

February 7, 2025

The Honorable Carine Werner
Chair, Senate Health & Human Services Committee
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

The Honorable Selina Bliss
Chair, House Health & Human Services Committee
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Werner and Representative Bliss:

In accordance with Laws 2024, Second Regular Session, Chapter 200, Section 2, AHCCCS is providing information on the development and implementation costs that would be incurred by AHCCCS to develop and distribute a real-time, automated survey to individuals with a Serious Mental Illness (SMI) designation.

Based on Calendar Year 2023 data, AHCCCS received nearly 11 million encounters (services provided) for over 65,000 individuals with an SMI designation. AHCCCS requested public comment on this topic beginning 12/16/24 with an extended email option through 12/31/24. To date, no public responses have been received.

In evaluating different automated survey options including price, efficiency, and ease of use for individuals with an SMI designation or their representatives, AHCCCS believes that a survey located on the AHCCCS website is most likely to achieve the highest response rate while maintaining a reasonable cost. AHCCCS estimates the cost of developing, implementing, and housing the survey on the AHCCCS website to be \$350,000 Total Fund (\$175,000 General Fund) in one-time costs and \$100,000 Total Fund (\$50,000 General Fund) in ongoing maintenance and operations.

The majority of the costs would come from anticipated growth in quality-of-care (QoC) investigations that would result from survey feedback. Assuming 30% of the surveys are completed and that 1% of those surveys would require QoC follow-up, an additional 33,000 cases would require follow up which is a 3-fold increase on the number of typical investigations.

AHCCCS would require additional staffing in the Division of Managed Care Operations - Clinical Resolutions Unit; the Division of Managed Care Services – Clinical Quality Management Unit; and the Division of Fee-for-Service – Clinical Quality of Care Unit for a total staffing cost of 33 FTE at \$3,150,000 Total Fund (\$1,400,000 General Fund) in ongoing costs.

Finally, much of the work would fall onto the AHCCCS contracted health plans. Based on feedback from the three Regional Behavioral Health Agreements within the state, the estimated increase to health plan administration would be \$11,934,000 Total Fund (\$2,983,500 General Fund). These expenses would be rolled into the AHCCCS Capitation rates for these members.

	FTEs	Total Fund	General Fund
One Time System Costs		\$ 350,000	\$ 175,000
On-Going Maintenance of System Costs		\$ 100,000	\$ 50,000
Staff Costs for AHCCCS	33	\$ 3,150,000	\$ 1,400,000
Staff costs for AHCCCS Health Plans		\$ 11,934,000	\$ 2,983,500
Total On-Going Estimated Costs		\$ 15,184,000	\$ 4,433,500

Please contact Kristen Challacombe, Deputy Director, at (602) 417-4576 or Kristen.Challacombe@azahcccs.gov if you have any questions or would like additional information.

Sincerely,



Carmen Heredia
AHCCCS Director

Cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Sarah Brown, Director, Governor’s Office of Strategic Planning and Budgeting
Zaida Dedolph Piccoro, Health Policy Advisor, Office of the Governor