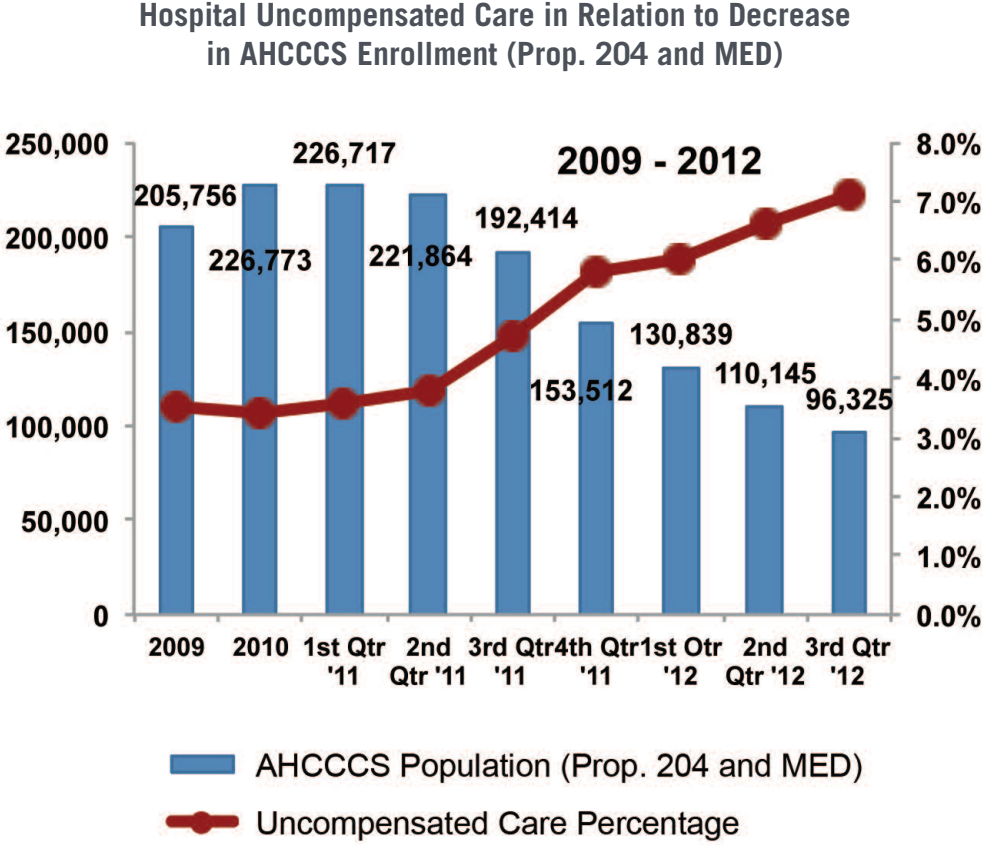


Celebrating 30 Years of Cost Effectiveness and Innovation

A Policy Primer on AHCCCS



Governor Mitt Romney, in the 3rd Presidential Debate (10/22/12) on the subject of Medicaid: “As a governor, I thought, please, give me this program...I can run this more efficiently than the federal government. And states, by the way, are proving it. **States like Arizona**, Rhode Island have taken these Medicaid dollars, have shown they can run these programs **more cost effectively.**”

“Kids Care is critical to making sure our children grow up strong, healthy, and able to learn. Kids without health insurance often get their health care in the emergency departments, which is late and expensive. They are missing out on the most important kinds of care -- preventative care, primary care, well visits and check-ups – all the things so important to leading a healthy life.”

—Dr. Peggy Stemmler, Pediatrician



The Arizona Health Care Cost Containment System (AHCCCS, pronounced “access”) is Arizona's version of Medicaid, a joint federal-state program that provides health insurance coverage to low-income citizens, including children and their parents, pregnant women, the elderly and those with a disability or a serious mental illness.

Arizona was the last state in the nation to opt into Medicaid, but it was the first to operate a statewide, managed care Medicaid program. Under this model, private health plans receive a fixed monthly payment (known as a capitation rate) to cover the cost of medical services provided by physicians, hospitals, pharmacies, etc. In this regard, AHCCCS is viewed as a national model of an exemplary public-private partnership.

AHCCCS Facts

Eligibility is largely based on a measure of income as a percent of the federal poverty level (FPL). With 1.27 million enrollees, AHCCCS provides health care coverage to 18 percent of the state’s population.

The federal government provides each state with matching funds for their Medicaid programs. The match, which varies from state to state, is called the Federal Medical Assistance Percentage (FMAP). FMAP is based on the state’s per-capita income and can change from year to year. Arizona’s current FMAP is approximately 66%, which means Arizona received \$2 in federal support for each dollar from the State. The Affordable Care Act (ACA) will potentially allow states to receive up to a 90% match. The total AHCCCS budget is \$6.2 billion (FY 2013).

AHCCCS programs include:

- Acute care services for low income families, largely women and children.
- Long-term care services provided through the Arizona Long Term Care System (ALTCSS). These services include acute care, behavioral health, case management, home- and community-based care and institutional care. Behavioral and mental health services are also covered, but administered by the Arizona Department of Health Services.
- Kids Care - AHCCCS also administers the Kids Care program, which provides health coverage to children from households with income up to 200% of the FPL.
- Childless Adults - In 1996 and 2000, Arizona voters approved ballot measures to expand AHCCCS income eligibility to 100% of the FPL, which is \$12,000 for a single adult.

Thirty Years of Success

States across America are now trying to emulate Arizona’s model for patient-centered managed care. As AHCCCS celebrates Arizona’s 30-year commitment to providing exemplary health care at the lowest possible cost,

“WHEREAS, regardless of one’s ideology or philosophical beliefs regarding public programs, all Arizonans should take pride knowing Arizona has created an effective, efficient, outcomes-based, national model in AHCCCS.”

—Governor Jan Brewer’s proclamation, in celebration of AHCCCS’s 30-year history in Arizona

Sponsored by:

Arizona Academy of Family Physicians
Arizona Alliance for Community Health Centers
Arizona Association of Health Plans
Arizona Bridge to Independent Living
Arizona Chapter of the American Academy of Pediatrics
Arizona Hospital and Health Care Association
Arizona Family Health Partnership
Arizona Medical Association
Arizona Nurses Association
Arizona Osteopathic Medical Association

Arizona Public Health Association
Banner Health
Care 1st Health Plan Arizona
Dignity Health
Health Choice
Lewis and Roca
SCAN Health Plan
University of Arizona Health Network
Vanguard Health Systems

consider that today, AHCCCS:

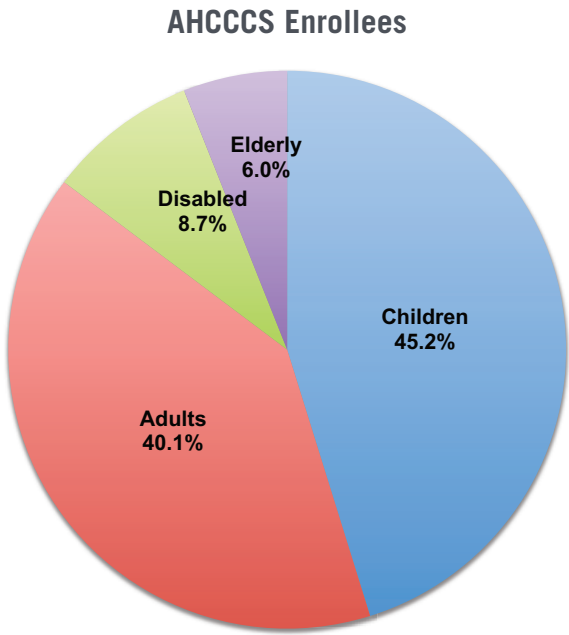
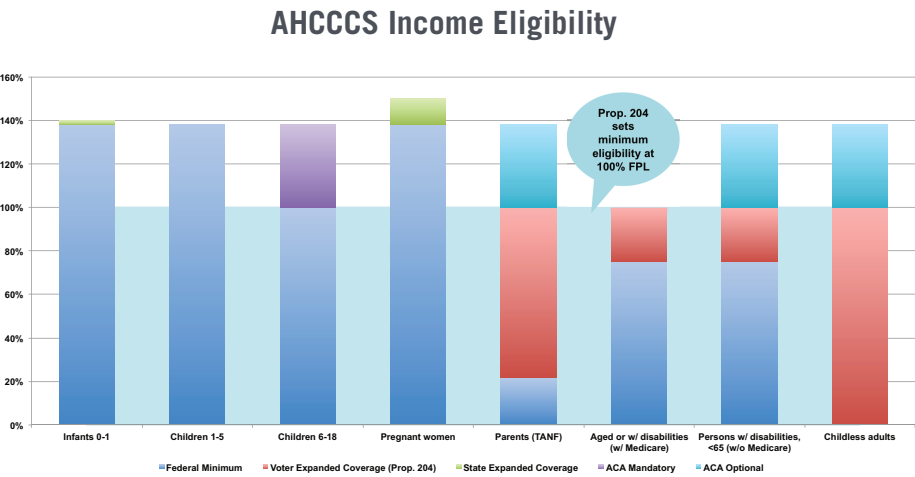
- Is continually ranked as having among the lowest per-member cost among Medicaid programs in the United States while still meeting high quality standards.
- Serves more than 80% of its long-term care members in the home or community—among the highest in the nation.
- Maintains the lowest pharmaceutical costs in the country and highest utilization of generic drugs.
- Is ranked America’s number one Medicaid program for individuals with physical and developmental disabilities.
- Provides work for 55,000 private health care providers across the State.

Arizona Auditor General gives clean bill of health to AHCCCS

In its most recent review, the Arizona State Auditor General gives AHCCCS a clean bill of health:

- Finds AHCCCS does the State’s business effectively and efficiently;
- Recommends that the Legislature continue AHCCCS for another decade. (www.azleg.gov 11/13/12: Senate and House Committees of Reference unanimously recommend AHCCCS continuation.)

“Arizona built its Medicaid program on the principles of member protection, competition, choice and accountability. Arizona’s model works through private health plans that engage in a competitive bidding process and are financially at-risk to coordinate care for their members. Members have their choice of health plan and doctor. Health plans establish their own provider networks, which we monitor to ensure access to care.”
—AHCCCS Director Tom Betlach, testimony to United States Congress, June, 2012

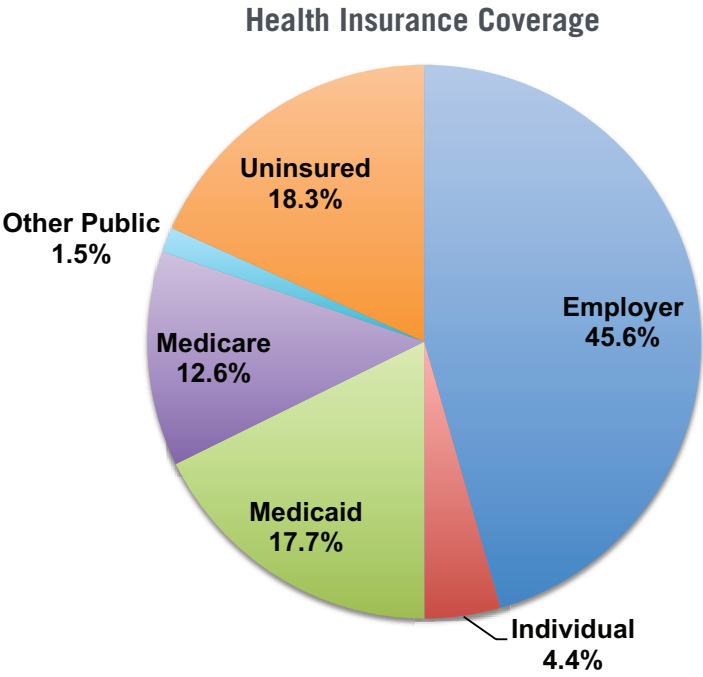
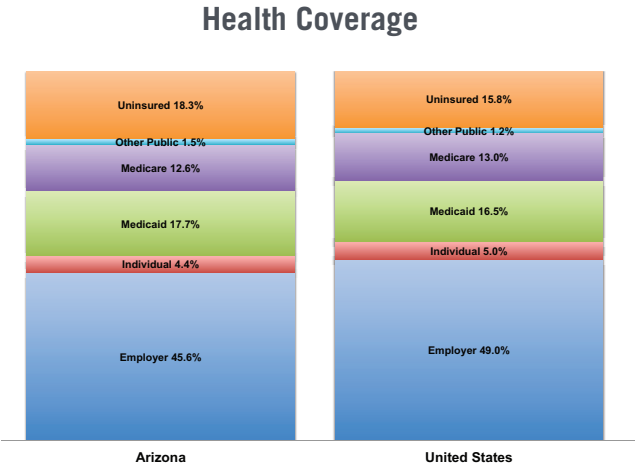


AHCCCS History

Arizona was one of the last states to join the federal Medicaid program and one of the first in the nation to find a better way, pioneering its now acclaimed managed care system, through an innovative public-private partnership to provide cost-effective, managed health care.

In 1996 and again in 2000, the voters of Arizona voted to expand AHCCCS coverage to all Arizona citizens, including childless adults, who live below the poverty level.

In 2011, due to the state’s deep recession and budgetary pressure, policymakers froze enrollment of childless



adults, resulting in an estimated 110,000 fewer Arizonans being covered by the program.

Last year, in 2012, the United States Supreme Court upheld the majority of the ACA, but said that the federal government could not withhold a state’s Medicaid funding if the state chose not to expand Medicaid coverage to the extent required by the ACA. As a result, it will now be up to Arizona policymakers to decide whether to restore coverage for childless adults.

Medical Homes

AHCCCS Innovations in Patient Care Reduces Costs

Thanks to AHCCCS innovations, providers across the State are piloting new ways to reduce costs and improve the quality of care. Just one example from dozens of success stories:

The Family Practice Clinic at St. Joseph’s Hospital and Medical Center in Phoenix, in partnership with Mercy Care Plan, piloted its medical home to 3,000 patients. The medical home is just what it sounds like – one familiar place for patients to seek help for current health needs, prevent future problems and keep them from using the emergency room as their primary source of health care. With extended hours during the week, same-day appointment times and Saturday hours, physicians provide comprehensive care. Patients get treated for what ails them immediately and are also checked to see if something preventive can be done, such as an immunization or a cholesterol check. Reduced testing, better management of medications and better coordination of care have resulted in better health for the members and also produced impressive cost savings:

- 8% average reduction in the total cost per member per month.
- 12% reduction in the cost of emergency department visits.
- 19% reduction in the cost of inpatient care.