

May 30, 2023

Brian Zolynas

Project Officer, CMS, San Francisco Regional Office

90 7th Street, Suite 5-300

San Francisco, CA 94 103

Phone: (415) 744-3502

Fax: (443) 380-8863

Dear Mr. Zolynas,

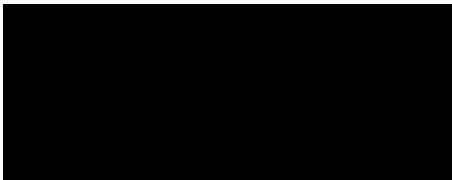
In accordance with Special Terms and Conditions paragraph 85, enclosed please find the Quarterly Progress Report for January 1, 2023, through March 31, 2023, which also includes the Quarterly Quality Initiative and the Arizona Medicaid Administrative Claiming Random Moment Time Study results.

If you have any questions about the enclosed report, please contact Shreya Arakere at [Shreya.Arakere@azahcccs.gov](mailto:Shreya.Arakere@azahcccs.gov) or Maxwell Seifer at [Maxwell.Seifer@azahcccs.gov](mailto:Maxwell.Seifer@azahcccs.gov).

Sincerely,

Alex Demyan,

Assistant Director, Division of Community Advocacy and Intergovernmental Relations



CC:

Katherine Friedman, CMS

Lorraine Nawara, CMS



# **AHCCCS Quarterly Report**

## **January 1, 2023 - March 31, 2023**

**May 2023**

**AHCCCS Quarterly Report**  
**January 1, 2023 – March 31, 2023**

**TITLE**

Arizona Health Care Cost Containment System – AHCCCS

A Statewide Approach to Cost Effective Health Care Financing

Section 1115 Quarterly Report

Demonstration Year: 40

Federal Fiscal Quarter: 2nd (January 1, 2023 – March 31, 2023)

**INTRODUCTION**

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.

**ENROLLMENT INFORMATION**

Table 1 contains a summary of the number of unduplicated enrollees for January 1, 2023, through March 31, 2023, by population categories. The table also includes the number of voluntarily and involuntarily disenrolled members during this period.

**Table 1**

Population Groups <sup>1</sup>	Number Enrollees	Number Voluntarily Disenrolled-Current Qtr	Number Involuntarily Disenrolled-Current Qtr
Acute AFDC/SOBRA	1,354,216	5,062	27,268
Acute SSI	226,630	290	4,287
Prop 204 Restoration	571,209	2,237	12,637
Adult Expansion	194,293	738	8,538
LTC DD	38,175	66	137
LTC EPD	28,996	41	1,606
Non-Waiver	157,633	445	3,848
<b>Total</b>	<b>2,571,152</b>	<b>8,879</b>	<b>58,321</b>

Table 2 is a snapshot of the number of current enrollees (as of March 31, 2023) by funding categories, as requested by CMS.

<sup>1</sup> Data is loaded and reported 45 days after the end of the quarter. This report differs from previous reports in that data is unduplicated and is updated quarterly. Data that contains no Medicaid funding (state only) is excluded from this report.

# AHCCCS Quarterly Report

## January 1, 2023 – March 31, 2023

**Table 2**

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan <sup>2</sup>	1,578,552
Title XXI funded State Plan <sup>3</sup>	72,266
Title XIX funded Expansion <sup>4</sup>	696,332
<ul style="list-style-type: none"> <li>Prop 204 Restoration (0-100% FPL)</li> </ul>	561,001
<ul style="list-style-type: none"> <li>Adult Expansion (100% - 133% FPL)</li> </ul>	135,331
Enrollment Current as of	4/1/2023

## OPERATIONAL/POLICY DEVELOPMENTS/ISSUES

### *Waiver Update*

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 Comprehensive Health Plan (CHP) for children in foster care; and Regional Behavioral Health Agreements (ACC-RBHAs) which provide integrated care for individuals with a Serious Mental Illness (SMI) designation; Payments to providers participating in the Targeted Investments (TI) Program, and Waiver of Prior Quarter Coverage for specific populations.

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 homeless or at risk of becoming homeless through the Housing and Health Opportunities (H2O) program,
- 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

<sup>2</sup> SSI Cash and Related, 1931 Families and Children, 1931 Related, TMA, SOBRA child and pregnant, ALTCS, FTW, QMB, BCCP, SLMB, QI-I

<sup>3</sup> KidsCare

<sup>4</sup> Prop 204 Restoration & Adult Expansion

## AHCCCS Quarterly Report January 1, 2023 – March 31, 2023

equity for target populations by addressing health-related social needs (HRSN) through the Targeted Investments 2.0 (TI) Program, and

- Authority to reimburse Indian Health Services and Tribal 638 facilities to cover the cost of adult dental services 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.

In its approval notice, CMS recognized the State's interest in reimbursing for traditional healing services offered by tribal nations and will continue to work with Arizona on this request. Additionally, CMS noted its willingness to further explore reimbursement for pre-release services for individuals in federal, state, local, and tribal correctional facilities.

On March 30, 2023, the State submitted an 1115 Waiver Amendment Proposal in alignment with House Bill 2622 passed by Arizona's 55th Legislature. Subject to approval from CMS, AHCCCS will annually renew the eligibility of an individual who was in the custody of the Arizona Department of Child Safety (DCS) when the individual reached 18 years of age without requiring additional information from the individual until the individual reaches 26 years of age unless the individual notifies AHCCCS that the individual moved out of Arizona or has provided information indicating that the individual may qualify for a different eligibility category. If approved, the amendment will run concurrently with AHCCCS' requested renewal period through September 30, 2027. The negotiations with CMS on this proposal are yet to begin and the State is awaiting the approval of this authority.

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 March 17 and March 24, 2020, AHCCCS submitted requests to the CMS administrator to waive certain Medicaid and Children's Health Insurance Program (CHIP) requirements in order to combat the continued spread of COVID-19. AHCCCS sought a broad range of emergency authorities to:

- Strengthen the provider workforce and remove barriers to care for AHCCCS members,
- Enhance Medicaid services and supports for vulnerable members for the duration of the emergency period, and
- Remove cost sharing and other administrative requirements to support continued access to services.

CMS approved components of Arizona's requests under the 1135 Waiver, Appendix K, and State Plan, all of which were set to expire with the expiration of the Public Health Emergency declaration. On March 22, 2023, AHCCCS received a six-month extension of the previously approved Emergency Preparedness and Response Attachment K authority which includes the flexibility to allow for parents of minor children and spouses to receive payment for direct care services.

Information regarding the status of AHCCCS Emergency Authority Requests (for the federally declared COVID-19 Public Health Emergency) is available on the [AHCCCS COVID-19 Federal Emergency Authorities Request web page](#).

## ***New Waiver Program Implementation Updates***

### **Housing and Health Opportunities (H2O)**

In accordance with STCs, AHCCCS submitted the following H2O related deliverables to CMS in the second 2023 federal fiscal quarter:

- Maintenance of Effort (MOE) which detailed how the state will determine baseline spending for the Housing and Health Opportunities (H2O) Program,
- Approved Designated State Health Programs (DSHP) list,
- Report on Average Medicaid to Medicare FFS Provider Rate Ratio for Primary Care, Behavioral Health, and Obstetric Care,
- Provider Payment Rate Increase Assessment Attestation Table, and
- Protocol for Assessment of Beneficiary Eligibility and Needs, Infrastructure Planning, and Provider Qualifications for H2O services.

AHCCCS has now held three rounds of stakeholder feedback sessions including 11 total presentations and a Tribal Consultation where input was received on various components of the program including but not limited to services, eligibility for target populations and prioritizations, provider qualifications, infrastructure, and more. A third round of stakeholder feedback is now being convened to gain further input on the most recently submitted H2O protocol.

Due to the unprecedented nature of the Housing and Health Opportunities Program, CMS and AHCCCS have agreed to postpone the planned start date of the program to October 1, 2024 which will allow CMS adequate review time for previous and future deliverables along with an extended implementation period to ensure the success of the program.

### **Targeted Investments (TI) 2.0**

For the last five years, the Targeted Investments (TI) Program has helped providers integrate physical and behavioral health care at the point of service, increasing members' access to a full array of services and demonstrating significant improvements in health outcomes. TI 2.0 will extend the program to additional providers and continue provider incentive funding to further integration efforts, including a range of initiatives aimed at addressing social drivers of health. Between January 2023 and March 2023, the TI 2.0 program has:

- Submitted the initial Incentivized Metrics and Funding Protocol report to CMS,
- Collaborated with Contexture (Arizona Health Information Exchange) and Arizona State University (ASU), Arizona Department of Health Services, Arizona Department of Housing, and other data sources to explore future demographic data enrichment strategies and electronic clinical quality measurement (eCQM) opportunities,
- Drafted and led focus groups to review TI 2.0 eligibility requirements and required documentation,
- Drafted and led focus groups to review annual requirements for all areas of concentration,
- Began drafting documentation requirements that participants will need to submit to AHCCCS to meet annual requirements,
- Completed the Requirements and Design for the online TI 2.0 application portal,
- Collaborated with NCQA, contracted managed care organizations, their sub-contracted accountable care organizations, provider organizations, and other key stakeholders to

operationalize simultaneous Health Equity accreditation for each layer of Arizona's healthcare system,

- Collaborated with Contexture, state agencies, and counties to explore ways to complement programs with mutual initiatives, such as: the closed-loop referral system (CommunityCares), H2O, housing support, Community Health Worker/Representative reimbursement, and Tobacco Cessation, and
- Facilitated open-registration TI 2.0 Information Sessions as well as individualized presentations to various networks, provider organizations, and justice partners to broadcast awareness of the TI 2.0 program.

### **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 \$1000 limit for AI/AN ALTCS members receiving services for medically necessary diagnostic, therapeutic, and preventative dental services at IHS/638 facilities are 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.

The \$1,000 limit on emergency services and the \$1,000 dental limit for ALTCS beneficiaries age 21 or older still applies when performed outside of the IHS/638 Tribal facilities.

### **Waiver Evaluation**

In accordance with the Special Terms and Conditions of the 2016-2022 and 2022-2027 1115 Waiver demonstrations, AHCCCS must submit a Waiver Evaluation Design, Interim, and Summative Evaluation Reports. AHCCCS has contracted with the Health Services Advisory Group (HSAG) to serve as the independent evaluator for both of Arizona's 1115 Waiver Demonstration periods. In State Fiscal Year (SFY) 2019, AHCCCS worked with HSAG to develop Evaluation Design Plans for the following programs:

- AHCCCS Complete Care (ACC) Program,
- Arizona Long Term Care System (ALTCS) Program,
- Comprehensive Health Plan (CHP),
- Regional Behavioral Health Agreements (ACC-RBHAs), formerly known as Regional Behavioral Health Authorities (RHBAs),
- Targeted Investments (TI) Program,
- Retroactive Coverage Waiver, and
- AHCCCS Works program.

AHCCCS has also continued work with HSAG on the demonstration's 2016-2022 Summative Evaluation Report, in alignment with the approved Evaluation Design. The Summative Evaluation Report will include a longer implementation period with more robust analysis and promises to provide additional evidence to support a fuller understanding of the effects of each of the programs included in the demonstration. This report is due for submission to CMS by April 14, 2024.

Development of the new 2022-2027 Waiver Evaluation Design Plan has begun for all historical programs within Arizona's 1115 Demonstration Waiver along with new programs including Targeted Investments 2.0, and the Tribal Dental Benefit. Arizona and HSAG plan to build off of the foundation

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established during the previous waiver period to create a more robust Evaluation Design Plan with new metrics, data, and hypotheses, wherever possible.

### ***Legislative Update***

The 56th Arizona Legislature, First Regular Session, began on January 9, 2023, and is ongoing at this time.

### ***State Plan Update***

During the reporting period, the State Plan Amendments (SPAs) in Table 3 were filed and/or approved:

**Table 3**

SPA #	Description	Filed	Approved	Eff. Date
<b>23-0007 FFCC Eligibility Group</b>	Attests to the state's compliance with the SUPPORT Act requirements for coverage of former foster care children/youth.	3/27/23	NA	1/1/23
<b>23-0006 Temporary Suspension of Cost Sharing</b>	Temporarily suspends Medicaid cost sharing until 4/1/2024.	12/14/22	3/24/23	5/12/23
<b>23-0004 DSH Medicaid Shortfall Calculation</b>	Updates the DSH Medicaid shortfall calculation.	3/16/23	4/13/23	2/2/23
<b>23-0003 Long Acting Reversible Contraceptives (LARC)</b>	Updates the reimbursement methodology for LARC.	3/16/23	NA	1/1/23
<b>23-0002 January Nursing Facility Rate Update</b>	Updates nursing facility rates.	3/16/23	NA	1/1/23
<b>23-0001 APR DRG January Update</b>	Updates APR DRG rates.	3/16/23	NA	1/1/23
<b>22-0031 Drug Signature Requirements</b>	Temporarily waives any signature requirements for the dispensing of drugs during the Public Health Emergency (PHE).	12/14/22	2/1/23	3/1/20
<b>22-0030 Drug Utilization Review (DUR) Program</b>	Describes the state's Drug Utilization Review (DUR) Program for CMS covered outpatient drugs.	12/12/22	3/1/23	10/1/22
<b>22-0029 Community Health Worker Services</b>	Adds Community Health Worker services to the state plan.	12/9/22	2/1/23	4/1/23
<b>22-0027 Outpatient Differential Adjusted Payment (DAP)</b>	Establishes an Outpatient Differential Adjustment Payment (DAP) for FFY 2023.	10/19/22	1/13/23	10/1/22



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<b>22-0025</b> <b>NF Supplemental Payment</b>	Adds a nursing facility (NF) supplemental payment to the state plan.	10/11/22	3/31/23	10/1/22
<b>22-0016</b> <b>Diabetes Self Management Training</b>	Adds Diabetes Self Management Training to the State Plan.	10/5/22	2/15/23	10/1/22
<b>20-0018</b> <b>DSH Pool 5</b>	Updates Disproportionate Share Hospital (DSH) Pool 5 Funding for SFY 2021.	10/1/20	3/8/23	10/1/20

## CONSUMER ISSUES

Table 4 summarizes advocacy issues received by the Office of Client Advocacy (OCA) for the quarter October 1, 2022 – December 31, 2022. The originators of the issues are identified in Table 5.

**Table 4**

Advocacy Issues <sup>5</sup>	January	February	March	Total
Billing Issues <ul style="list-style-type: none"> <li>Member reimbursements</li> <li>Unpaid bills</li> </ul>	1	2	1	4
Cost Sharing <ul style="list-style-type: none"> <li>Co-pays</li> <li>Share of cost (ALTCS)</li> <li>Premiums (KidsCare, Medicare)</li> </ul>	1	0	4	5
Covered Services	0	0	1	1
ALTCS <ul style="list-style-type: none"> <li>Resources</li> <li>Income</li> <li>Medical</li> </ul>	0	5	6	11
DES <ul style="list-style-type: none"> <li>Income</li> <li>Incorrect determination</li> <li>Improper referrals</li> </ul>	9	12	4	25
KidsCare <ul style="list-style-type: none"> <li>Income</li> <li>Incorrect determination</li> </ul>	1	0	0	1
SSI/Medical Assistance Only <ul style="list-style-type: none"> <li>Income</li> <li>Not categorically linked</li> </ul>	1	5	4	10

<sup>5</sup> Categories of good customer service, bad customer service, documentation, policy, and process are captured under the category it may relate to.

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Information <ul style="list-style-type: none"> <li>• Status of application</li> <li>• Eligibility criteria</li> <li>• Community resources</li> <li>• Notification (did not receive or didn't understand)</li> </ul>	57	49	52	158
Medicare <ul style="list-style-type: none"> <li>• Medicare coverage</li> <li>• Medicare Savings Program</li> <li>• Medicare Part D</li> </ul>	6	2	5	13
Prescriptions <ul style="list-style-type: none"> <li>• Prescription coverage</li> <li>• Prescription denial</li> </ul>	0	0	0	0
Fraud-Referred to Office of Inspector General (OIG)	1	0	0	1
Quality of Care-Referred to Division of Health Care Management (DHCM)	9	6	4	19
<b>Total</b>	<b>86</b>	<b>81</b>	<b>81</b>	<b>248</b>

**Table 5**

Issue Originator <sup>6</sup>	January	February	March	Total
Applicant, Member, or Representative	3	8	4	15
CMS	6	3	2	11
Governor's Office	5	7	6	18
Ombudsmen/Advocates/Other Agencies	70	62	68	200
Senate & House	2	1	1	4
<b>Total</b>	<b>86</b>	<b>81</b>	<b>81</b>	<b>248</b>

### OPT-OUT FOR CAUSE

Attachment 1 summarizes the opt-out requests filed by individuals living with a Serious Mental Illness (SMI) designation in Maricopa County and greater Arizona, broken down by months, MCOs, counties, reasons for opt-out requests, opt-out outcome, and post-appeal opt-out outcomes.

### QUALITY ASSURANCE AND MONITORING ACTIVITY

Attachment 2 describes AHCCCS' quality assurance and monitoring activities that occurred during the quarter, as required in the Special Terms and Conditions of the State's Section 1115 Waiver. This report highlights activities related to delivery system initiatives, innovations, improvements, and Managed Care Organization (MCO) monitoring and compliance.

<sup>6</sup> This data was compiled from the OCA logs from the OCA Client Advocate and the Member Liaison.

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**ENCLOSURES/ATTACHMENTS**

Attachment 1: SMI Opt-Out for Cause Report

Attachment 2: Quality Assurance and Monitoring Activities

Attachment 3: Arizona Medicaid Administrative Claiming Random Moment Time Study Report

**STATE CONTACT(S)**

Alex Demyan

Assistant Director

AHCCCS Division of Community Advocacy and Intergovernmental Relations

801 E. Jefferson St., MD- 4200

Phoenix, AZ 85034

[Alex.Demyan@azahcccs.gov](mailto:Alex.Demyan@azahcccs.gov)

Shreya Arakere

Federal Waiver and Evaluation Administrator

AHCCCS Division of Community Advocacy and Intergovernmental Relations

801 E. Jefferson St., MD- 4200

Phoenix, AZ 85034

[Shreya.Arakere@azahcccs.gov](mailto:Shreya.Arakere@azahcccs.gov)

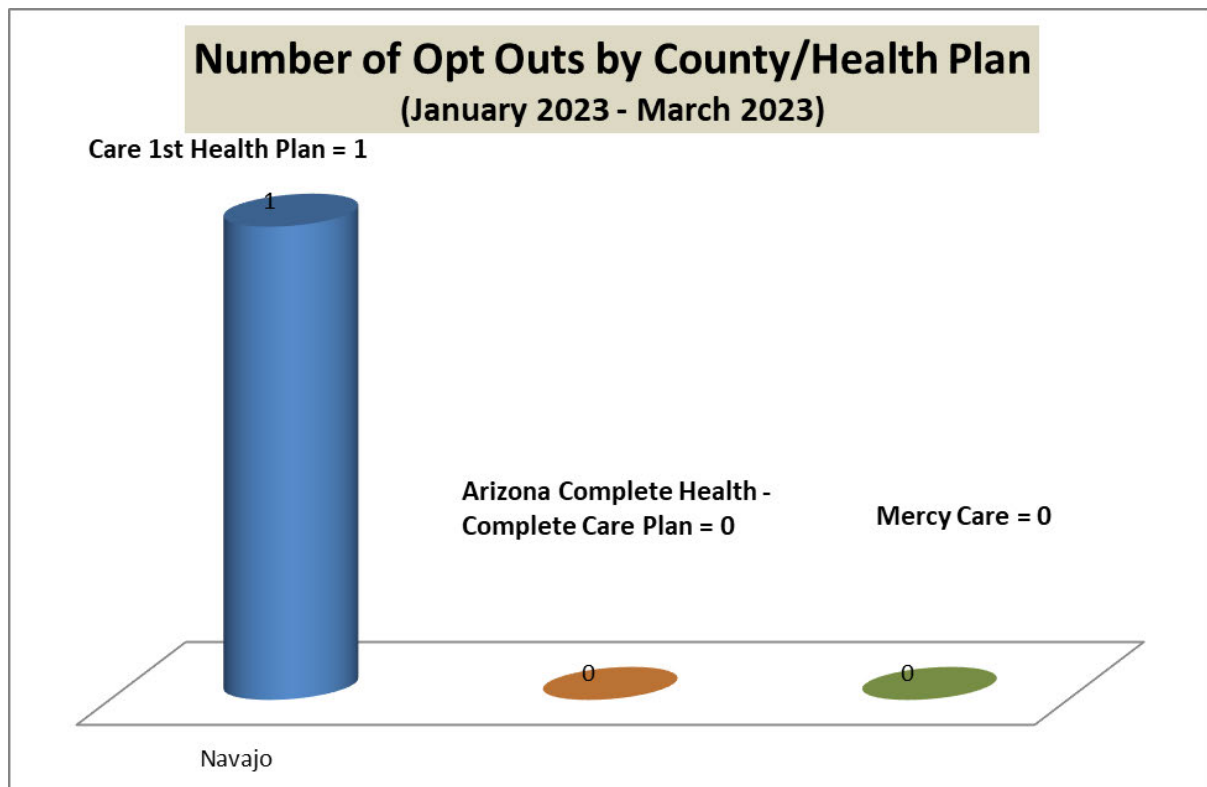
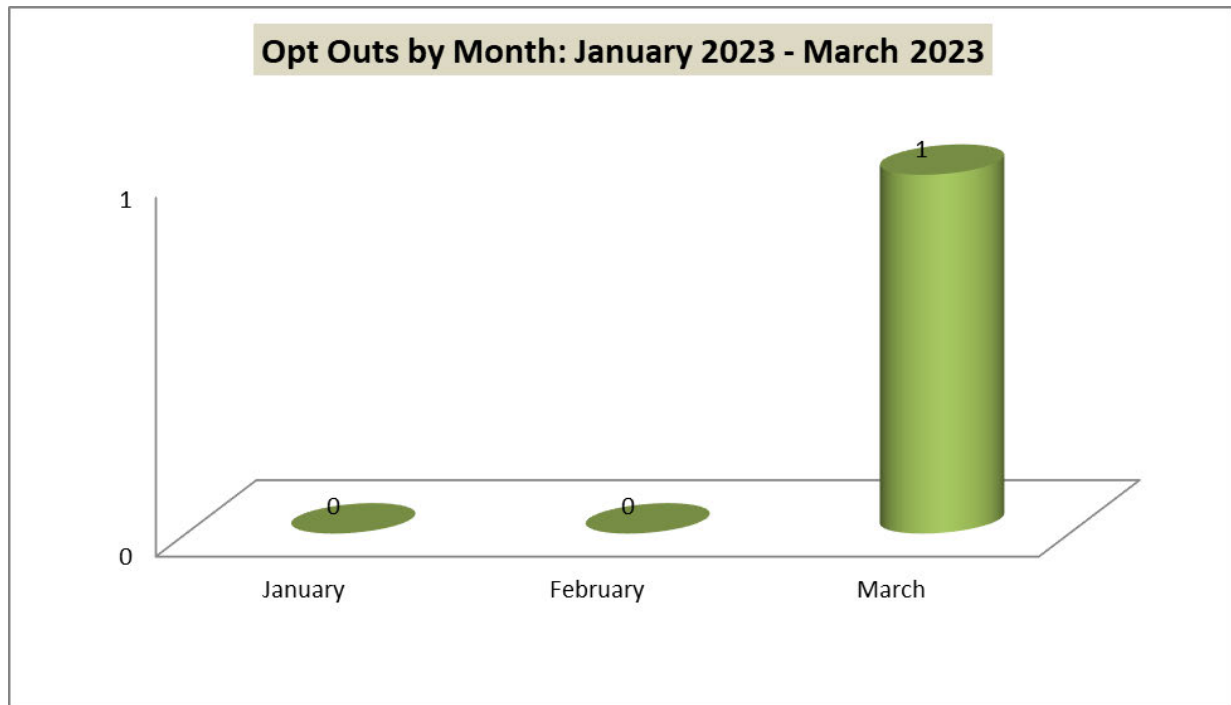
**DATE SUBMITTED TO CMS**

May 30, 2023

**ATTACHMENT 1**

**SMI Opt Out for Cause Quarter 2**  
**(January 1, 2023 - March 31, 2023)**

Opt Out Requests for Quarter 2, 2023 (January 1, 2022 – March 31, 2022)

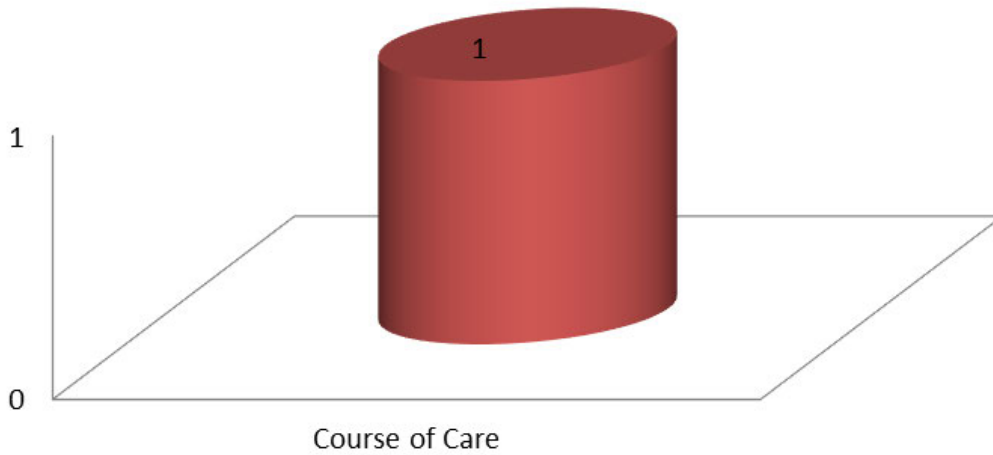


*\*Effective 10/1/22, new ACC-RBHA contracts were awarded to Mercy Care in the Central GSA, Arizona Complete Health-Complete Care Plan in the South GSA, and Care1st Health Plan in the North GSA. Under the*

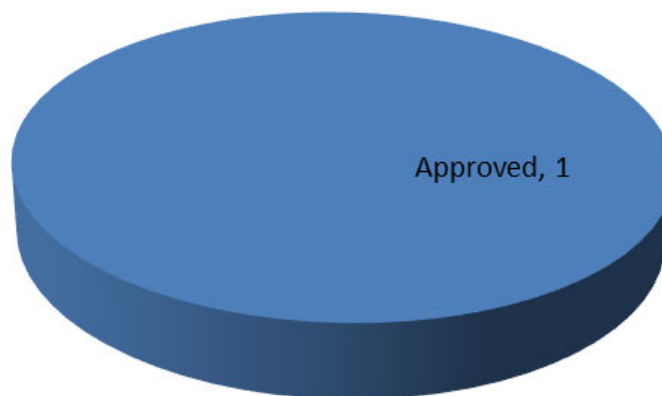
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*new contracts, the central GSA was expanded with the movement of Gila (formerly North) and Pinal (formerly South) Counties. The Opt Out numbers for Gila and Pinal are now reflected under Mercy Care's GSA.*

**Reason for Opt Out**  
**(January 2023 - March 2023)**



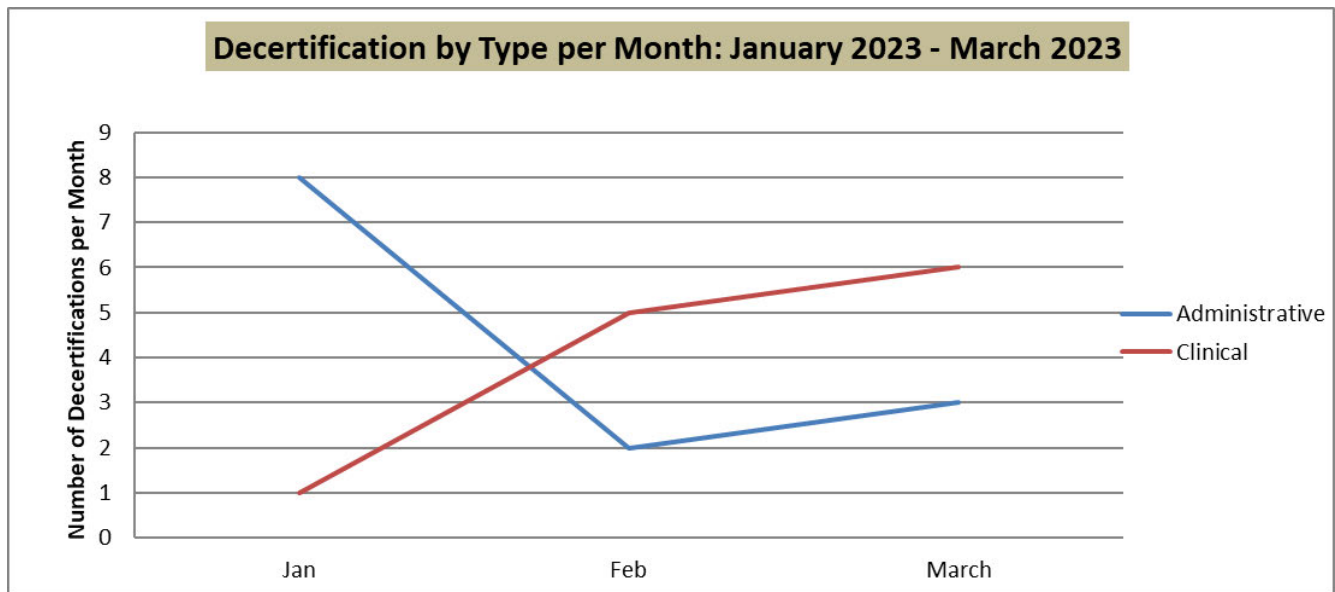
**Initial Opt Out Decisions**  
**(January 2023 - March 2023)**



# AHCCCS Quarterly Report

## January 1, 2023 – March 31, 2023

Appeal Outcomes (January 2023 - March 2023)			
Approved	Withdrawn	Denied	Pending
0	0	0	0



**ATTACHMENT 2**

**Quality Assurance And Monitoring Activity Quarter 2**  
**(January 1, 2023 – March 31, 2023)**



## **INTRODUCTION**

This report describes AHCCCS' quality assurance and monitoring activities that occurred during the quarter, as required in Special Terms and Conditions of the State's 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], Division of Grants Innovation (DGI) [formerly Division of Grants Administration] including Operations, Compliance, Quality Management (QM), Quality Improvement (QI), Medical Management (MM), Maternal, Child Health/Early and Periodic Screening, Diagnostic and Treatment (MCH/EPSTD), and Integrated System of Care (ISOC) oversee the reported activities.

## **MANAGED CARE PROGRAMS**

AHCCCS maintains its 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 (CHP) for children in the foster care system. 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' 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.

## **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' 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***

### **AHCCCS Health Equity Committee**

The AHCCCS Health Equity Committee was formed in July 2020 with specific goals of understanding health disparities among AHCCCS members, effectuating policy changes that improve health outcomes for AHCCCS members, and supporting the implementation of strategies for positive improvement where known disparities exist. Feedback from public forums held in September and October 2020 is a part of the qualitative information the AHCCCS Health Equity Committee will use, in combination with claims data, to inform future health equity strategies and recommendations. These forums resulted in the following themes: access to technology, communication and language, education and health care literacy, care coordination, and access to health care. Quarter two Health Equity Committee activities included the following:

1. Developed Health Equity Analysis Toolkit to provide guidance to AHCCCS staff on how to incorporate health equity into programmatic work and policies.
2. Assessed opportunities to enhance collection, processing, and reporting of reliable demographic data, including:
  - a. Audit of internal processes,
  - b. Recommendation to increase data collected on the application page, and
  - c. Exploration of external sources that can supplement, validate, or otherwise enrich data collected via application.
3. Conducted research to further its understanding of health equity best practices and federal requirements.

### **American Rescue Plan (ARP) Act**

In January 2022, CMS granted approval of Arizona's ARP Act of 2021 (Pub. L. 117-2) Home and Community Based Services (HCBS) Spending Plan. This allowed AHCCCS to begin implementing activities outlined in the Spending Plan and to qualify for a temporary 10 percentage point increase to the federal medical assistance percentage (FMAP) for certain HCBS Medicaid expenditures, provided such funds are expended during the approved timeframe. While CMS has approved an expenditure authority through March 2025 (SMD #22-002), AHCCCS has opted to adhere to a shorter extension through September 30, 2024, or until funds are expended, whichever comes first.

Arizona has identified two critical priorities in its Spending Plan: (1) Strengthening and Enhancing Arizona's HCBS System of Care; and (2) Advancing Technology to Support Greater Independence and Community Connection. Each activity identified in the State's Spending Plan supports these priorities, resulting in member-centric strategies that will serve as a roadmap for the State's use of these dollars. Further, the State's Spending Plan activities are designed to support transformational change of the delivery system, leading to enhancements in care delivery to individuals who are accessing general mental health and substance use disorder (SUD) services. Arizona has identified four key populations at the center of the efforts outlined in this spending plan, specifically seniors, individuals with disabilities, individuals with an SMI designation, and children with behavioral health needs.

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AHCCCS has worked to implement and operationalize activities since the approval of the ARP HCBS Spending Plan. These include the following activities that have been completed as of March 31, 2022:

1. AHCCCS obtained expenditure authority from the Arizona Legislature; upon approval, AHCCCS immediately released one-time directed payments to providers for the purposes of strengthening their workforce and enhancing HCBS. Based on stakeholder feedback, these funds provided immediate support for HCBS direct care workers to ensure effective and efficient service delivery. AHCCCS has dispersed 2022 directed payments and has allowed providers until February 28, 2023 to expend funds. AHCCCS released and collected attestations to providers for CYE 2023 payments in March. AHCCCS anticipates the release of directed payments for year two in May of 2023.
2. AHCCCS is working with the community colleges to develop partnerships to assist with the implementation of workforce development activities, including tuition assistance and curriculum development for Direct Care Workers (DCWs) and Behavioral Health Technicians/Behavioral Health Professionals (BHT/BHP) providers. These conversations are ongoing and AHCCCS anticipates formalizing this partnership with the community colleges in May 2023.
3. AHCCCS has partnered with the Arizona Department of Economic Security (DES) for several ARP HCBS Spending Plan initiatives. These activities include enhancements to the Disability Benefits website, creation of a central employment repository, and support for the abuse and neglect awareness campaign. AHCCCS will continue to work with DES to ensure that activities are implemented in line with the goals and objectives of the ARP Spending Plan.
4. AHCCCS has partnered with the Arizona Department of Economic Security/Division of Developmental Disabilities (DES/DDD) for several key initiatives outlined in the Spending Plan. This includes investments for a case management system as well as the development of training modules, such as positive behavior supports, for DES/DDD providers. AHCCCS will continue to provide oversight support to DES/DDD as they work to implement these initiatives.
5. AHCCCS has formally partnered with Pipeline AZ to develop a Caregiver Career Development Pathway (Pathway) program. Pathway is designed to encourage individuals to begin a career as a DCW and guide them down their ideal career path through site tours, training, financial resources, etc. AHCCCS is continuing to work with Pipeline AZ to ensure that the Pathway program becomes a pivotal resource in expanding the HCBS workforce. AHCCCS has also set aside funds to provide incentives to providers to participate in Pipeline AZ.
6. AHCCCS has partnered or is in the process of partnering with several vendors to provide training and curriculum development support. These partners include the Arizona State University, the National Wraparound Implementation Center, and the University of New Hampshire's National Center of START Services. AHCCCS anticipates these activities to be completed by September 2024 and will continue to provide oversight support to these partners.
7. AHCCCS partnered with NTT DATA, the vendor selected to develop Arizona's Medicaid Enterprise System (MES) roadmap, to conduct an observational review of the AHCCCS case management sub-system, Client Assessment and Tracking System (CATS), within the Prepaid Medicaid Management Information System (PMMIS) that supports the Arizona Long Term

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Care System (ALTCS) and Tribal ALTCS programs. This review also included the Quality Improvement System for MCO auditing and compliance oversight in order to develop a requirements document for both components. NTT DATA completed the requirements document and has offered recommendations for next steps. AHCCCS has reviewed and accepted the requirements document and has begun consideration of vendor options.

8. AHCCCS has partnered with Public Consulting Group (PCG) to administer their ARP Program Awards. These awards allow providers to make key program and infrastructure investments. AHCCCS has worked with PCG to develop an application process and will open applications to providers on April 17, 2023. AHCCCS anticipates the first round of ARP Program Awards to be made in June 2023.
9. AHCCCS has partnered with ADvancing States to assist with timely implementation of Spending Plan initiatives. ADvancing States will provide technical assistance and subject matter expertise to support diligent and thoughtful implementation of AHCCCS' Spending Plan in a manner that aligns with existing program goals and that supports long-term innovative growth for the State's HCBS populations.

### **Behavioral Health Clinical Chart Audits**

During quarter two, AHCCCS completed and disseminated to the MCOs a draft instructional guide and revised tool that will be used by auditors from the MCOs to determine whether or not behavioral health clinical chart audit regulatory requirements are met based on AHCCCS policy and contract. During March 2023, AHCCCS met with MCOs in order to incorporate their feedback and finalize the instructional guide. MCOs are required to ensure interrater reliability in time for the completed audit portal anticipated for completion in April 2023. The audit portal will allow MCOs to input data as the audits are being conducted.

### **Children and Family Team (CFT) Facilitators Training**

During quarter two, AHCCCS' System of Care team and Workforce Development Alliance revised the Child and Family Supervision Tool to include a competency checklist for evaluating a CFT facilitator's demonstration of the required tasks during CFT meetings observed by their supervisor. The AHCCCS Workforce Development (WFD) Administrator worked to obtain grant funding to cover the cost of adding the new supervision tool into the Learning Management System (LMS), Relias. In February 2023, Workforce Development Alliance held the first CFT Champion Triannual meeting and training was provided by Relias on how to complete the new supervision tool within the system. Workforce Development Alliance has also created a template for stakeholder trainings that will help those that participate in CFT meetings to understand CFT as a practice, outline the role and responsibilities of a CFT facilitator, and provide education on the nine essential activities of CFT facilitation.

Workgroups were formed in January 2023 and these groups will use the template and build training specific to each stakeholder's unique role within the CFT process. AHCCCS' System of Care team and WFD Alliance continue to work on an engaging LMS platform to host the stakeholder trainings, the website where these trainings will be available, and how information about these trainings will be disseminated throughout the system of care.

### **Clinical and Operational Significant Policy Changes**

In quarter two, the following significant Policy revisions were completed:

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1. A new AMPM Policy is 0-Z, Members on Conditional Release, became effective to outline expectations of MCOs surrounding members released from Arizona State Hospital (ASH) and to align with A.R.S. § 13-3991 and A.R.S. §§ 13-3994 through 13-4001.
2. AMPM Policy 1021, Contractor Care Management was also revised to remove references to the Psychiatric Security Review Board (PSRB).
3. AMPM Policy 320-I, Telehealth was revised to expand coverage regarding e-consult visits, to aid in the coordination of care between a Primary Care Provider (PCP) and a specialist, and to improve timely access to specialty providers.
4. A new AMPM Exhibit 1620-14, Division of Developmental Disabilities Residency Agreement was added to conform with Home and Community Based Services (HCBS) rules.
5. AMPM Policy 310-KK, Biomarker Testing was created in accordance with A.R.S. § 36-2907, establishing coverage requirements for Biomarker Testing for purposes of diagnosis, treatment, and appropriate management or ongoing monitoring of a member's disease or condition.

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

AHCCCS has continued its collaboration with the Arizona Department of Education (ADE) and Arizona Department of Health Services (ADHS) regarding coordinating and improving Behavioral Health in Schools throughout quarter two. Joint presentations have continued in order to deliver up-to-date information from AHCCCS and ADE to local education agencies, professional organizations, and the community at large as evidenced by collaborative presentations to the Arizona School Board Association, Arizona School Counselors Association, School Social Workers Association of Arizona, and the Wyoming AWARE School Based Mental Health Conference. The collaboration with ADE and ADHS led to an expressed need from school personnel to reduce redundancy when attempting to make school-based referrals to community mental health providers. Through workgroups and research with stakeholders comprised of MCOs, school personnel, and providers into the identified issue, a universal referral form was created and set to be finalized by April 2023.

Also during quarter two, efforts commenced to research the use of a peer to peer or mental health curriculum to be utilized in school settings. A review of several curriculums that allow for sustainable funding as well as limited interference with limited school staff time is being considered. Other states' AWARE teams and states who have initiated youth peer to peer models are being consulted to investigate peer support for those under the age of 18. Research is likely to continue through the next quarter.

### **National Committee for Quality Assurance (NCQA) MCO Accreditation**

AHCCCS is continuing its efforts related to MCO accreditation and comparing the NCQA Health Plan Accreditation standards, NCQA Medicaid Managed Care Toolkit, as well as current contractual and policy requirements, to ensure maximum alignment of regulatory oversight, increase opportunities for non-duplication as permitted by 42 CFR 438.360, and to leverage data validation tools. AHCCCS' MCOs are simultaneously prioritizing initial NCQA MCO accreditation efforts and raising questions and considerations for the Agency as they work through their processes. Quarter two accreditation activities included:

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1. Ongoing review of AHCCCS MCO deliverables, policies, and compliance review standards required under 42 CFR 438.358(b)(1)(iii) against NCQA standards to identify recommendations for alignment and non-duplication. AHCCCS' review has resulted in the identification of several deemable CFRs as well as three policy revisions in January of 2023 and an additional 28 policies anticipated to be revised for October of 2023.
2. Ongoing review of the recently released 2023 NCQA Health Plan Accreditation standards and the 2022 NCQA Medicaid Managed Care Toolkit.
3. Obtained update from each MCO to confirm all MCOs are on track for receiving Health Plan Accreditation including the Medicaid Module no later than October 1, 2023.

### ***Innovative Approaches and Continuous Quality Improvement***

#### **Electronic Visit Verification (EVV)**

AHCCCS implemented hard claims edits for EVV services on January 1, 2023. To support providers, AHCCCS provided resources to help agencies self-monitor compliance and detect any issues that may be contributing to notifications of claim failures during the hard claim edits period. AHCCCS also released several FAQs and quick reminders based on common questions and issues providers sent to AHCCCS.

AHCCCS is leveraging the EVV mandate to develop a more streamlined reporting approach to ensure, track, and monitor timely service delivery and access to care for members. AHCCCS is currently working with the State-sponsored EVV system vendor to make system customizations and standard reports to assist providers, MCOs, and AHCCCS to streamline administrative processes and to mitigate access to care challenges. The reporting will support monitoring scheduled service visits versus occurrences of late or missed visits and the actions the providers took in response to the member's contingency plan for such occurrences.

#### **HCBS Rule**

On March 17, 2023, CMS remarked on the compliance milestone for the HCBS Settings Rules (HCBS Rules) intended to afford members access to the full benefits of community living. More than seven years ago AHCCCS began working with a wide range of stakeholders representing the long-term care community to assess the State's compliance with the HCBS Rules and identify further opportunities to enhance member integration experience and outcomes by building off of Arizona's long-standing history of the provision of home and community-based services. AHCCCS submitted Arizona's Systemic Assessment and Transition Plan to CMS in October 2015. Subsequently, a number of iterations of the Transition Plan have been updated and informed by stakeholder input with AHCCCS receiving final approval of the Arizona Transition Plan on January 20, 2023.

In January 2023, CMS' approval of the Transition Plan solely addressed the State's compliance with applicable Medicaid authorities and the State's process for assessing setting compliance, including settings that meet the criteria for Heightened Scrutiny. CMS' review of settings submitted for Heightened Scrutiny and subsequent determinations are separate and distinct from the final approval of the Transition Plan. If States want to preserve settings that are presumed institutional in nature and the State asserts the setting complies with the HCBS Rules, the States must submit evidence to CMS to make a final determination. CMS determines whether the evidence supports that the setting is or can become compliant with the HCBS Rules. Given the March 17, 2023,



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deadline has passed and CMS has not yet requested evidentiary documentation packages for a sampling of settings meeting Heightened Scrutiny, a Corrective Action Plan (CAP) is warranted to afford CMS more time to review the state's assessment documentation and either affirm the State's findings or require remediation for identified settings. The CAP allows for a 12-month remediation period should CMS have any findings when they complete their review.

### **Performance Measure Dashboard**

In quarter two, AHCCCS began updating its Performance Measure Data Dashboard, which includes a selected set of performance measures that are reported based on the lines of business. The update incorporates the addition of Calendar Year (CY) 2021 performance (statewide and line of business reporting). The dashboard compares the line of business and statewide aggregate rates with the associated CMS Medicaid median and quartile data or National Committee for Quality Assurance (NCQA) Healthcare Effectiveness Data and Information Set (HEDIS)<sup>®</sup> Medicaid benchmark data.

### **Performance Measure Monitoring Report**

AHCCCS requires all MCOs to submit quarterly Performance Measure Monitoring Reports. During quarter two, AHCCCS worked to update the reporting template and attachment that is utilized for the MCOs quarterly Performance Measure Monitoring Report and the annual Quality Management/ Performance Improvement (QM/PI) Program Plan Work Plan Evaluation submissions. This update includes revisions made to reflect updates to the FFY 2022 CMS Child and Adult Core Sets. AHCCCS anticipates posting the updated documents to its website in the upcoming quarter.

### **Statewide Closed-Loop Referral System (CLRS)**

Quarter two was the first full quarter for live utilization of the statewide CLRS, known as CommunityCares. System enrollment saw an increase from 15 inaugural users to 61 users by the end of quarter two. Contexture, the organization that manages the CLRS, established a year-long marketing plan focused on increasing engagement and enrollment in the system. Contexture is actively engaged in new marketing outreach activities each week. Current users of the system are able to screen members for health-related social needs and provide referrals to local community-based organizations to help improve factors that may be impacting their physical or mental health. At the end of quarter two, AHCCCS received its first CLRS Utilization Report and while it is too early to begin reporting trends in the data, the data shows that providers are actively using the system to connect individuals to much needed services for housing/shelter, food assistance, transportation, utility assistance, and family support. AHCCCS is looking forward to seeing an increase in enrollment and utilization over the next year.

## **MANAGED CARE ORGANIZATION MONITORING AND COMPLIANCE**

AHCCCS monitors and evaluates the 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,

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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, and
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***

#### **MCO Operational Reviews**

AHCCCS conducts compliance reviews (i.e., Operational Reviews [ORs]) to evaluate MCO compliance related to access MCO compliance with availability and quality of services, including implementation of policies, procedures, and progress toward plans of correction to improve quality of care and service for members. A complete OR is conducted every three years. Historically, ORs have been conducted with a combination of onsite and desk reviews. However, due to the COVID-19 Public Health Emergency, these reviews have been completed via desk review and virtual meetings with the MCOs. During quarter two, AHCCCS conducted the following ORs:

1. February 2023 – UnitedHealthcare Community Plan, ALTCS-EPD.
2. March 2023 – Banner-University Family Care, ALTCS-EPD.

#### **Request for Information (RFI) – External Quality Review Organization (EQRO)**

AHCCCS issued an RFI March 1 to gather information from External Quality Review Organizations (EQROs) to perform mandatory and optional EQR activities including:

1. Mandatory EQR activities
  - a. Performing MCO Compliance Reviews.
  - b. Performing validation of MCO network adequacy.
  - c. Identifying areas that could be eligible for deeming through the nonduplication option pursuant to 42 CFR 438.360.
2. Optional EQR activities
  - a. Performance Measure Validation
    - i. Performing provider-level system accuracy evaluations, including those related to financial incentives and value-based programs.
  - b. Quality Rating
    - i. Developing MCO-specific report cards/data dashboards.
    - ii. Developing and updating a Quality Rating System (QRS).
    - iii. Developing Quality Strategy Evaluations.
  - c. Performing legislative reporting

A subsequent EQRO Request for Proposal (RFP) is planned to begin development activities in May of 2023.



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**Request for Proposal (RFP) – ALTCS-EPD**

AHCCCS is continuing its activities for the development of an RFP to solicit bids from qualified MCOs for the service delivery of the ALTCS-EPD Program. AHCCCS will include significant initiatives and other items that will need to be considered including detailed information regarding pricing and services in the MCOs bid. Currently, there are three MCOs working with the ALTCS-EPD population. The current contracts are scheduled to expire on September 30, 2024, with the new contract beginning on October 1, 2024. The RFP is scheduled to be posted to the AHCCCS website on August 1, 2023. AHCCCS will be analyzing and comparing MCO skills, experience, and rates to find the right MCO partners and announce the award on December 13, 2023\*. Presentations to solicit input from stakeholders regarding the current ALTCS-EPD program began in June 2022. In quarter one, AHCCCS posted RFP major decisions to announce it will be discontinuing High Cost Behavioral Health Reinsurance effective October 1, 2024. In quarter two, AHCCCS posted RFP major decisions to announce criteria surrounding Permissible Bids by Geographic Service Area (GSA) to clarify that each Offeror must submit a single bid proposal that includes all Geographical Service Areas (GSAs) and provide order preference if awarded. Major decisions for this quarter also clarified that Offerors owned by the same parent organization shall not submit separate bids in response to the solicitation.

**Request for Proposal (RFP) and Contract Readiness - Serious Mental Illness (SMI) and Serious Emotional Disturbance (SED) Eligibility Determinations**

AHCCCS issued an RFP for a vendor to perform eligibility determinations for individuals who may be living with an SMI or SED. Solari Crisis and Human Services was awarded the contract on January 20, 2023. The contract was awarded to begin on October 1, 2023. Readiness activities began in March and included regular meetings with Solari to discuss contract requirements including but not limited to evaluation of the addition of SED-specific additions to Solari's web portal and deliverable timeframes and content.

\*updated from November 17, 2023

## **ATTACHMENT 3**

### **Quarterly Random Moment Time Study Report Quarter 2 (January 1, 2023 – March 31, 2023)**

**Arizona Health Care Cost Containment System (AHCCCS) Quarterly  
Random Moment Time Study Report**

**January 2023 - March 2023**

The January - March 2023 (JM23) 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 6**

<b>Staff Pool</b>	<b>January 2023 - March 2023</b>
Administrative	2,623
Direct Service	3,516
Personal Care	5,561

### **SAMPLING REQUIREMENTS**

To achieve statistical validity, maintain program efficiencies, and reduce unnecessary district administrative burden, 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 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

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no longer in an allowable position and their old position has not been filled or were not working and were unpaid).

Tables 7, 8, and 9 demonstrate that the administrative service, direct service, and personal care time study achieved statistical validity in the JM23 quarter respectively. 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 7**

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
January 2023 – March 2023 Total Moments	3,000	2,699	2,641	97.85%

**DIRECT SERVICE**

**Table 8**

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
January 2023 – March 2023 Total Moments	3,300	2,741	2,711	98.91%

**PERSONAL CARE**

**Table 9**

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
January 2023 – March 2023 Total Moments	3,500	2,838	2,640	93.02%

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.