following areas of focus: improving member connection to services for housing/homelessness, food insecurity, transportation, employment, utility assistance, social isolation/social support, interpersonal and physical safety, justice/legal involvement, access to safe outdoor spaces, and screening and referring members to HRSN utilizing the Statewide Closed-Loop Referral System (CLRS). This quarter's updates for a few of these key areas are described below.

1. ***Whole Person Care - Employment***

   A fundamental area of focus in whole person care is to improve member access to pre- and post-employment and services, especially for members with an SMI designation as AHCCCS maintains an Interagency Service Agreement (ISA) with the Department of Economic Security/Rehabilitation Services Administration (RSA/VR) Vocational Rehabilitation (VR) program that provides specialty services and supports for members with SMI designations.

   During quarter one, a new competency evaluation tool for employment was launched within the Learning Management System called RELIAS that is utilized by providers for workforce education, competency assessment, among other things. The employment competencies in the new competency evaluation tool revolve around member engagement, billing correctly for employment services, the understanding and use of Disability Benefits 101 (DB101), and the understanding, promotion of, and referral to Rehabilitation Services Administration / Vocational Rehabilitation (RSA/VR). The new competency evaluation tool was developed from the previous competency skills checklist and includes new enhancements, such as:

   - Competencies based on a rating scale, as opposed to only "Met" or "Not Met".

- MCOs are now able to see how the competencies were assessed (e.g., use of chart reviews, observation, or verbal descriptions).
- Reduced administrative burden on providers (e.g., reduced the number of documents needing review from eight to two, and set up auto-enrollment rather than manual enrollment of staff receiving the competency evaluations into the RELIAS system).

2. *Whole Person Care - Food Insecurity*

In quarter one, AHCCCS and DES continued the work together to test a data exchange process that will allow AHCCCS to receive beneficiary information for individuals that are enrolled with Arizona's Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families Program (TANF) program, who are also eligible for AHCCCS H2O services. AHCCCS will use this information to ensure H2O members are enrolled in SNAP and TANF if they are eligible for those programs. AHCCCS is working to develop a parallel data exchange process with ADHS to obtain data on beneficiaries of the Women, Infants and Children (WIC) Program, who are also eligible for H2O services; however, due to limited resources, obtaining the WIC beneficiary data will not begin until early 2025.

3. *Whole Person Care - Housing/Homelessness*

In quarter one, the AHCCCS Housing team continued efforts to implement the Housing and Health Opportunities (H2O) Program. The state awarded the H2O Program Administrator contract to Solari and worked in partnership with Solari to complete operational readiness for October 1, 2024, the go live date of the H2O program. During quarter one the H2O Program Administrator began to establish the H2O Provider network, onboarding more than three providers and ensuring statewide coverage. Additionally, the H2O Program Administrator began to establish member eligibility. As of the end of quarter one more than 250 members have been determined to be eligible for H2O services statewide. The AHCCCS Housing team also continued to meet with external stakeholders and federal partners to discuss partnership with Public Housing Authorities and the HUD Continuum of Care programs to establish long-term subsidies that H2O eligible members can transition to once the six months of short-term rental assistance under the H2O Program is coming to an end. A HUD round table discussion with federal partners occurred on December 17, 2024, and provided the space to deepen discussion and operationalize administrative procedures that will streamline members' transitions from the Medicaid short term rental assistance to a long-term subsidy available through a HUD program.

Additional activities this quarter include the following:

- The AHCCCS Housing team continued progress with the Bower Park Transitional Housing project, which will provide 50 transitional housing beds to members with an SMI designation. Construction began and the AHCCCS Housing team worked with the provider to update their project plan, which included recommendations for policies to be created prior to opening.

- The AHCCCS Housing team continued progress supporting the Data Warehouse Enterprise for Linkage Arizona (DWEL-AZ) initiative. This project seeks to combine relevant data sources to coordinate efforts and resources supporting members who are experiencing

homelessness. The AHCCCS team helped facilitate connections with Contexture, the state designated HIE, in order to identify data sharing capabilities for the HIE and the DWEL-AZ initiative.

- The AHCCCS Housing team continued to hold regular meetings with the MCO's housing liaisons in order to provide oversight of contractual obligations to provide community-based supportive services to eligible members, especially those the MCO is aware are experiencing homelessness. The AHCCCS Housing team receives a quarterly supportive housing deliverable from each MCO, and the report is reviewed and feedback provided to the MCO in order to improve and coordinate member access to housing related supportive services for eligible members.

4. *Whole Person Care – Justice Initiatives*

In quarter one, the AHCCCS Justice team, in partnership with AHCCCS's Division of Member and Provider Services (DMPS), continued discussions with the City of Mesa to fully automate their booking and release data for justice-involved members who are incarcerated within that municipality. AHCCCS is engaged in a pilot project with Maricopa County's medical vendor, Correctional Health Services, for the hospitalized inmate automation process that is being led by staff in DMPS. This pilot is effective as of September 2024. In addition, AHCCCS continues to prioritize the automation of data feeds with all counties to enhance outcomes related to booking/release daily feeds, enrollment suspense agreements, and hospitalized inmate agreements with AHCCCS.

Throughout quarter four and quarter one, AHCCCS conducted multiple meetings with justice-involved stakeholders throughout the state related to the requirements of the Consolidated Appropriations Act (CAA) in addition to collaborating with various divisions within AHCCCS to create the CAA implementation plan. AHCCCS continues to conduct regular internal and external meetings to operationalize a phased-in system implementation approach to the requirements.

The AHCCCS Justice team continues to support Targeted investments (TI) 2.0 readiness by assisting providers and Arizona Department of Corrections, Rehabilitation & Reentry (ADCRR) in their efforts to outline clear expectations, streamline coordination, and ensure that there is no duplication of services. In quarter one, AHCCCS TI and Justice Administrators discussed the feasibility of enhancing data received from ADCRR in an existing 270/271 agreement through a separate data request, which would allow AHCCCS to share basic demographic, enrollment, and provider information with ADCRR's medical vendor, Naphcare. Specialized reporting would allow ADCRR's medical vendor to proactively coordinate care and enhance continuity of care with MCO Justice Liaisons, probation/parole, and members preparing for reentry. AHCCCS has also begun negotiations with ADHS and local tobacco-cessation programs to implement the original requirements and enhance future requirements to leverage all available resources in supporting justice-involved members seeking to reduce tobacco consumption.

In quarter one, the AHCCCS justice team, in collaboration with the Office of Data Analytics, began production of a new reach-in report as a result of the original data request, which allows AHCCCS to validate the efficacy of reach-in care coordination that is being completed by the MCO Justice

Liaisons prior to release. By leveraging claims data post-release, AHCCCS will have greater oversight into any barriers or quality of care concerns related to reach-in programming.

5. *Whole Person Care - Safe Outdoor Spaces*

AHCCCS met with representatives from the free Parks Rx Program of the Arizona State Parks and Trails Department to explore a collaborative partnership to bring awareness of the program to Medicaid members.

6. *Whole Person Care - Social Isolation/Social Support*

In the long term AHCCCS plans to release a new policy designed to establish a service model aimed at reducing social isolation and loneliness among members in ALTCS by teaching them skills to participate in activities or groups and develop relationships in their community of choice. The new policy and services have been put on hold for the foreseeable future due to state budget constraints. In the interim, AHCCCS is in the process of preparing policies that include the introduction of a screening for social isolation and associated personal goal development as part of the person-centered service planning process for the public comment process. AHCCCS has also begun the process to explore ways to evaluate the effectiveness of interventions on social isolation including, specifically, the positive outcomes on physical and mental health status.

7. *Whole Person Care – Community Cares Statewide Closed-Loop Referral System*

Arizona's Statewide Closed-Loop Referral System, known as CommunityCares, is an electronic tool that allows our health care providers to screen and refer members to HRSN. AHCCCS contracts with the organization Contexture to manage CommunityCares as well as the software vendor for the system (Unite Us). In this reporting period, AHCCCS continued to see increased CLRS enrollment and utilization. Currently, there are 598 organizations using CommunityCares to address HRSNs for AHCCCS members.

To date, the CLRS has been used to provide 65,586 closed-loop referrals for HRSN services with 29,957 in during the reporting period. The top five referral categories were for food assistance, mental/behavioral health, housing/shelter, individual and family support, and clothing/diapers/infant supplies/household goods.

Managed Care Organization Monitoring and Compliance

AHCCCS monitors and evaluates availability of services and access to care, organizational structure and operations, clinical and non-clinical quality measurement, and performance improvement outcomes through several methods including:

1. Operational Reviews
2. Review and Analysis of Periodic Monitoring Reports
3. Performance Measures
4. Performance Improvement Projects
5. Data Analysis
6. Provider Network Time and Distance Standards Monitoring
7. Appointment Availability, Monitoring, and Reporting
8. Case Management Ratios

9. Assessment of Fidelity to Service Delivery for Individuals with a Serious Mental Illness Designation
10. Surveys

A number of Contract deliverables are used to monitor and evaluate MCO compliance and performance. AHCCCS reviews, provides feedback, and approves these reports as appropriate.

Monitoring and Compliance

External Quality Review Organization (EQRO) Contract

AHCCCS issued an EQRO RFP on February 7, 2024, to secure contractors to perform EQR-related activities. The awarded Contract start date was August 1, 2024.

AHCCCS awarded the EQRO activities External Quality Review (EQR) Annual Technical Report(s) and Network Adequacy to a single EQRO Contractor, Health Services Advisory Group, Inc (HSAG).

AHCCCS awarded the Mandatory EQRO activities, Performance Improvement Project (PIP) Validation, Performance Measure Validation, and Compliance Reviews (i.e., Operational Reviews) to a single EQRO Contractor, HSAG.

The following Optional EQRO activities: Encounter Data Validation, Member and Provider Surveys Administration and Validation, Performance Measure Calculations, Conducting PIPs, Conducting Studies on Quality, and Assisting with Quality Rating System (QRS) were awarded to multiple EQRO Contractors as summarized below.

1. HSAG was awarded six Optional EQRO activities listed in the RFP: Encounter Data Validation, Member and Provider Surveys Administration and Validation, Performance Measure Calculations, Conducting PIPs, Conducting Studies on Quality, and Assisting with QRS.

2. ASU CHIR was awarded six Optional EQRO activities listed in the RFP: Encounter Data Validation, Member and Provider Surveys Administration and Validation, Performance Measure Calculations, Conducting PIPs, Conducting Studies on Quality, and Assisting with QRS.

3. Mercer was awarded three Optional EQRO activities listed in the RFP: Encounter Data Validation, Conducting Studies on Quality, and Assisting with QRS.

During quarter one, AHCCCS developed an internal tracking process to monitor the status of key contractual requirements. Ad-hoc meetings will be conducted with the awarded EQRO contractors to continue supporting contractual compliance efforts.

Fidelity to SMI Targeted Services

AHCCCS utilizes contracted third-party evaluators to complete SAMHSA Evidence Based Practice (EBP) Fidelity Reviews of four targeted services including Assertive Community Treatment (ACT), Consumer Operated Services/Peer Run Organizations (COS/PRO), Permanent Supportive Housing (PSH) services, and Supported

Employment (SE). The Western Interstate Commission for Higher Education (WICHE) Behavioral Health Program conducts the SAMHSA EBP Fidelity reviews of selected providers on a yearly basis and provides a report with the review outcomes to AHCCCS in addition to the contracted provider and the ACC-RBHA MCOs. As of December 31, 2024, WICHE completed 22 SAMHSA EBP Fidelity Reviews statewide (11 ACT, five COS, three PSH, and three SE), evaluating each provider for how closely services are provided to the fidelity model. This is the first year that SAMHSA EBP Fidelity Reviews have been conducted statewide for the four targeted services. Reports have led to ongoing follow-up with the ACC-RBHA MCOs to review system improvements and opportunities for training and technical assistance specific to the implementation of ACT, Supported Employment, Consumer Operated Services, and Permanent Supportive Housing during monthly meetings.

In addition to the ongoing fidelity monitoring, training, and technical assistance AHCCCS receives three annual reports as required by the exit stipulations of, class action suit Arnold v. Sarn. These three reports include a summary of the fidelity reports; a Quality Service Report (QSR) that identifies strengths, service capacity gaps, and areas for improvement; and a Service Capacity Assessment (SCA) that evaluates the network capacity of services. These reports are completed at the end of the fiscal year and will be an ongoing project consisting of data evaluation, focus groups, and program analyses for the next three quarters. These reports evaluate the delivery of behavioral health services to members in Maricopa County with an SMI designation. The annual summary of fidelity reports is completed by WICHE, while the QSR and SCA are conducted by Mercer. AHCCCS received the final 2024 reports in September and reviewed the reports for finalization and publication on the AHCCCS website. The final reports are currently posted publicly on the AHCCCS website for transparency.

Trends and recommendations continue to be identified and used to develop strategic goals to address behavioral health service needs in tandem with MCOs.

Quality Improvement

Performance Measures - During quarter one, AHCCCS established and posted its CYE 2025 Value Base Purchasing performance (VBP) measures document, inclusive of associated threshold and high performing benchmarks, to the AHCCCS website. As part of the Agency's efforts to further promote transparency, AHCCCS provided an overview of its VBP measure selection process within the VBP measures document.

VII.   Random Moment Time Study

Arizona Health Care Cost Containment System (AHCCCS)
Quarterly Random Moment Time Study Report
October – December 2024

The October - December 2024 (OD24) quarter for the Medicaid School Based Claiming (MSBC) program Random Moment Time Study (RMTS) was completed successfully with the administrative service, direct service, and personal care time study cost pools.

Active Participants

The "Medicaid Administrative Claiming Program Guide" mandates that all school district employees identified by the district's RMTS coordinator as being qualified to provide direct services or administrative activities participate in a RMTS. Staff rosters are updated by RMTS coordinators on a quarterly basis to ensure accuracy of participants in the time study. The table below shows the number of participants in the administrative service, direct service, and personal care time study staff pools at the beginning of the quarter.

Table 7

Staff Pool	October 2024 – December 2024
Administrative	2,968
Direct Service	3,882
Personal Care	6,923

Sampling Requirements

To achieve statistical validity, maintain program efficiencies, and reduce unnecessary district administrative burden, the Arizona Health Care Cost Containment System (AHCCCS) implements a consistent sampling methodology for all activity codes and groups to be used. AHCCCS has constructed the RMTS sampling methodology to achieve a level of precision of +/- 2% (two percent) with a 95% (ninety-five percent) confidence level for activities.

Statistical calculations show that a minimum sample of 2,401 completed moments each quarter, per cost pool, is adequate to obtain this precision when the total pool of moments is greater than 3,839,197. Additional moments are selected each quarter to account for invalid moments.

Moment Response

For each of the three cost pools, more moments are generated than are needed for statistical validity, as allowed by the Time Study Implementation Guide approved by the Centers for Medicare and Medicaid Services (CMS). This oversample allows for the occurrence of invalid moments, which are observations that cannot be used for analysis (i.e., moments selected for staff no longer at the school district, who changed jobs and are no longer in an allowable position and their old position has not been filled or were not working and were unpaid).

Arizona's Section 1115 Waiver Demonstration Annual Report

The tables below demonstrate that the administrative service, direct service, and personal care time study achieved statistical validity in the OD24 quarter. The response rate reflects the number of valid responses received divided by the total number of valid moments generated per cost pool per quarter.

Administrative Service

Table 8

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
October 2024 – December 2024 Total Moments	3,000	2,635	2,575	97.72%

Direct Service

Table 9

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
October 2024 – December 2024 Total Moments	3,300	2,732	2,672	97.80%

Personal Care

Table 10

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
October 2024 – December 2024 Total Moments	3,500	2,807	2,630	93.69%

As these results illustrate, the administrative service, direct service, and personal care time study reached statistical validity for the quarter with more than 2,401 valid responses received.