



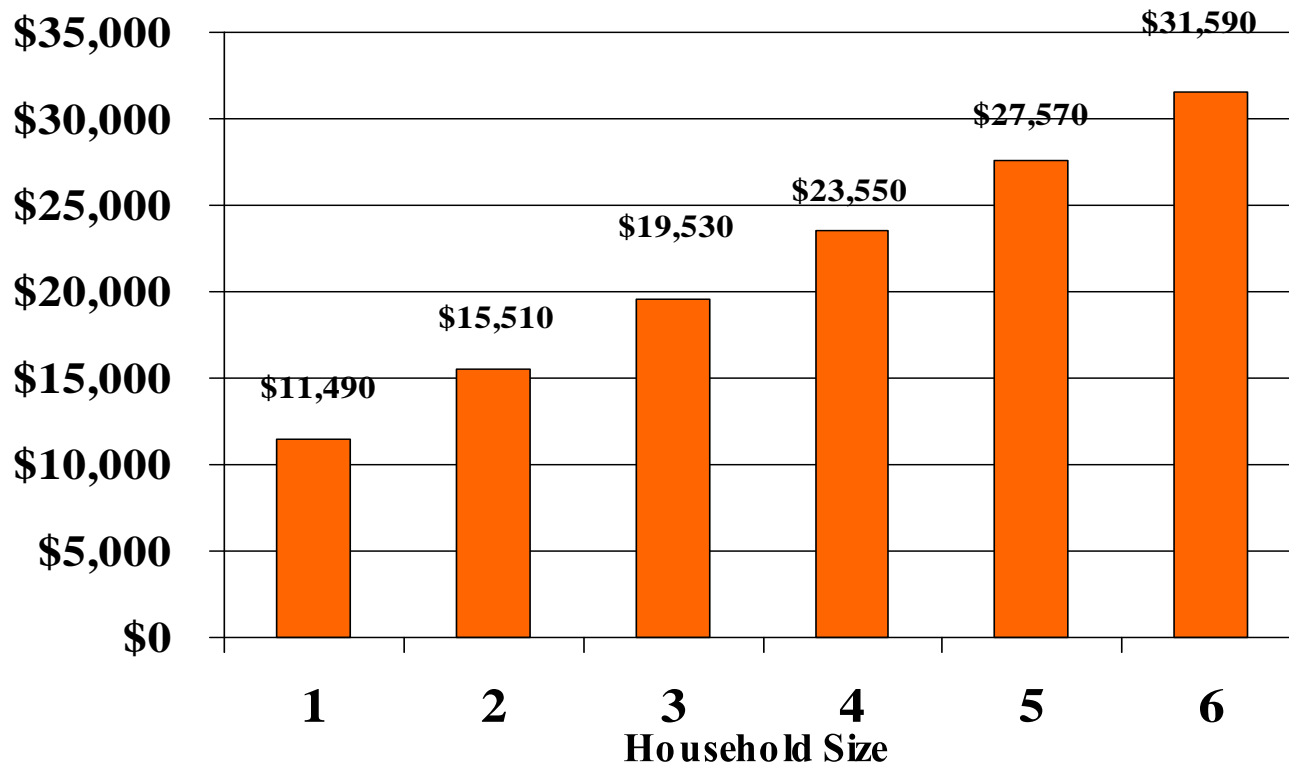
AHCCCS Update



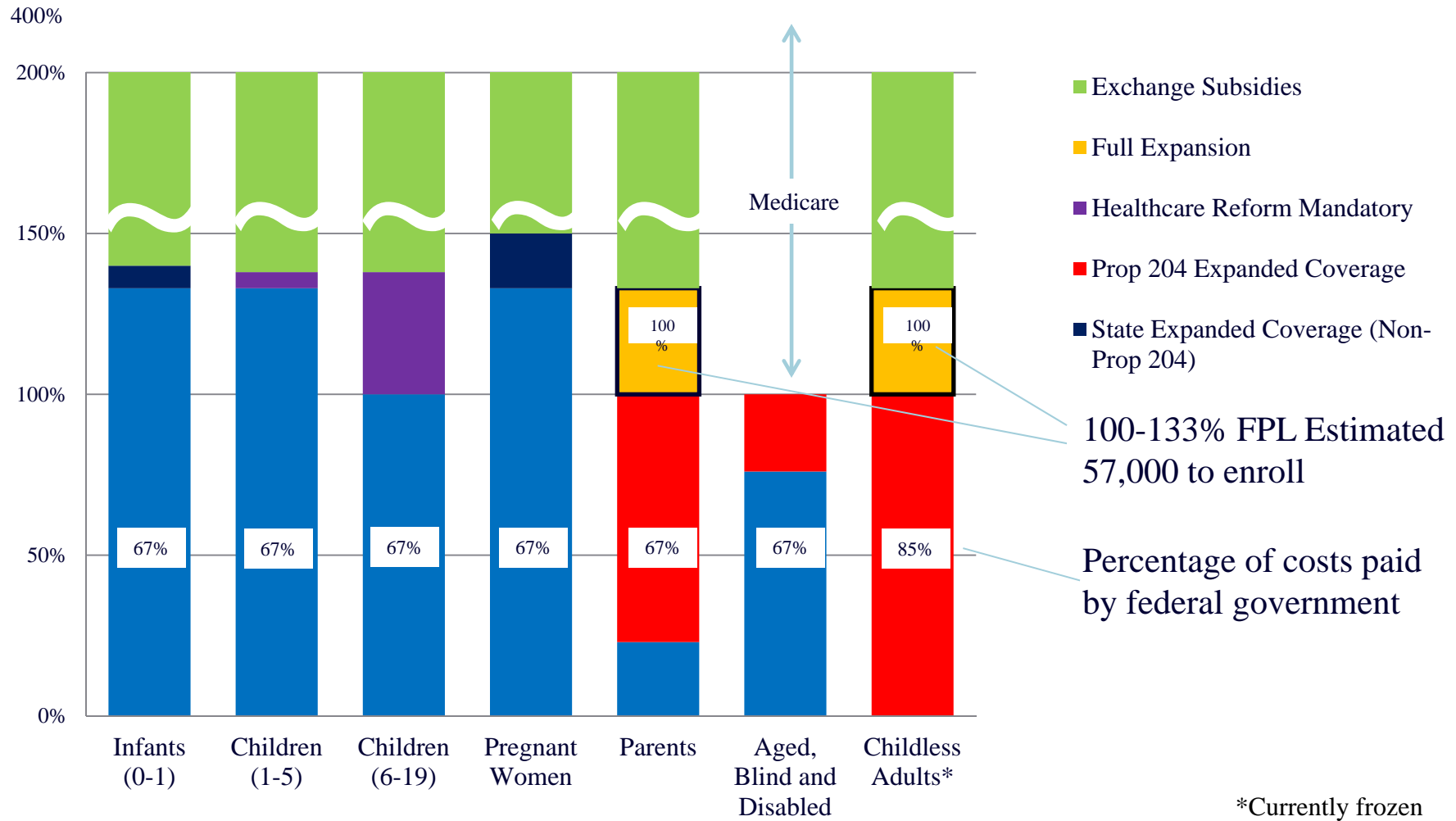
30 Years of Medicaid Innovation
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Arizona Health Care Cost Containment System

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

100% Federal Poverty Level (2013)



Medicaid and ACA Populations

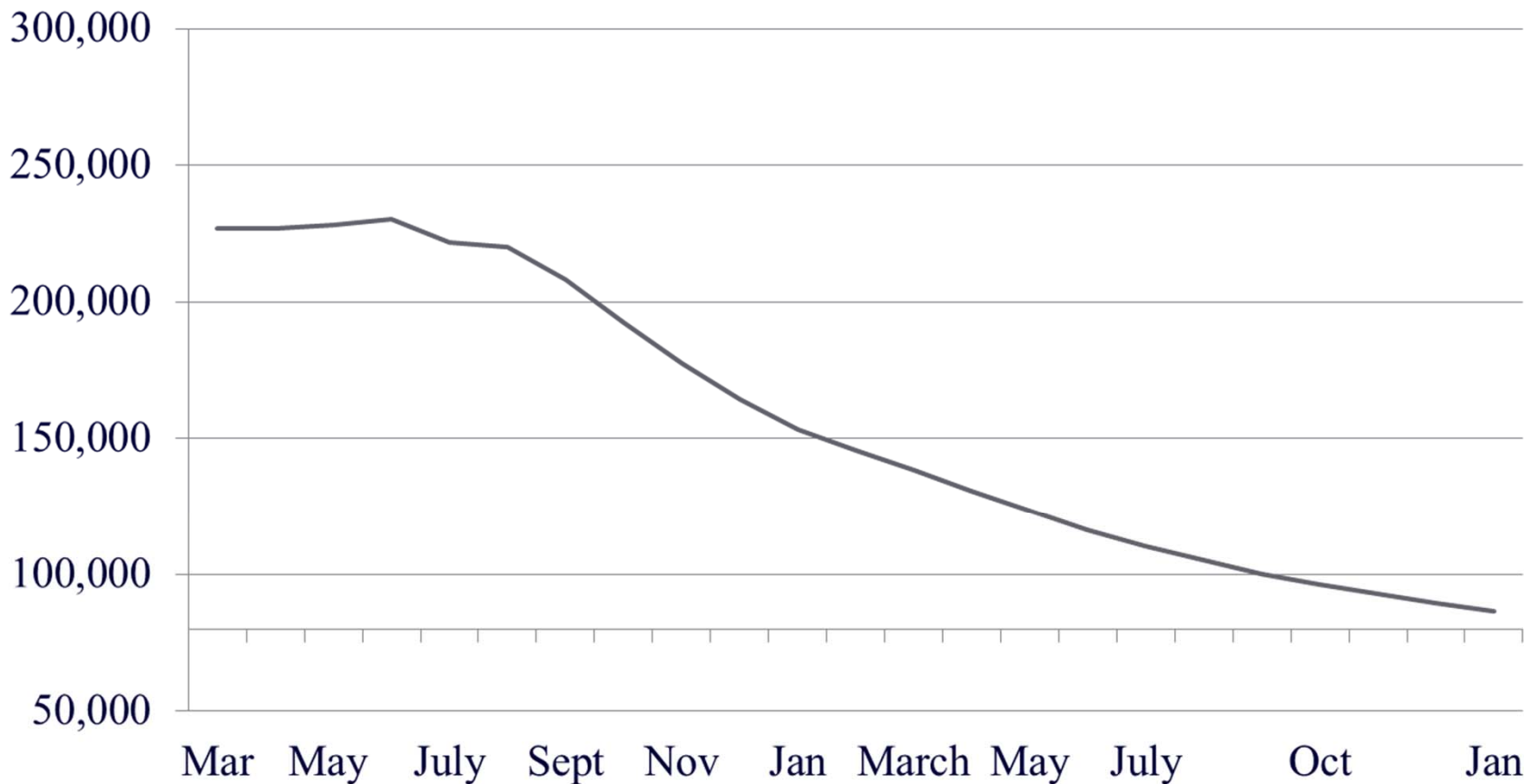


AHCCCS Coverage History

- Mid 1990s – Governor Symington proposed eligibility increase to 100% - 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% implemented
- 2010 – ACA passes with coverage up to 133%
- 2011 – State imposes freeze – insufficient resources
- 2012 – US Supreme Court ruling on ACA



Childless Adult Population



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AHCCCS Coverage

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



2011 Childless Adult Expenditure Data

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



Who are the Childless Adults

Diagnosis Group	Estimated Patient Numbers Using December 2013 Projected Enrollment (63,212)
Infectious (E.G. HIV, Hepatitis)	13,870
Cancer	4,701
Metabolic diseases and immunity disorders (Diabetes)	16,684
Blood and Blood-forming organs (Anemia, hemophilia)	2,590
Mental Illness	17,309
Nervous System and Sense Organ Diseases	18,232
Heart and Circulatory System Diseases	17,254
Respiratory Diseases	21,082
Kidney Diseases	15,084
Injury and Poisoning	16,196

Patient Numbers forecasted based on caseloads prior to the Impact of the Enrollment Freeze and Estimated Patient Numbers for December 2013. Includes only examples and is not an exhaustive list of AHCCCS payments. Additional information on this study is available at www.azahcccs.gov.



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Impact of Prop 204 Coverage Elimination

Based on FFY 2011 Spend (3 months of freeze) - \$1.7 B

- ❑ Hospitals \$720 million – 38 Non Maricopa/Pima Hospitals - \$160 m
- ❑ Physicians/Clinicians - \$283 million - \$50 m greater AZ
- ❑ Behavioral Health - \$125 million - \$27 m greater AZ
- ❑ Emergency and Non-Emergency Transportation - \$80 m
- ❑ Radiology and Lab - \$72 m

Waiver Authority Expiring 1-1-14

- ❑ Hospital Uncompensated Care Funding – I.H.S Funding
- ❑ Authority to cover Childless Adults



Impact to Rural Communities

The Plan protects rural and safety-net hospitals and health centers that are critical providers and pillars of the economy so they can meet the needs of all their residents.

- Between 2010 and 2012, costs for treating the uninsured has doubled at nearby hospitals (Mt. Graham = \$3.3 million total in 2012).
- Millions more will be lost for care currently provided to Childless Adults with AHCCCS (Mt. Graham = \$2.5 million in 2011; Mt. Graham received over \$7.5 million in 2011 for treating all other AHCCCS populations).
- The number of enrolled AHCCCS members in Graham County has dropped by over 20% since July 2011 when the freeze for Childless Adults went into place.



Leaders in Legislative District 14 are in Support

Healthcare for 300,000 Arizonans



As healthcare leaders in Legislative District 14, we are supporting Governor Brewer's proposal to expand healthcare coverage through the AHCCCS program. Why are we supporting this proposal?

*AHCCCS expansion provides 300,000 of Arizona's citizens with healthcare coverage they currently lack.
 AHCCCS expansion helps reduce the excess premiums paid by businesses and individuals to offset uncompensated care.
 AHCCCS expansion brings 1.6 billion federal dollars into the state's economy which will create jobs.
 AHCCCS expansion helps maintain the financial stability of your community hospital.*

Sierra Vista Regional Health Center

Margaret Hepburn
Margaret Hepburn
 CEO and President

Bruce W. Dockter
Bruce Dockter
 Board Chairperson

Southeast Arizona Medical Center

Ann L. Benson
Ann Benson
 CEO

James L. Riley
James Riley
 Board of Directors, Chairperson

Benson Hospital

Richard Polheber
Richard Polheber
 CEO

Ann M. Cook
Ann M. Cook
 Board of Directors, Chairperson

Mt. Graham Regional Medical Center

Patrick Peters
Patrick Peters
 CEO

Caro Gaethje
Caro Gaethje
 Board of Directors, Chairperson

You can help by contacting these legislators

Senator Griffin
ggriffin@azleg.gov

Representative Gowan
dgowan@azleg.gov

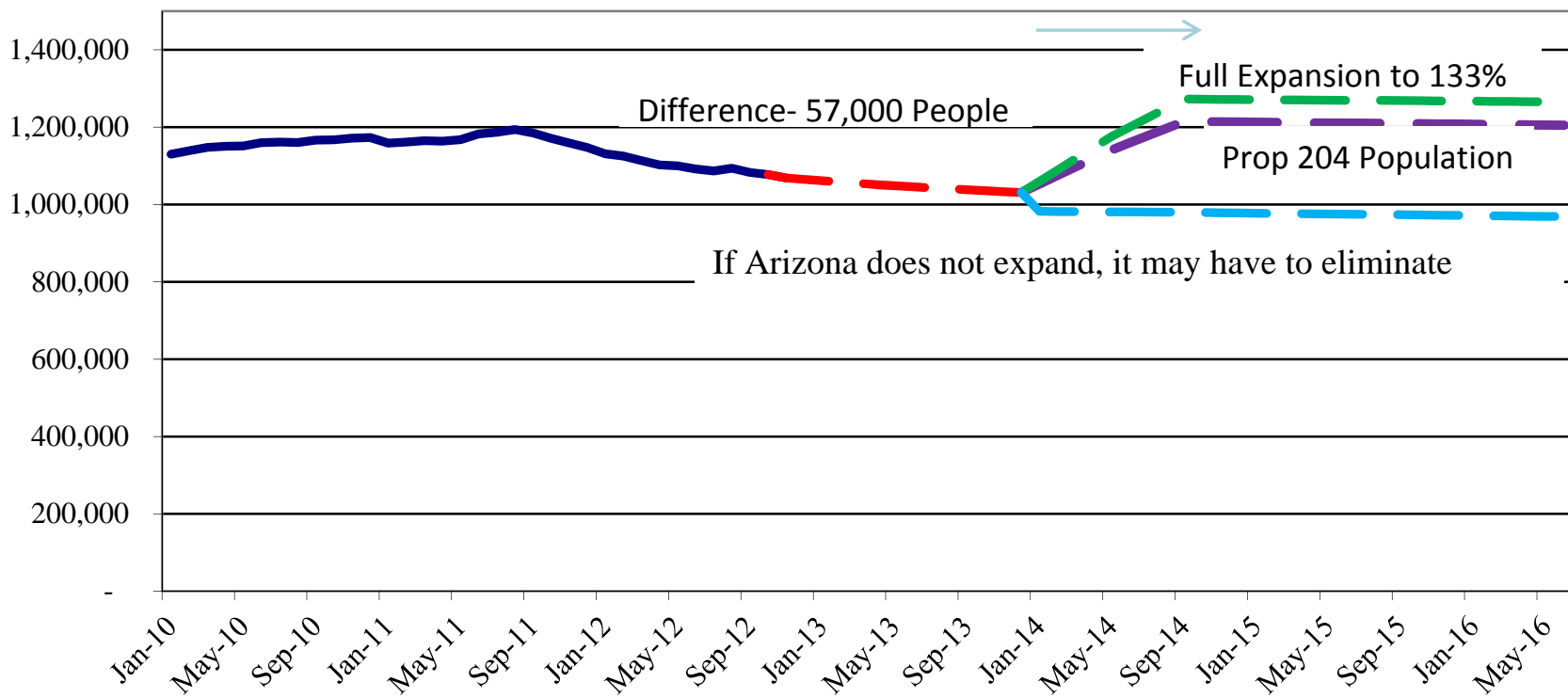
Representative Stevens
dstevens@azleg.gov

AHCCCS expansion ... it's the right thing to do



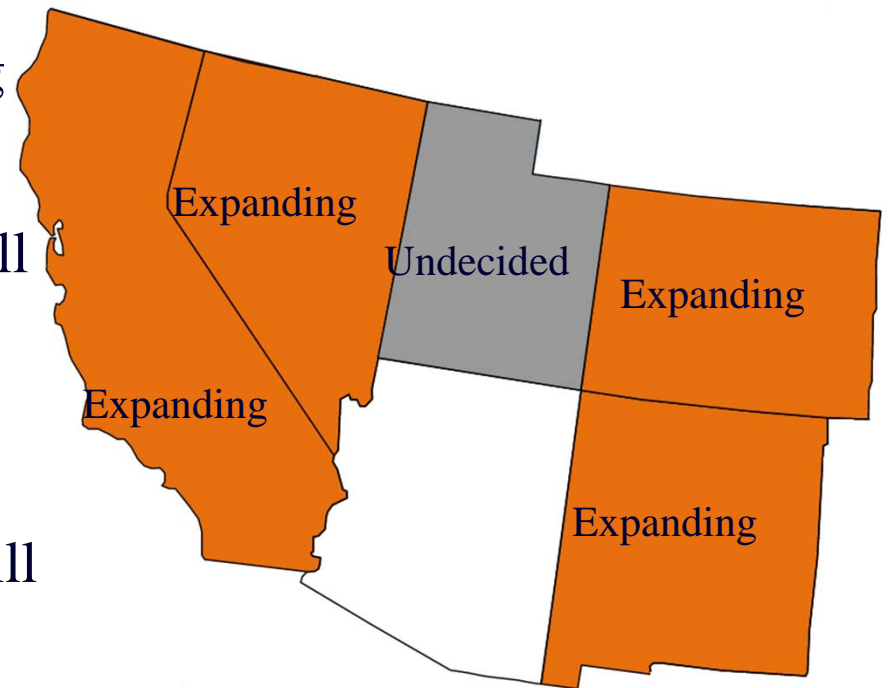
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Relatively Minor Tweak to Populations Already Covered by Arizona Voters



Expanding will Maintain Arizona's Economic Competitiveness

- Almost all of Arizona's neighboring states are expanding
- Not expanding will expose 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 Medicaid Efforts

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



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Impact to Arizonans

- Working Childless Adult age 55 – “I was born and raised in Arizona, lived here all my 55 years. I have worked and raised a family. I have come down with Hep C and if I don’t get treatment I will die. I can’t work full time any longer because of my illness. I can’t afford treatment. I guess I don’t have a choice but to die thanks to this state I have called home all my life. Still working part time paying into the system, just waiting to die.”
- 14 County Sheriffs sent a letter on Feb 11th – “Deputies in the field are also seeing the impacts of the untreated mental health conditions among those who no longer qualify for AHCCCS/Medicaid. Formerly stable people with mild to moderate mental health disorders are taxing the resources of deputies, often unnecessarily...“Making AHCCCS/Medicaid services more accessible to more Arizonans who are struggling economically will benefit the communities as a whole, as well as public safety in general. Thus we support your proposal...”



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
- ❑ National leader in Integrated delivery system for Dual eligible
- ❑ Very strong provider participation rates



AHCCCS Prop 204 Restoration and Medicaid Coverage

- ***Honor the will of the Voters*** – twice have approved coverage for low income Arizonans – up to 100%
- ***Keeps Arizona Economically competitive*** – Arizona families and businesses have to support uncompensated care – states that expand Medicaid have competitive advantage
- ***Protect rural, safety net and healthcare infrastructure*** - AHCCCS is an integrated system and the impact of a continued freeze will be dramatic on the delivery system all Arizonans enjoy
- ***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 expansion saved lives and coverage also supports lower costs of care for patients



Feds Say NO to Enrollment Caps

- On 4/25, CMS provided guidance that federal funding would not be available to maintain coverage for Childless Adults under the current freeze.

“The Affordable Care Act provides significant federal support to ensure the availability of coverage to low-income adults. Enrollment caps limit enrollment in coverage on a first come, first serve basis. Periods of ineligibility delay or deny coverage for otherwise eligible individuals. These policies do not further the objectives of the Medicaid program, which is the statutory requirement for allowing section 1115 demonstrations. As such, we do not anticipate that we would authorize enrollment caps or similar policies through section 1115 demonstrations for the new adult group or similar populations.”

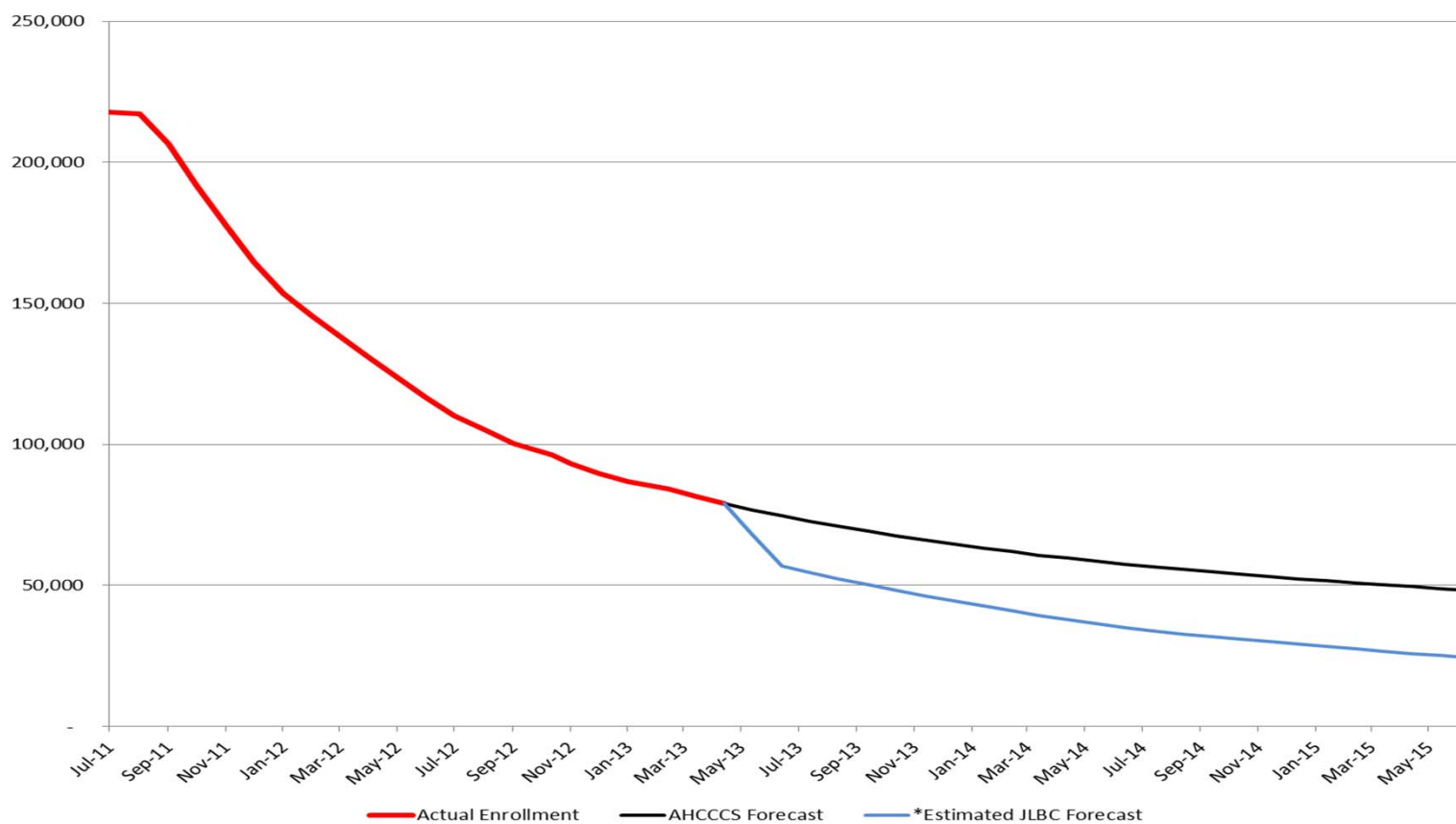


State Only Childless Adult Program

Fiscal Year	Legislative Estimates	AHCCCS/OSPB Estimates
FY 2014	\$118 million	\$200 million
FY 2015	\$181 million	\$353 million
FY 2016	<u>\$137 million</u>	<u>\$310 million</u>
Three-Year Total	\$436 million	\$863 million



State only Program



Policy Options

Options	Lives covered	GF Impact (FY 14-16)	Federal \$ available	Prop 204 Vote Honored
Governor's Proposal	300,000	\$(100) m savings	\$4.1 billion	Yes
Continued Freeze (assume state only)	63,000 and shrinking	\$850 m plus cost	\$0	No
Terminate Coverage 1-1-14	0 (63,000 lose coverage)	\$0	\$0	No

