

March 1 , 2023

Brian Zolynas

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Dear Mr. Zolynas,

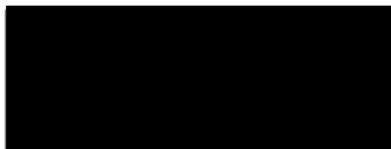
In accordance with Special Terms and Conditions paragraph 85, enclosed please find the Quarterly Progress Report for October 1, 2022, through December 31, 2022, which also includes the Quarterly Quality Initiative and the Arizona Medicaid Administrative Claiming Random Moment Time Study results.

If you have any questions about the enclosed report, please contact Shreya Arakere [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,

Interim Assistant Director, Division of Community Advocacy and Intergovernmental Relations.



CC:

Heather Ross, CMS

Kelsey Smyth, CMS



# **AHCCCS Quarterly Report**

## **October 1, 2022 - December 31, 2022**

**February 2023**

**AHCCCS Quarterly Report**  
**October 1, 2022 – December 31, 2022**

## **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: 1st (October 1, 2022 – December 31, 2022)

## **INTRODUCTION**

As written in Special Terms and Conditions (STCs), paragraph 85, the Arizona Health Care Cost Containment System (AHCCCS) submits quarterly progress reports to 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 October 1, 2022, through December 31, 2022, by population categories. The table also includes the number of voluntarily and involuntarily disenrolled members during this period.

**Table 1**

<b>Population Groups<sup>1</sup></b>	<b>Number Enrollees</b>	<b>Number Voluntarily Disenrolled-Current Qtr</b>	<b>Number Involuntarily Disenrolled-Current Qtr</b>
<b>Acute AFDC/SOBRA</b>	1,343,433	6,803	6,904
<b>Acute SSI</b>	224,654	312	3,007
<b>Prop 204 Restoration</b>	550,202	2,208	4,102
<b>Adult Expansion</b>	194,041	662	927
<b>LTC DD</b>	37,658	47	163
<b>LTC EPD</b>	29,049	44	1,891
<b>Non-Waiver</b>	154,834	392	2,022
<b>Total</b>	<b>2,533,871</b>	<b>10,468</b>	<b>19,016</b>

Table 2 is a snapshot of the number of current enrollees (as of January 1, 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

## October 1, 2022 – December 31, 2022

**Table 2**

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan <sup>2</sup>	1,591,544
Title XXI funded State Plan <sup>3</sup>	72,623
Title XIX funded Expansion <sup>4</sup>	695,196
<ul style="list-style-type: none"> <li>Prop 204 Restoration (0-100% FPL)</li> </ul>	549,936
<ul style="list-style-type: none"> <li>Adult Expansion (100% - 133% FPL)</li> </ul>	145,260
Enrollment Current as of	1/1/2023

## OPERATIONAL/POLICY DEVELOPMENTS/ISSUES

### *Waiver Update*

Arizona's 1115 Waiver demonstration was set to expire on September 30, 2021. However, a one-year extension was approved by CMS on September 30, 2021, formally ending the 2017 - 2022 waiver. 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:

<sup>2</sup> SSI Cash and Related, 1931 Families and Children, 1931 Related, TMA, SOBRA child and pregnant, ALTCs, FTW, QMB, BCCP, SLMB, QI-1

<sup>3</sup> KidsCare

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

**AHCCCS Quarterly Report**  
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- 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 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.

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 the State Plan. 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 deliverables to CMS in the month of January, 2023.

- Maintenance of Effort (MOE) which detailed how the state will determine baseline spending for the Housing and Health Opportunities (H2O) Program,
- Approved DSHP list,

- Report on Average Medicaid to Medicare FFS Provider Rate Ratio for Primary Care, Behavioral Health, and Obstetric Care, and
- Provider Payment Rate Increase Assessment Attestation Table.

AHCCCS has now held two rounds of stakeholder feedback sessions including nine 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. Currently AHCCCS is on track to submit the *New Initiatives Implementation Plan* by July 14, 2023 and implement the program by October 1, 2023.

### **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. To date the TI 2.0 program has:

- Finalized 1115 waiver negotiations with CMS to approve the TI 2.0 program,
- Collaborated with Contexture (Arizona Health Information Exchange) and Arizona State University (ASU) to explore future demographic data enrichment strategies and electronic clinical quality measurement (eCQM) opportunities,
- Drafted performance measures and demographic dimensions in which to stratify the measures for TI 2.0 participant incentives and aggregate reporting with Contexture, ASU, and AHCCCS quality improvement team,
- Reviewed hundreds of studies to identify the performance measures and demographic dimensions that have the greatest inequities,
- Drafted core component initiatives for all areas of concentration except justice,
- Drafted annual milestone requirements for the health equity and closed-loop-referral core components,
- Exploring partnership with NCQA to identify Health Equity Accreditation options for TI 2.0 participants, including survey administration and technical support,
- Finalized 6-year Intergovernmental Service Agreement (ISA) with ASU to conduct Quality Improvement efforts, calculate performance measures, create CMS aggregate reports, supplement AHCCCS data with external sources, and establish performance measure dashboards showcasing stratified performance of each TI 2.0 participant and AHCCCS aggregate,
- Updated AHCCCS website, created a provider interest form, and began planning webinars and lunch-and-learn information sessions,
- Collaborated with ASU to identify Quality Improvement Collaborative (QIC) tasks, needs-assessment targets and topics, and QIC rollout schedule,
- Presented and solicited input from potential TI 2.0 participants on application criteria, eligibility requirements, and TI 2.0 quality improvement opportunities,
- Discussed TIP Justice 2.0 expansion opportunities with providers and potential justice partners that have expressed interest in participating,
- Drafted application portal requirements and design functionality, and

- Explored best practices to collect desired clinic-level information from TI 2.0 applicants.

### **IHS/638 Tribal Dental Services**

Effective October 14, 2022, the \$1,000 emergency dental services limit for 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 American Indian or Alaska Native (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 STC 95, AHCCCS must submit a draft Waiver Evaluation Design for its 1115 Waiver demonstration. In addition, AHCCCS is also required by CMS to submit an Interim Evaluation Report and a Summative Evaluation Report of the 1115 Waiver Demonstration by December 31, 2020, and March 30, 2023, respectively.

AHCCCS has contracted with the Health Services Advisory Group (HSAG) to serve as the independent evaluator for Arizona's 1115 Waiver Demonstration. 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.
- Targeted Investments (TI) Program,
- Retroactive Coverage Waiver, and
- AHCCCS Works program.

On November 13, 2019, AHCCCS submitted an Evaluation Design Plan to CMS for Arizona's demonstration components noted above, with the exception of AHCCCS Works. Additionally, HSAG later developed, and AHCCCS submitted, a separate evaluation design plan to CMS for the AHCCCS Works program. Arizona's waiver evaluation design plan was approved by CMS on November 19, 2020.

As required by the STCs of Arizona's approved demonstration, a submitted Interim Evaluation Report must discuss the evaluation progress and findings-to-date, in conjunction with Arizona's demonstration renewal application. Arizona's interim evaluation report was submitted with the waiver renewal application on December 22, 2020.

Due to data limitations and operational constraints imposed by the COVID-19 pandemic, Arizona's previous interim evaluation report did not include data from all sources described in Arizona's evaluation design plan. Qualitative data based on key informant interviews and focus groups, as well as beneficiary survey data, were not collected.

For this reason, an updated interim evaluation report was developed and completed by August 30, 2021. HSAG's updated report contains results for additional years and includes findings-to-date from focus groups and qualitative interviews. In addition, the report used statistical techniques, where possible, to control for confounding factors and identify the impact of Arizona's demonstration initiatives on access to care, quality of care, and member experience with care. CMS approved AHCCCS' Interim Evaluation Report on Oct 6, 2022 and the report is now available on [AHCCCS Reports for Centers for Medicare and Medicaid Services \(CMS\) web page](#).

Additionally, AHCCCS worked with HSAG on developing an Evaluation Design Plan for the COVID-19 section of Arizona's 1115 Waiver, in accordance with the guidance issued by CMS on COVID-19 Section 1115 Waiver Monitoring and Evaluation. AHCCCS submitted the design plan to CMS on July 31, 2021 and CMS approved the plan on February 1, 2022.

Going forward, AHCCCS will work with HSAG on the demonstration's 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 on the demonstration.

### ***Targeted Investments Program Update***

The AHCCCS Targeted Investments 1.0 (TI) Program achieved the following accomplishments and activities during the period October 1, 2022, to December 31, 2022:

- Allocated and disbursed incentive funding to participants that met Year 5 performance measure targets to encourage performance improvement thru the end of the program,
- Launched the Year 6 portal to collect attestation from all TI Participants,
- Continued Year 6 performance measure measurement for determining incentives for program participants that accounted for challenges resulting from the Public Health Emergency (PHE),
- Coordinated Primary Care Assignment reconciliation efforts between the Health Plans and TI Participants to increase alignment with expected attribution and payment,
- Collaborated with the Center for Health Information Research (CHiR) at ASU to assist with the administration of the performance measure milestones, including calculation of results and provision of technical assistance to program participants,
- Collaborated with CHiR to develop interactive dashboards that illustrate timely and actionable performance measure results and provided tutorials for program participants on the effective use of the data for improving performance,
- Updated several "Best Practice Audit Guides" including best practice information and resources from Quality Improvement Collaborative (QIC) presentations and discussions to support and assist program participants performance improvement initiatives,
- Maintained ongoing dialogue between AHCCCS and its MCOs to facilitate alignment between the TI program guidance on enhanced provider level integration and the MCOs' provider



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network integration initiatives, established their representation in the QIC sessions, and solicited input regarding initiatives to support program sustainability, and

- TI participants were engaged by AHCCCS through electronic and in-person forums, surveys, and webinars including: 1) monthly newsletters sent to all the participants which includes pertinent information, tips and reminders, program updates, and upcoming due dates; 2) the robust and up-to-date TI web page with resources and communications; and 3) extensive individualized provider assistance by TI staff.

### **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>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	NA	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	NA	10/1/22
<b>22-0029 Community Health Worker Services</b>	Adds Community Health Worker services to the state plan.	12/9/22	NA	TBD
<b>22-0028 Nursing Facility Differential Adjusted Payment (DAP)</b>	Establishes an Outpatient Differential Adjustment Payment (DAP) for FFY 2023.	10/19/22	NA	10/1/22
<b>22-0027 Outpatient Differential Adjusted Payment (DAP)</b>	Establishes an Outpatient Differential Adjustment Payment (DAP) for FFY 2023.	10/19/22	NA	10/1/22
<b>22-0026 Inpatient Differential Adjusted Payment (DAP)</b>	Establishes an Inpatient Differential Adjustment Payment (DAP) for FFY 2023.	10/19/22	12/5/22	10/1/22
<b>22-0025 NF Supplemental Payment</b>	Adds a nursing facility (NF) supplemental payment to the state plan.	10/11/22	NA	10/1/22
<b>22-0024 DRG Rates</b>	Updates the state plan Diagnostic Related Groups (DRG) rates for FFY 2023.	10/11/22	11/10/22	10/1/22
<b>22-0023 Other Provider Rates</b>	Updates the state plan Other Provider Rates for FFY 2023.	10/11/22	11/4/22	10/1/22
<b>22-0022 Outpatient Hospital Rates</b>	Updates the state plan Outpatient Hospital Rates for FFY 2023.	10/11/22	10/24/22	10/1/22

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<b>22-0021 Nursing Facility Rates</b>	Updates the state plan Nursing Facility rates for FFY 2023.	10/11/22	11/10/22	10/1/22
<b>22-0020 LTC/Rehab Rates</b>	Updates the state plan Long Term Care and Rehabilitative Services Rates for FFY 2023.	10/11/22	10/25/22	10/1/22
<b>22-0019 EMT Rates</b>	Updates the state plan Emergency Medical Transportation Rates for FFY 2023.	10/11/22	11/1/22	10/1/22
<b>22-0018 Chiropractors' Services</b>	Adds chiropractors' services, with limitations, to the state plan.	10/5/22	12/21/22	10/1/22
<b>22-0017 CHIP Continuous Coverage</b>	Provides for 12-months of CHIP Continuous Eligibility, up to age 19.	10/5/22	NA	TBD
<b>22-0016 Diabetes Self Management Training</b>	Adds Diabetes Self Management Training to the State Plan.	10/5/22	NA	10/1/22
<b>SPA 18-009 FQHC Alternative Payment Model</b>	Updates the State Plan Alternative Payment Methodology (APM) for Federally Qualified Health Centers (FQHCs).	9/27/18	11/16/22	10/1/18

## 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**

<b>Advocacy Issues<sup>5</sup></b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
Billing Issues <ul style="list-style-type: none"> <li>• Member reimbursements</li> <li>• Unpaid bills</li> </ul>	4	0	2	6
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	1	3	5
Covered Services	1	0	0	1
ALTCS	11	6	5	22

<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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<ul style="list-style-type: none"> <li>Resources</li> <li>Income</li> <li>Medical</li> </ul>				
DES <ul style="list-style-type: none"> <li>Income</li> <li>Incorrect determination</li> <li>Improper referrals</li> </ul>	33	21	2-	74
KidsCare <ul style="list-style-type: none"> <li>Income</li> <li>Incorrect determination</li> </ul>	0	0	0	0
SSI/Medical Assistance Only <ul style="list-style-type: none"> <li>Income</li> <li>Not categorically linked</li> </ul>	14	10	0	24
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>	28	33	56	117
Medicare <ul style="list-style-type: none"> <li>Medicare coverage</li> <li>Medicare Savings Program</li> <li>Medicare Part D</li> </ul>	4	2	0	6
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)	11	3	6	20
<b>Total</b>	<b>108</b>	<b>76</b>	<b>92</b>	<b>276</b>

**Table 5**

Issue Originator <sup>6</sup>	October	November	December	Total
Applicant, Member, or Representative	29	14	15	58
CMS	0	0	0	0
Governor's Office	17	3	7	27
Ombudsmen/Advocates/Other Agencies	60	59	69	188

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

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Senate & House	2	0	1	3
Total	108	76	92	276

### **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, and improvements, and Managed Care Organization (MCO) monitoring and compliance.

### **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)**

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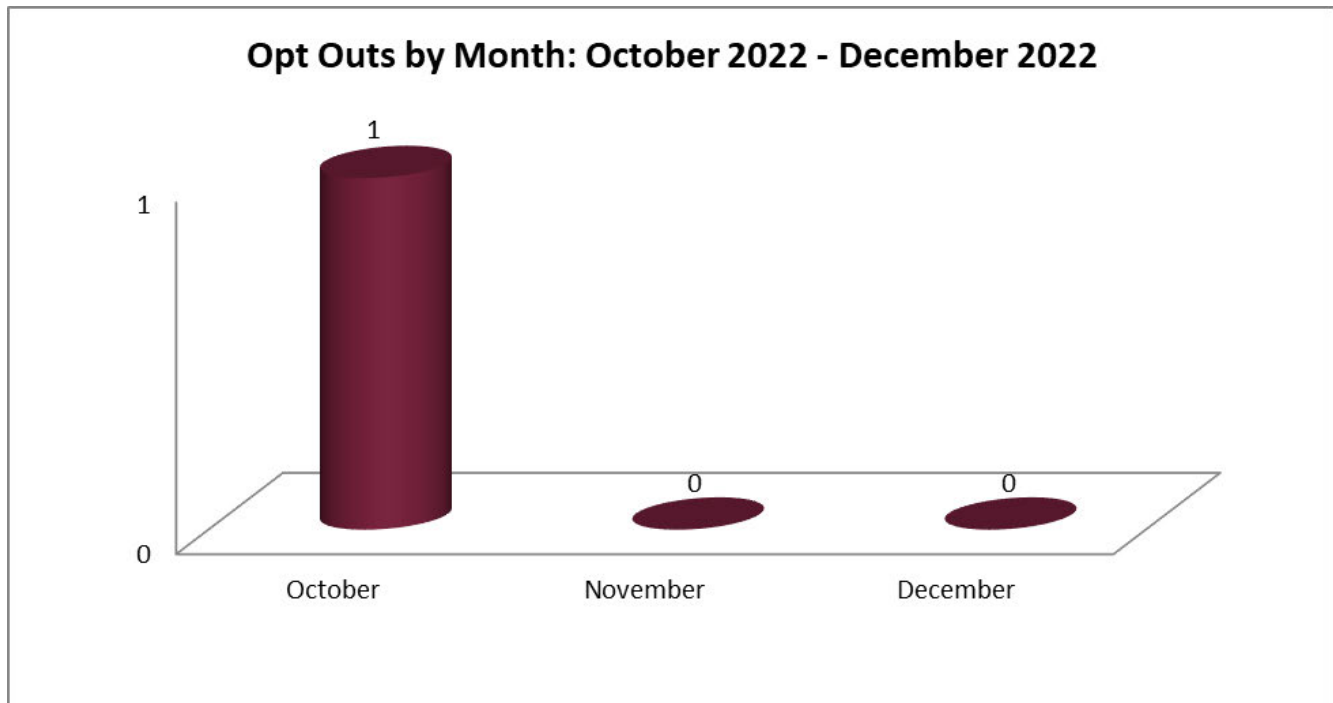
### **DATE SUBMITTED TO CMS**

March 1, 2023

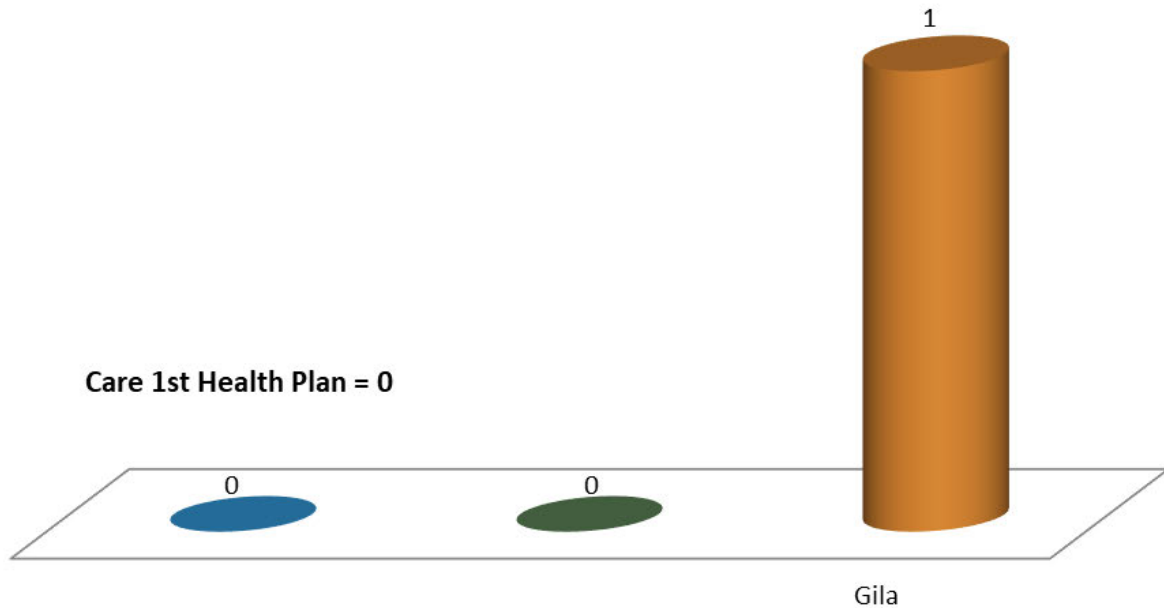
**ATTACHMENT 1**

**SMI Opt Out for Cause Quarter 1**  
**(October 1,2022 - December 31, 2022)**

**Opt Out Requests for Quarter 1, 2022 (October 1, 2022 – December 31, 2022)**

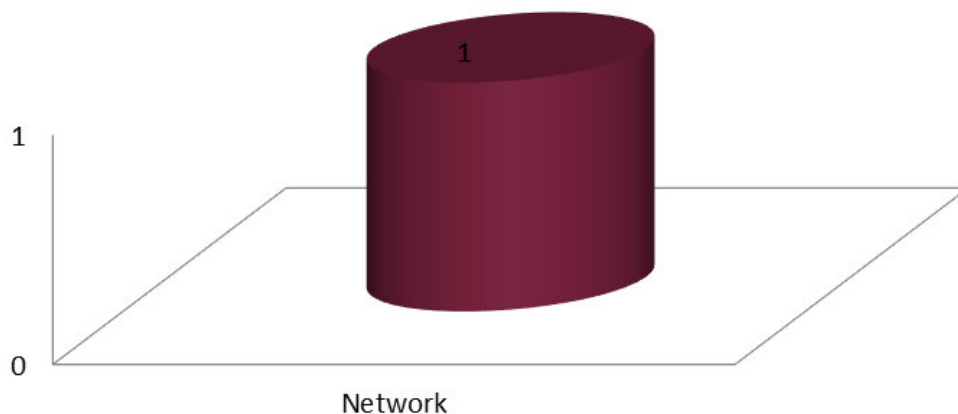


### Number of Opt Outs by County/Health Plan (October 2022 - December 2022)

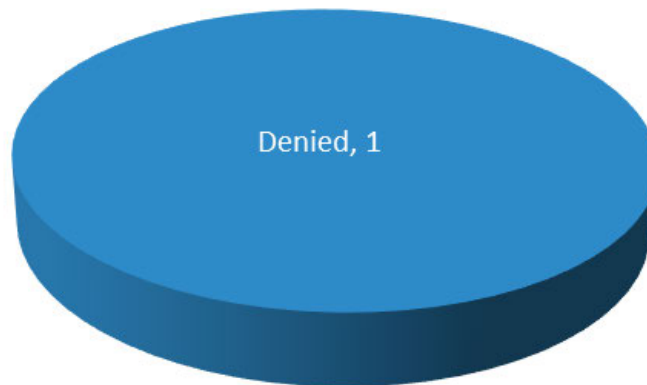


*\*Effective 10/1/22, new RBHA contracts were awarded to Mercy Care in the Central GSA, Arizona Complete Health-Complete Care Plan in the South GSA, and Care1st Health Plan in the North GSA. Under the new contracts, the central GSA was expanded with the movement of Gila (formerly North) and Pinal (formerly South) Counties. The Opt Out numbers for Gila and Pinal are now reflected under Mercy Care's GSA.*

### Reason for Opt Out (October 2022 - December 2022)



## Initial Opt Out Decisions (October 2022 - December 2022)

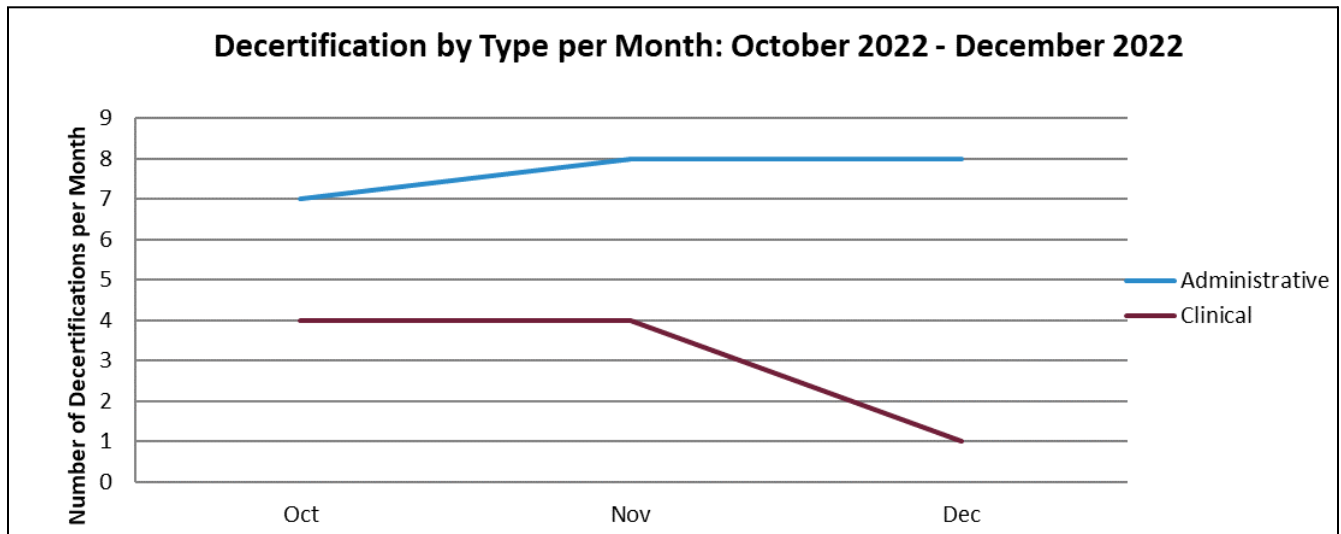


### Appeal Outcomes (October 2022 - December 2022)

Appeal Outcomes (October 2022 - December 2022)			
Approved	Withdrawn	Denied	Pending
0	0	0	0



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**ATTACHMENT 2**

**Quality Assurance And Monitoring Activity Quarter 1**  
**(October 1, 2022 – December 31, 2022)**

## **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 Management (DHCM), including Operations, Compliance, Quality Management (QM), Performance Improvement (PI), Medical Management (MM), Maternal, Child Health/Early and Periodic Screening, Diagnostic and Treatment (MCH/EPSDT), Integrated System of Care, and Payment Modernization 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 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 in order 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 one Health Equity Committee activities included the following:

- Evaluating AHCCCS current datasets and data collection methodologies to identify gaps in information needed to assess health equity within the system,
- Examining the current HEC Charter to ensure the committee goals are actionable and attainable,
- Studying the literature around HEC best practices and federal requirements,
- Updating ACOM Policy 303, Community Reinvestment to include activities that align and support the Whole Person Care Initiative to address social risk factors that demonstrate evidence-based measurable impacts to health outcomes, and
- Requiring collection of Whole Person Care elements through the use of a Statewide Closed Loop Referral System (CLRS).

### **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 the agency 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 December 31, 2022:

1. AHCCCS obtained expenditure authority from the State Legislature and upon approval, the agency 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 anticipates the release of directed payments for year two in April 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 early 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 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.
6. 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**

As of October 15, 2022, all MCOs submitted audit reports, which outlined aggregate trends for the assigned providers within their contracted network. As previously identified within the CMS FFY 22 Q2 report, there was a significant change in focus to reduce provider burden for the audits conducted between April and October of 2022. Numerous process-related items were removed (e.g., requirements covering organization of the chart and legibility of documentation). However, to accommodate initiatives related to social determinants of health (SDOH) and use of trauma

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informed care models, elements were added to address use of trauma screenings when clinically appropriate, and identification of needs related to SDOH. Even with these few additions, overall required audit elements were reduced from over 90 separate elements in the previous version, down to less than 60. Based on review of the trended results submitted in October 2022, it was recognized that some of the newer elements lead to lower threshold scores than anticipated. A decision was made in November 2022 to place a hold on continuing audits and to re-initiate community level meetings to gather feedback from the community stakeholders, providers, and MCOs to identify challenges and unintended consequences of the revised tool.

In December 2022, weekly collaborative meetings were held and a survey was designed to gather specific feedback for each audit element. Based on group discussion and survey results, the issues identified two important trends related to the revised tool. Although there was very little concern for the individual audit elements, there was a clear concern to have more clearly stated criteria informing the providers and auditors of what does or does not meet specified standards for each audit element, based on regulatory requirements. As a result of this feedback, AHCCCS began major revisions to the creation of an instructional guide used by auditors to determine whether or not audit regulatory requirements are met based on AHCCCS policy and contract. It is anticipated that the revised tool and instructional guide will be reissued within the second quarter of 2023.

In addition to the above, efforts also began in October 2022 to build an audit portal, which would allow MCOs to input data as the audits are being conducted. Further, portal logic will allow for data analysis for both MCOs and AHCCCS. It is anticipated that this portal will significantly reduce provider burden because of the potential to eliminate the need for the MCOs to have their own systems for data entry and analysis of the audit activities and to be completed in Spring 2023.

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

Since the adoption of CFTs, numerous changes have occurred to the children's system of care that prompted AHCCCS to evaluate the CFT program, its curriculum, and development of CFT facilitators. In partnership with its MCOs, the AHCCCS System of Care and Workforce Development (WFD) Administrators developed a single, statewide, in-person, experiential training approach focused on competencies required to perform nine essential activities of CFT practice. In May 2022, provider agencies with staff that facilitate CFT meetings identified a qualified CFT Champion for their agency. In June 2022, CFT Champions were trained on how to provide the new CFT training curriculum to those staff at their agencies that facilitate CFTs. AHCCCS worked with MCO's WFD and other system stakeholders to revise the Child and Family Supervision Tool, to include additional facilitation skills taught in the new training, to allow supervisor to monitor a CFT facilitators competency in the nine essential activities. In September 2022, the CFT Champions were trained in a curriculum designed to teach supervisors how to coach and monitor CFT facilitators in the nine essential activities of CFT practice. CFT Champions are required to train all newly hired CFT facilitators, and any staff identified by their agency as lacking proficiency in competency standards. CFT Champions are required to train all agency supervisors that oversee CFT facilitation staff, in the new supervisor training curriculum, as well as how to evaluate a facilitator's competency using the Child and Family Supervision Tool. The identified CFT Champions have completed both CFT Facilitator training and Supervisor training. As of December 2022, a total of 103 CFT Champions have been certified and they will participate in tri-annual meetings in 2023 to ensure support in their role, as their agency's

trainer of these two new CFT curriculum. Beginning in January 2023, WFD will develop CFT training for caregivers, stakeholders, or anyone who may be invited to participate as a member of a child and family team, to help them understand CFT practice, what to expect, and to outline the nine activities of CFT facilitators.

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

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

1. **AHCCCS Medical Policy Manual (AMPM) Exhibit 300-1 – AHCCCS Covered Services with Special Circumstances**

This exhibit was revised to conform with Arizona House Bill 2863 – Chiropractic Benefit for Adults and Arizona House Bill 2083 – Diabetes Self-Management Benefit amending A.R.S. 36-2907.

2. **AMPM Policy 1240-J –Employment Services**

This is a new policy developed to outline provisions of employment services and support services for ALTCS members in alignment with Home and Community Based Services (HCBS) Rules.

3. **AMPM Policy 320-N – Hepatitis C Virus (HCV) Prior Authorization Requirement for Direct Acting Antiviral (DAA) Medication Treatment**

This policy was reserved due to AHCCCS removing the criteria for prior authorization. Members may now obtain the medication without prior authorization.

4. **AHCCCS (Contractor Operations Manual) ACOM Policy 303 – Community Reinvestment**

This is a new policy that describes what allowable Community Reinvestment activities are, how the Community Reinvestment amounts are calculated, and how Community Reinvestment expenditures are reported.

### **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. Our respective agencies have collaborated on items including recognizing school mental health champions, review of suicide prevention curriculum, suicide prevention planning and subgroups for disproportionately affected populations, and a state-wide stigma reduction campaign. As well, despite our Collaborative Improvement and Innovation Network on School Based Health Services (COIIN) officially coming to an end in December 2022, our agencies and respective community partners have opted to continue this meeting forum under a different name as the group collectively felt it was beneficial to maintain this space to further our joint efforts.

In December 2022, AHCCCS and ADE had the opportunity to co-present during the annual Arizona School Board Association conference with a presentation titled, “Partnerships with Purpose: Building Capacity to Respond to Mental Health Concerns While Reducing Administrative Burden.” The presentation was received by nearly 50 audience members. In October 2022, Project-Advancing Wellness and Resiliency in Education (Project-AWARE) completed a presentation on the Children Behavioral Health Service Fund (CBHSF) in schools and other behavioral health services that cover students who are uninsured or underinsured. Present during this presentation were more than 40

counselors and social workers from Local Education District from Local Education Districts from eastern Maricopa County. There are joint presentations scheduled throughout the next quarter to continue delivering up to date information from AHCCCS and ADE to local education agencies, professional organizations, and the community at large.

#### **School Resource Guide and Statewide use of Policy for CBHSF**

As part of the joint effort to enhance behavioral health services in school settings, AHCCCS and ADE completed the annual revision of the “School & Behavioral Health Partnerships: A Resource Guide” document in December 2022. Before concluding the annual review, AHCCCS and ADE outreached to the Arizona School Counselors Association (AzSCA) and the School Social Workers Association of Arizona (SSWAAZ) to provide feedback on the document. Changes to the Resource Guide included adding the Arizona School Board Association’s Model School Mental Health Referral Policy, references and links to relevant Arizona Revised Statutes, and additional resources such as the School Health Assessment and Performance Evaluation (SHAPE) System, the National Center for School Mental Health (NCSMH) among others. Additionally, updates were made to reflect changes in ACC-RBHA contracts and to distribute updated contact information for all MCOs. Further edits were made to the document to improve readability as well as to update statistics and infographics. Through the revision process, the reviewing team discussed and decided it would be beneficial to shift the annual review from December to July in order to be able to provide up-to-date information prior to the beginning of every school year. The guide has been published on both AHCCCS and ADE websites. The next review is scheduled for July 2023.

#### **Secured Behavioral Health Residential (BHRF) Settings**

AHCCCS continues to collaborate with community partners, legislators, and MCOs to ensure sufficient BHRF network capacity for all members. Internal workgroups have been established and continue to work to provide guidance and support to the community regarding the start-up and ongoing management of BHRFs in Arizona. AHCCCS will review and revise as needed the BHRF policy in the Spring of 2023 to create strong guidelines and identify desired health outcomes of BHRF settings. Additionally, the MCOs are currently conducting a comprehensive review of all contracted BHRFs to ensure quality care to members; this focus is part of post-COVID-19 efforts to return to normal in-person monitoring efforts.

#### **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 one accreditation activities included:

- Completed initial review of AHCCCS MCO deliverables 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’ preliminary review has resulted in identification of 14 CFRs as deemable per 42 CFR 438.360,



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- Revising AHCCCS Policies to align with NCQA standards including, but not limited to, credentialing processes and person-centered service planning,
- Began review of MCO feedback regarding structure and content requirements of AHCCCS annual plan deliverables, and
- Began review of 2023 NCQA Health Plan Accreditation standards and 2022 NCQA Medicaid Managed Care Toolkit.

### *Innovative Approaches and Continuous Quality Improvement*

#### **Court Ordered Evaluation and Court Ordered Treatment (COE/COT)**

AHCCCS continues to monitor both Pre-petition Screening and COE, along with COT on a monthly and quarterly basis. The MCOs report all members COT monthly. The MCOs also report, each quarter, all Pre-petition Screening and COEs (including outcome of that evaluation) to AHCCCS. AHCCCS has provided support to Mercy Care and Valleywise Hospital for a pilot project to decrease member wait time in the emergency hospital setting before receiving a pre-petition screening and seeing a judge to receive an order for a COE. The pilot project allows members to see both a provider for the screening and then if determined necessary, see a judge via virtual courtroom while still in the physical care of Valleywise Hospital. In 2023, AHCCCS will begin to gather additional demographic information from the MCOs regarding members seeking or referred for Pre-petition Screening and COE. This data will allow AHCCCS to better understand and then respond to the needs of members using and/or ordered to use COE and COT services.

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

AHCCCS continues working with Providers and the MCOs to prepare for EVV hard claims edits starting on January 1, 2023. AHCCCS has provided the MCOs with weekly reports regarding provider EVV compliance for two years in preparation for hard claims edits. In October, reminders for the hard claim's edits deadline, new FAQs and alternate vendor specifications were released. AHCCCS also hosted an alternate vendor webinar on November 11, 2022. Additional reminders and new/updated FAQs were sent in December. All notices were sent to the EVV listserv and posted to the AHCCCS website.

#### **HCBS Rule**

AHCCCS continues to support the MCOs with auditing provider compliance with the HCBS Rules through monthly meetings and compliance reporting. AHCCCS submitted the Arizona State Transition Plan for final approval to CMS on December 9, 2022. AHCCCS continues to submit compliance updates to CMS and does not anticipate that there will be providers who will not be able to comply with the March 2023 deadline.

#### **Performance Measures**

During the quarter, the agency's External Quality Review Organization (EQRO) completed its Contract Year Ending (CYE) 2022 Performance Measure Validation activities. These activities yielded MCO and line of business performance measure rates reflective of Calendar Year (CY) 2021 performance. AHCCCS intends to utilize national benchmark data (i.e., CMS Medicaid median and NCQA HEDIS® Medicaid mean) to evaluate the MCOs' CY 2021 performance.

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### Statewide CLRS

Arizona's statewide CLRS, branded as CommunityCares, went live in November 2022 with a small batch of initial users. System users are health care providers and community-based organizations. In quarter one, the following schedule was established to roll out the system during 2023.

- **Central Arizona (Maricopa County):** November 2022 through January 2023
- **Southern Arizona (Pima County):** January 2023 through April 2023
- **Southern Arizona (Pinal County, Santa Cruz County, Cochise County, and Graham County):** April 2023 through August 2023
- **Northern Arizona (Coconino County):** January 2023 through April 2023
- **Northern Arizona (Gila County, Yavapai County, Navajo County, Apache County, and Greenlee County):** April 2023 through August 2023
- **Western Arizona (Yuma County):** January 2023 through April 2023
- **Western Arizona (Mohave County and La Paz County):** April 2023 through August 2023

AHCCCS created a Differential Adjusted Payment (DAP) Program to encourage enrollment and use of the CLRS. Providers participating in the DAP are required to complete a series of milestones, which increase in complexity year over year, to ensure providers are maximizing utilization of the system to improve member outcomes. Contexture, the organization managing the CLRS, plans to steadily grow enrollment and use of the system in 2023.

### 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

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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 PHE), these reviews have been completed via desk review and virtual meetings with the MCOs. During quarter one, in November of 2022, AHCCCS conducted the OR for the Department of Child Safety, Comprehensive Health Plan (DCS/CHP).

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

AHCCCS is continuing its activities for the development of an RFP to solicit bids from qualified Contractors 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 contractor's bid. Currently, there are three contractors working with the ALTCS-EPD populations. 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 post to the AHCCCS website on August 1, 2023. AHCCCS will be analyzing and comparing contractor skills, experience, and rates to find the right contractor partners and announce the award on November 17, 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.

#### **Request for Proposal (RFP) - SMI Eligibility Determinations**

AHCCCS is continuing its activities for development of an RFP to solicit for a vendor that will perform eligibility determinations for individuals who may be living with an SMI designation. AHCCCS is adding responsibilities for the contracted vendor to implement a standardized Serious Emotional Disturbance (SED) eligibility determination process for youth up to the age of 18, similar to the SMI eligibility determination process. The current contract with vendor Solari Crisis and Human Services expires on September 30, 2023, with the new Contract beginning on October 1, 2023. Presentations to solicit input from stakeholders regarding the current SMI eligibility determination process began in April. The RFP was issued to the AHCCCS website on October 5, 2022. During quarter one RFP bids were received and the RFP evaluation team began scoring activities for the submitted bids in preparation for award. The Award was announced and posted to the website on January 20, 2023.

**ATTACHMENT 3**

**Quarterly Random Moment Time Study Report Quarter 3**  
**(October 1, 2022 – December 31, 2022)**

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

**October 2022 - December 2022**

The October - December 2022 (OD22) 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. Table 6 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**

Staff Pool	October 2022 - December 2022
Administrative	2,663
Direct Service	3,467
Personal Care	5,308

### **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).

The tables below demonstrate that the administrative service, direct service, and personal care time study achieved statistical validity in the OD22 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**

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
October 2022 – December 2022 Total Moments	3,000	2,645	2,576	97.39%

**DIRECT SERVICE**

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
October 2022 – December 2022 Total Moments	3,300	2,696	2,655	98.48%

**PERSONAL CARE**

Quarter	Moments Generated	Valid Moments	Valid Responses Received	Response Rate
October 2022 – December 2022 Total Moments	3,500	2,829	2,650	93.67%

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.