

Arizona Section 1115 Waiver Amendment Request Cost Sharing for Arizona's Expansion Population

I. Overview

As part of the 2013 legislative session, the Arizona State Legislature passed legislation requiring the Arizona Health Care Cost Containment System (AHCCCS), Arizona's single state Medicaid agency, to pursue new cost sharing requirements. The legislation specifically requires:

Sec. 36. Arizona health care cost containment system; cost sharing; exemption from rule making

A. The Arizona health care cost containment system administration shall pursue cost sharing requirements for members to the maximum extent allowed under federal law.

B. Subject to approval by the centers for Medicare and Medicaid services, beginning January 1, 2014, the administration shall charge and collect from each person who is enrolled pursuant to section 36-2901.07, Arizona Revised Statutes, as added by this act:

1. A premium of not more than two per cent of the person's household income.

2. A copayment of two hundred dollars for nonemergency use of an emergency room if the person is not admitted to the hospital. The administration shall not impose a copayment on a person who is admitted to the hospital by the emergency department.

3. A copayment of two hundred dollars for nonemergency use of an emergency room if there is a community health center, rural health center or urgent care center within twenty miles of the hospital.

C. For the purposes of implementing cost sharing pursuant to subsections A and B of this section, the Arizona health care cost containment system administration is exempt from the rule making requirements of title 41, chapter 6, Arizona Revised Statutes, for one year after the effective date of this act.

Session Law: Laws 2013, First Special Session, Chapter 10, Section 36

The mandatory two hundred dollar copayment for non emergency use of the emergency room and the two percent of income premium limit apply exclusively to the State's adult "Expansion Population" – that is, non-disabled adults between 100-133% of the Federal Poverty Level (FPL) who do not qualify for Medicaid in any other category.

Accordingly, AHCCCS seeks the following authority:

- **CNOM Authority** – Waiver from §1902(a)(14) insofar as it incorporates §1916 (42 CFR 447.50 through 447.56) to enable the State to impose mandatory cost sharing, to the extent requested, on the Expansion Population as defined above.

II. Public Process

This legislation was passed during the First Special Session of 2013. The bill was part of the public process at the Arizona State Legislature. Information about the

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legislation can be found on the legislative website at the following link:
http://www.azleg.gov/DocumentsForBill.asp?Bill_Number=2010&Session_Id=111.

In addition, this legislation was discussed at the State Medicaid Advisory Committee hearing in July 2013 during the Director's Update. The notes can be found on the AHCCCS website at:
<http://www.azahcccs.gov/community/Downloads/SMAC/July2013StateMedicaidAdvisoryCommittee.pdf> (specifically, see page 33 of the PDF.)

Because the American Indian/Alaska Native population is not subject to cost sharing, this was not specifically presented at tribal consultation.

Finally, this proposal was posted to the AHCCCS website for public comment and can be found on the Pending Waivers section:
<http://www.azahcccs.gov/reporting/federal/waiver.aspx>.

III. Data Analysis- "With Waiver" vs. "Without Waiver"

Imposition of mandatory cost sharing requirements as stated in this proposal would have a positive effect on budget neutrality, since collection of the premiums and heightened copayments for the Expansion Population would reduce the cost of the program.

IV. Allotment Neutrality

N/A. The amendment does not impact the XXI population.

V. Details

At this time, enrollment for the Expansion Population is 3,043. This legislation applies only to the 100% federally funded new adult group between 100-133% FPL. Arizonans enrolling in the new adult group under the restoration below 100% FPL (enrollment of 131,632) are not subject to this requirement.

VI. Evaluation Design

AHCCCS will incorporate the effectiveness of imposing cost sharing on the Expansion Population in a similar manner as that required for the cost sharing requirements in STC 26(c) under the new Demonstration (project number 11-W00275/9 and 21-W-00064/9) approved October 22, 2011.

VII. Conclusion

At the direction of the Arizona State Legislature, AHCCCS is proposing to impose mandatory cost sharing on the Expansion Population of:

- A premium of not more than two percent of the person's household income.
- A copayment of two hundred dollars for nonemergency use of an emergency room if the person is not admitted to the hospital.

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- A copayment of two hundred dollars for nonemergency use of an emergency room if there is a community health center, rural health center or urgent care center within twenty miles of the hospital.

Arizona is seeking to impose these requirements in order to include a measure of personal responsibility and encourage appropriate use of the emergency department. Arizona expects to see cost savings through the improved control of non-emergent use of the emergency department by re-directing people to more appropriate settings for care.