

September 1, 2017

Jessica Woodard  
Project Officer, Division of State Demonstrations, Waivers & Managed Care  
Center for Medicaid, CHIP and Survey & Certification  
Centers for Medicare and Medicaid Services  
Mailstop: S2-01-16  
7500 Security Blvd.  
Baltimore, Maryland 21244-1850

Dear Ms. Woodard:

In accordance with Special Terms and Conditions paragraph 41, enclosed please find the Quarterly Progress Report for April 1, 2017 through June 30, 2017, which also includes the Quarterly Budget Neutrality Tracking Schedule, 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 Mohamed Arif at (602) 417- 4573.

Sincerely,



Elizabeth Lorenz  
Assistant Director  
AHCCCS Office of Intergovernmental Relations

Enclosure

cc: Brian Zolynas  
Hee Young Ansell  
Susan Ruiz

**AHCCCS Quarterly Report**  
**April 1, 2017 – June 30, 2017**

**TITLE**

Arizona Health Care Cost Containment System – AHCCCS  
A Statewide Approach to Cost Effective Health Care Financing

Section 1115 Quarterly Report  
Demonstration Year: 34  
Federal Fiscal Quarter: 3<sup>rd</sup> (April 1, 2017 – June 30, 2017)

**INTRODUCTION**

As written in Special Terms and Conditions, paragraph 41, the State 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 quarter April 1, 2017 – June 30, 2017, by population categories. The table also includes the number of voluntarily and involuntary disenrolled members during this period.

**Table 1**

| Population Groups    | Number Enrollees | Number Voluntarily Disenrolled-Current Qtr | Number Involuntarily Disenrolled-Current Qtr |
|----------------------|------------------|--|--|
| Acute AFDC/SOBRA     | 1,223,081        | 2,705                                      | 259,355                                      |
| Acute SSI            | 190,026          | 132  | 25,748                                       |
| Prop 204 Restoration | 519,388          | 782  | 75,531                                       |
| Adult Expansion      | 127,916          | 225  | 31,055                                       |
| LTC DD               | 31,020           | 30   | 2,255  |
| LTC EPD              | 31,430           | 40   | 3,871  |
| Non-Waiver           | 27,665           | 159  | 10,967                                       |
| <b>Total</b>         | <b>2,150,526</b> | <b>4,073</b>                               | <b>408,782</b>                               |

**Table 2** is a snapshot of the number of current enrollees (as of July 1, 2017) by funding categories as requested by CMS.

**Table 2**

| State Reported Enrollment in the Demonstration (as requested) | Current Enrollees |
|---|-------------------|
| Title XIX funded State Plan <sup>1</sup>                      | <b>1,381,347</b>  |
| Title XXI funded State Plan <sup>2</sup>                      | <b>21,050</b>     |

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

<sup>2</sup> KidsCare

| State Reported Enrollment in the Demonstration (as requested) | Current Enrollees |
|---|-------------------|
| Title XIX funded Expansion <sup>3</sup>                       | <b>399,363</b>    |
| • Prop 204 Restoration (0-100% FPL)                           | 82,228            |
| • Adult Expansion (100% - 133% FPL)                           | 317,135           |
| Enrollment Current as of                                      | 7/1/17            |

**OPERATIONAL/POLICY DEVELOPMENTS/ISSUES**

Waiver Update

On April 12, 2017, AHCCCS submitted to CMS a request for a waiver from restrictions on federal funding for services provided to Medicaid beneficiaries aged 21-64 who receive inpatient services in an Institution for Mental Disease (IMD), regardless of delivery system. With this approval, AHCCCS would maintain and enhance beneficiary access to behavioral health services. In addition, a waiver of the IMD exclusion would allow psychiatric facilities (i.e., hospitals, nursing facilities, or other institutions of more than 16 beds that are primarily engaged in providing diagnosis, treatment or care of persons with mental diseases, including medical attention, nursing care and related services) to be able to continue to provide reimbursable services to all AHCCCS members.

On June 2, 2017, the Centers for Medicare and Medicaid Services (CMS) has indicated that currently there is only a path forward for an IMD waiver for individuals with substance use disorder needs, as part of a comprehensive state substance use disorder (SUD) strategy. AHCCCS will move forward with the submitting such comprehensive strategy, and will comply with the IMD provisions of the managed care regulations for individuals with non-SUD behavioral health conditions.

Targeted Investment Program Update

Below is a summary of the TI program implementation activities conducted by AHCCCS from April 1, 2017 through June 30, 2017:

- AHCCCS worked in collaboration with a broad range of stakeholders including provider organizations and AHCCCS health plans to develop the TI program core project components and the associated milestones (for TI demonstration years 2 and 3). This activity also included developing the TI participant incentive payment model including attribution funds flow among provider types and areas of concentration.
- Drafting of a TI managed care organization (MCO) payment policy and contract language was also initiated during this quarter, as was ongoing consultation with the State Health Information Exchange (Health Current) on data exchange and sharing expectations for TI participants.
- On June 9, 2017, AHCCCS convened a statewide stakeholder forum to disseminate information regarding the TI program objectives, requirements, incentive payments, and

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<sup>3</sup> Prop 204 Restoration & Adult Expansion

application process. Approximately 300 individuals representing behavioral health providers, physical health providers, RBHAs, and Medicaid acute care plans attended this meeting (in-person and via webinar).

- On June 15, 2017, AHCCCS launched the online application platform for providers interested to participate in the TI Program. In addition, the Agency launched the TI program webpage as part of the public communication plan, as well as a dedicated email inbox to respond to stakeholder questions about the program.<sup>4</sup>
- AHCCCS submitted a draft evaluation design of TI program demonstration on May 17, 2017. The AHCCCS team is working closely with CMS to finalize the details of the evaluation design document.

State Plan Update

During the reporting period, the following State Plan Amendments (SPA) were filed and/or approved:

| SPA #  | Description   | Filed      | Approved   | Eff. Date  |
|--|---|------------|------------|------------|
| <b>Title XIX</b>   |   |            |            |            |
| <b>SPA 15-005-C</b><br>Other Provider Rates              | Updates rates for other provider services as of October 1, 2015.  | 08/26/2015 | 04/06/2017 | 10/01/2015 |
| <b>SPA 15-006</b><br>Graduate Medical Education 2016     | Updates funding for GME programs for the service period July 1, 2015, through June 30, 2016 for programs with submitted IGAs. | 09/30/2015 | 04/11/2017 | 09/30/2015 |
| <b>SPA 16-002</b><br>Air Ambulance Rates Update          | Updates the State Plan to revise Air Ambulance Rates.   | 03/31/2016 | 04/06/2017 | 01/01/2016 |
| <b>SPA 16-005</b><br>NF Provider Assessment              | Updates the State Plan to revise the assessment amounts for Nursing Facility supplemental funding.                            | 08/25/2016 | 04/11/2017 | 01/01/2017 |
| <b>SPA 16-010-E</b><br>Ambulance and Air Ambulance Rates | Updates the State Plan to make changes to ambulance and air ambulance rates.  | 12/30/2016 | 05/12/2017 | 10/01/2016 |
| <b>SPA 16-012-A</b><br>Inpatient Hospitals Value Based   | Updates the State Plan to include Value Based Purchasing (VBP) differential adjusted  | 12/30/2016 | 06/08/2017 | 10/01/2016 |

<sup>4</sup> <https://www.azahcccs.gov/PlansProviders/TargetedInvestments/>

| SPA #               | Description   | Filed      | Approved   | Eff. Date  |
|---------------------|---|------------|------------|------------|
|                     | Purchasing (VBP) differential adjusted payment  |            |            |            |
| <b>SPA 16-012-B</b> | Updates the State Plan to include Value Based Purchasing (VBP) differential adjusted payment for hospitals providing outpatient hospital services and providers registered with AHCCCS as integrated clinics. | 12/30/2016 | 06/08/2017 | 10/01/2016 |
| <b>SPA 16-013</b>   | Updates the State Plan to make changes to DRG payments.   | 12/30/2016 | 06/12/2017 | 10/01/2016 |
| <b>SPA 17-001</b>   | Updates the State Plan to make changes to NF payments.  | 03/29/2017 | 06/15/2017 | 01/01/2017 |
| <b>SPA 17-002</b>   | Updates the State Plan to make changes to the DRG pediatric policy adjustor.  | 03/29/2017 | 06/22/2017 | 01/01/2017 |
| <b>SPA 17-003</b>   | Adds the American Indian Medical Home program in the State Plan.  | 04/12/2017 | 06/14/2017 | 07/01/2017 |
| <b>Title XXI</b>    |   |            |            |            |
| <b>None</b>         |   |            |            |            |

Legislative Update

AHCCCS proposed and advocated on behalf of one piece of legislation during the 2017 legislative session: HB 2084 (tribal courts; involuntary commitment orders).

**HB 2084** allows mental health treatment facilities outside of tribal service areas to admit tribal members for court-ordered treatment, pending the filing and domestication of a tribal court’s involuntary commitment order in a Superior Court. In order to comply with the provisions of HB 2084, the tribal court’s order for involuntary treatment must be filed by the close of business the next day the Superior Court is open following admission of the member. If the order is not filed in accordance with HB 2084, the member must be discharged back to the jurisdiction of the tribal court. HB 2084 was signed by the Governor on 3/29/17.

In addition to HB 2084, the legislature introduced a number of bills that would have impacted the agency, including HB 2442, SB 1030, SB 1440 and SB 1522.

**HB 2442** (AHCCCS; dental care; pregnant women) would have required AHCCCS to add to the list of covered services dental services up to \$1,000 annually for a person who is at least twenty-one years of age and in any stage of pregnancy. HB 2442 was unsuccessful in fulfilling the legislative process.

**SB 1030** (AHCCCS; covered services; occupational therapy) would have required AHCCCS to add to the list of covered services occupational therapy in an outpatient setting. Historically, occupational therapy has only been a covered service for adults in an inpatient setting. The General Fund cost associated with adding this service is estimated to range from \$113,000 to \$272,000. Although this legislation did not fulfill the legislative process, it was successfully added to the approved budget.

**SB 1440** (AHCCCS; clinical oversight committee) requires the AHCCCS Director to establish an internal clinical oversight review committee to review clinical data specific to agency initiatives and populations, including data on behavioral health services for persons receiving behavioral health services. The committee is required to 1) meet at least once every three months; 2) review clinical data specific to populations and initiatives being undertaken by the Administration; 3) analyze and review clinical quality performance metrics that are indicative of overall system performance and make recommendations on metrics that may enhance system performance, clinical outcomes and member experience; 4) advise the Director on challenges, successes and data trends and identify potential service delivery improvements; and 5) for behavioral health services, solicit additional information and perspectives related to the clinical data or clinical quality performance metrics reviewed by the committee from patients, patient advocates and other informed parties. Lastly, on or before 2/1/18 and by February 1 of each year thereafter, whom must provide a summary report of topics reviewed by the committee in the preceding year and any recommendations relating to quality performance metrics stemming from the committee's activities. SB 1440 was signed by the Governor on 4/26/17.

**SB 1522** (budget; general appropriation act; 2017-2018) contains appropriations for state agencies and programs. Specific to the AHCCCS Administration, the budget included the following items:

1. Covered benefits expanded to include:
  - a. Adult emergency dental benefit up to \$1,000 annually;
  - b. Occupational Therapy for adults in an outpatient setting;
2. 5 FTEs funded related to the opioid epidemic. The positions will be dedicated to identifying needs for member interventions and opportunities to prevent provider waste due to drug abuse; and
3. Funding related to the Proposition 206 minimum wage increases.

The Arizona Legislature adjourned Sine Die on May 10<sup>th</sup>, 2017; and general effective date is August 9, 2017.

## CONSUMER ISSUES

In support of the quarterly report to CMS, presented below is a summary of advocacy issues received in the Office of Client Advocacy (OCA) for the quarter April 1, 2017 – June 30, 2017.

| Table 1 Advocacy Issues   | Apr. | May | Jun. | Total |
|---|------|-----|------|-------|
| <b><u>9+Billing Issues</u></b>  | 14   | 15  | 11   | 40    |
| <ul style="list-style-type: none"> <li>• Member reimbursements</li> <li>• Unpaid bills</li> </ul>   |      |     |      |       |
| <b><u>Cost Sharing</u></b>  | 3    | 6   | 8    | 17    |
| <ul style="list-style-type: none"> <li>• Co-pays</li> <li>• Share of Cost (ALTCS)</li> <li>• Premiums (Kids Care, Medicare)</li> </ul>  |      |     |      |       |
| <b><u>Covered Services</u></b>  | 26   | 19  | 45   | 90    |
| <b><u>Eligibility Issues by Program</u></b>   |      |     |      |       |
| <b>Can't get coverage due to :</b>  |      |     |      |       |
| <b>ALTCS</b>  |      |     |      |       |
| <ul style="list-style-type: none"> <li>• Resources</li> <li>• Income</li> <li>• Medical</li> </ul>  | 1    | 5   | 9    | 15    |
| <b>DES</b>  |      |     |      |       |
| <ul style="list-style-type: none"> <li>• Income</li> <li>• Incorrect determination</li> <li>• Improper referrals</li> </ul>   | 74   | 45  | 68   | 187   |
| <b>Kids Care</b>  |      |     |      |       |
| <ul style="list-style-type: none"> <li>• Income</li> <li>• Incorrect determination</li> </ul>   | 2    | 3   | 0    | 5     |
| <b>SSI/Medical Assistance Only</b>  |      |     |      |       |
| <ul style="list-style-type: none"> <li>• Income</li> <li>• Not categorically linked</li> </ul>  | 11   | 11  | 14   | 36    |
| <b><u>Information</u></b>   |      |     |      |       |
| <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> | 116  | 118 | 152  | 386   |
| <b><u>Medicare</u></b>  |      |     |      |       |
| <ul style="list-style-type: none"> <li>• Medicare Coverage</li> </ul>   | 1    | 1   | 1    | 3     |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| <ul style="list-style-type: none"> <li>• Medicare Savings Program</li> <li>• Medicare Part D</li> </ul>   |            |            |            |            |
| <b>Prescriptions</b>  |            |            |            |            |
| <ul style="list-style-type: none"> <li>• Prescription coverage</li> <li>• Prescription denial</li> </ul>  | 23         | 27         | 22         | 72         |
|   |            |            |            |            |
| <b>Issues Referred to other Divisions:</b>  |            |            |            |            |
| 1.Fraud-Referred to Office of Inspector General (OIG)   | 0          | 0          | 0          | 0          |
|   |            |            |            |            |
| 2.Quality of Care-Referred to Division of Health Care Management (DHCM)   | 15         | 11         | 11         | 37         |
| <ul style="list-style-type: none"> <li>• Health Plans/Providers (Caregiver issues, Lack of providers)</li> <li>• Services (Equipment, Nursing Homes, Optical and Surgical)</li> </ul> |            |            |            |            |
| <b>Total</b>  | <b>286</b> | <b>261</b> | <b>341</b> | <b>888</b> |

Note: Categories of good customer services, bad customer service, documentation, policy, and process are captured under the category it may relate to.

| Table 2 Issue Originator              | Apr.       | May        | Jun.       | Total      |
|---------------------------------------|------------|------------|------------|------------|
| Applicant, Member or Representative   | 219        | 225        | 282        | 726        |
| CMS                                   | 4          | 2          | 5          | 11         |
| Governor's Office                     | 17         | 8          | 21         | 46         |
| Ombudsmen/Advocates/Other Agencies... | 41         | 24         | 27         | 92         |
| Senate & House                        | 5          | 2          | 6          | 13         |
| <b>Total</b>                          | <b>286</b> | <b>261</b> | <b>341</b> | <b>888</b> |

Note: This data was compiled from the OCA logs from the OCA Client Advocate and the Member Liaison.

## COMPLAINTS AND GRIEVANCES

In support of the quarterly report to CMS, presented below is a summary of the number of complaints and grievances filed on behalf of beneficiaries participating in the SMI and CRS integration projects, broken down by access to care, health plan and provider satisfaction.

| SMI Member Grievances and Complaints | Apr-17 | May-17 | Jun-17 | Total |
|--------------------------------------|--------|--------|--------|-------|
|--------------------------------------|--------|--------|--------|-------|



|                              |     |     |     |             |
|------------------------------|-----|-----|-----|-------------|
| <b>Access to Care</b>        | 49  | 44  | 45  | 138         |
| <b>Health Plan</b>           | 100 | 93  | 83  | 276         |
| <b>Provider Satisfaction</b> | 374 | 368 | 429 | 1171        |
| <b>Total</b>                 | 523 | 505 | 557 | <b>1585</b> |

| <b>CRS Member Grievances and Complaints</b> | <b>Apr-17</b> | <b>May-17</b> | <b>Jun-17</b> | <b>Total</b> |
|---|---------------|---------------|---------------|--------------|
| <b>Access to Care</b>                       | 0             | 0             | 0             | <b>0</b>     |
| <b>Health Plan</b>                          | 3             | 2             | 3             | 8            |
| <b>Provider Satisfaction</b>                | 8             | 10            | 12            | 30           |
| <b>Total</b>                                | <b>11</b>     | <b>12</b>     | <b>15</b>     | <b>38</b>    |

**OPT-OUT FOR CAUSE**

Attached is a summary of the opt-out requests filed by individuals with SMI in Maricopa County and Greater Arizona, broken down by months, health plans, counties, reasons for opt-out requests, opt-out outcome, and post-appeal opt-out outcomes.

**QUALITY ASSURANCE/MONITORING ACTIVITY:**

Attached is a description of AHCCCS’ Quality Assurance/Monitoring Activities during the quarter. The attachment also includes updates on implementation of the AHCCCS Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

**ENCLOSURES/ATTACHMENTS**

Attached you will find the SMI opt-out for cause data (Attachment 1), Quality Assurance/Monitoring Activities including the CRS update for the quarter (Attachment 2), Arizona Medicaid Administrative Claiming (MAC) Random Moment Time Study (RMTS) results (Attachment 3), and the Budget Neutrality Tracking Schedule (Attachment 4)

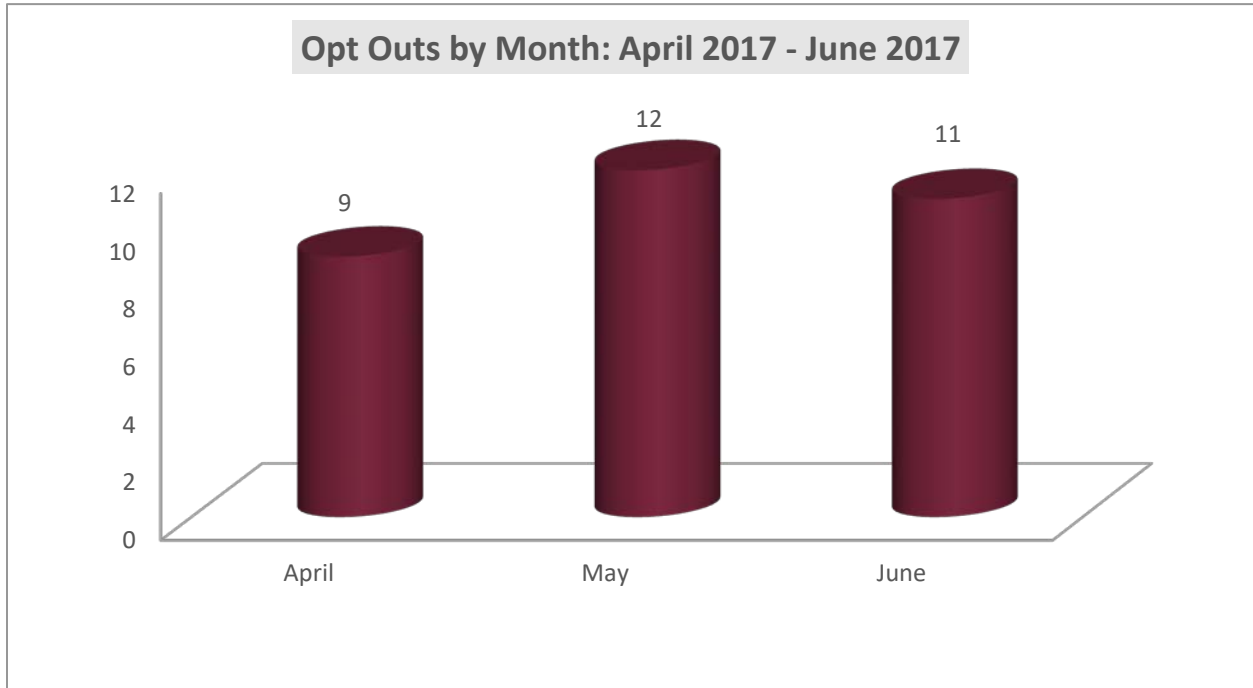
**STATE CONTACT(S)**

Elizabeth Lorenz  
Assistant Director  
AHCCCS Office of Intergovernmental Relations  
801 E. Jefferson St., MD- 4200  
Phoenix, AZ 85034  
(602) 417-4534

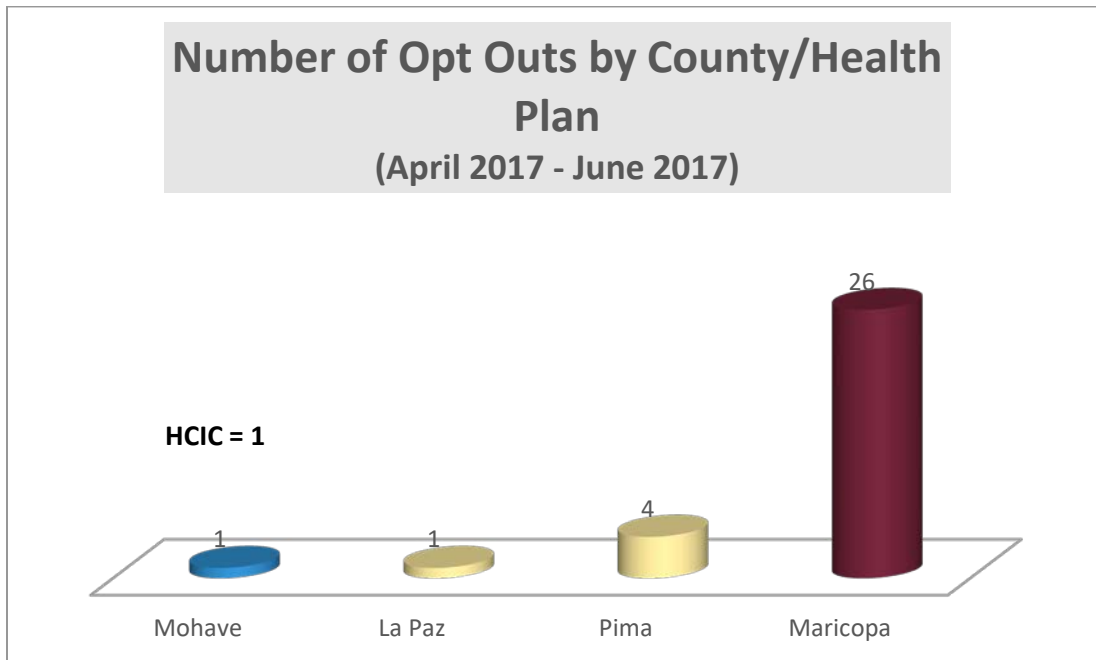
**DATE SUBMITTED TO CMS**

September 1, 2017

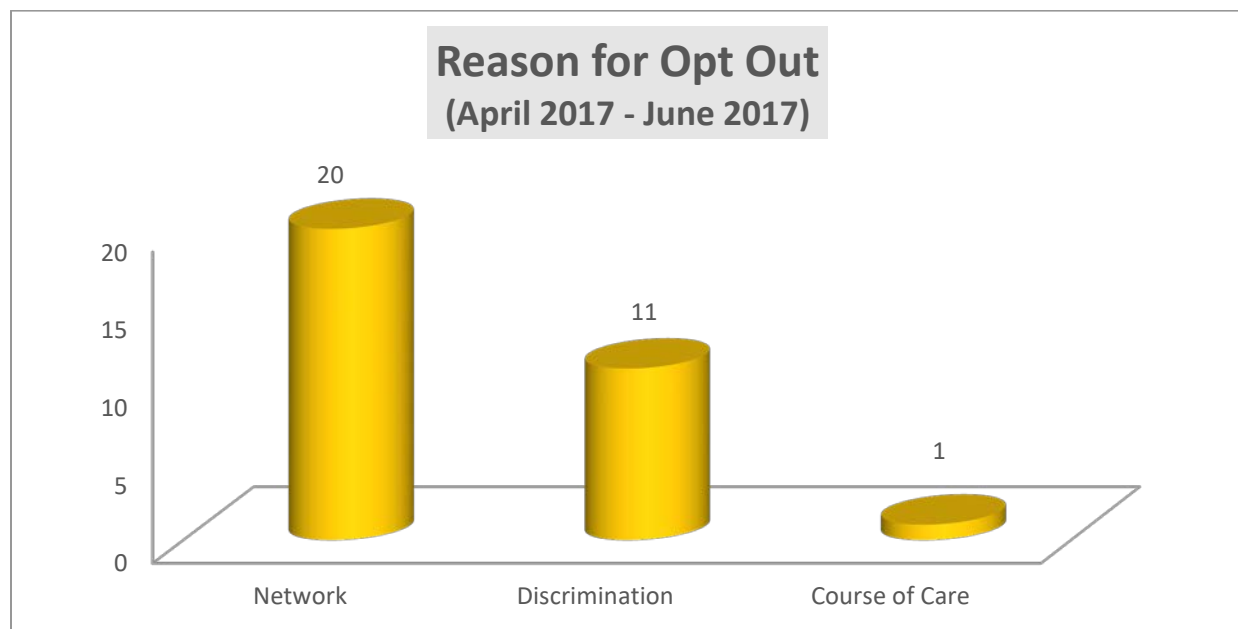
## Attachment 1: SMI Opt-Out for Cause Report



| April – June 2017 Opt-Out Request |          |           |
|-----------------------------------|----------|-----------|
| April 2017                        | May 2017 | June 2017 |
| 9                                 | 12       | 11        |

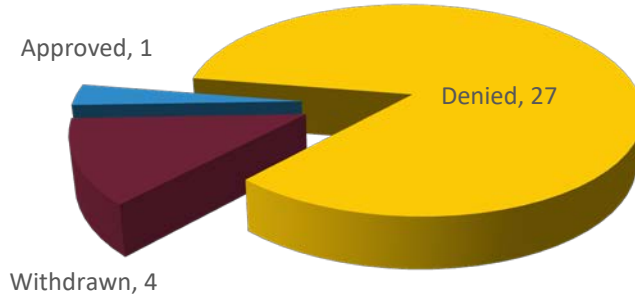


| Number of Opt-Out by County /Health Plans:<br>April 2017 – June 2017 |                     |           |
|--|---------------------|-----------|
| HCIC   | Gila                | -         |
| HCIC   | Navajo              | -         |
| HCIC   | Coconino            | -         |
| HCIC   | Yavapai             | -         |
| HCIC   | Mohave              | 1         |
| HCIC   | <b>Total</b>        | <b>1</b>  |
| CIC  | La Paz              | 1         |
| CIC  | Cochise             | -         |
| CIC  | Graham              | -         |
| CIC  | Yuma                | -         |
| CIC  | Pinal               | -         |
| CIC  | Pima                | 4         |
| CIC  | <b>Total</b>        | <b>5</b>  |
| MMIC   | Maricopa            | 26        |
| <b>Grand Total</b>   | <b>All Counties</b> | <b>32</b> |



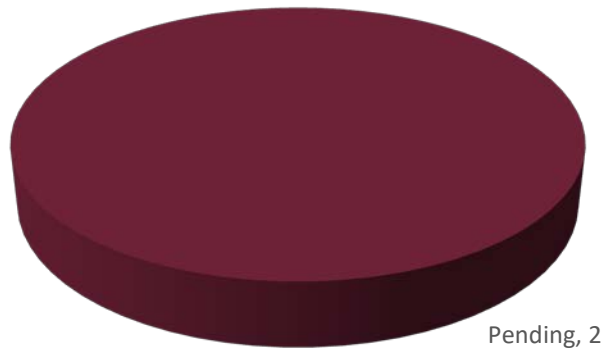
| Network | Discrimination | Course of Care | Other |
|---------|----------------|----------------|-------|
| 20      | 11             | 1              | 0     |

## Initial Opt Out Decisions (April 2017 - June 2017)



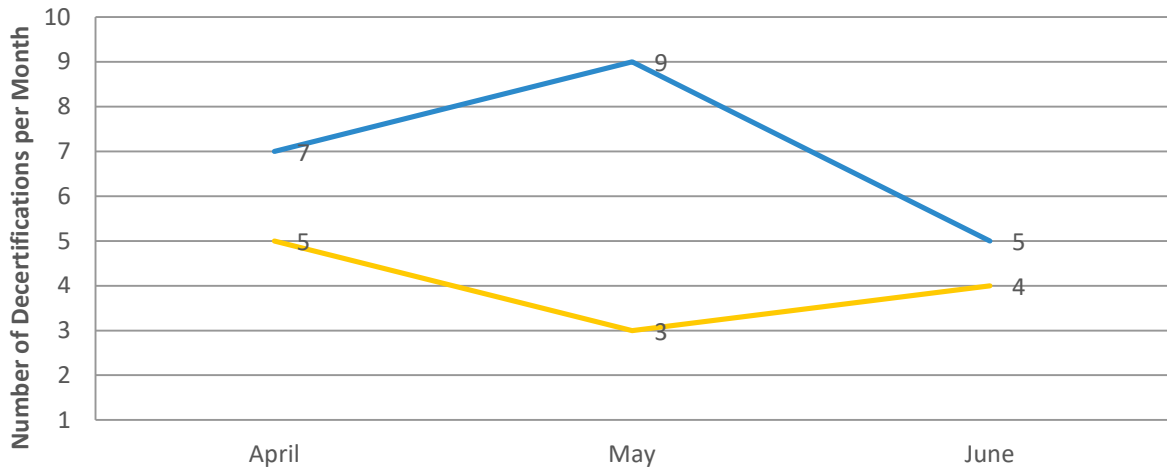
| April 2017- June 2017 Opt Out Decisions |          |          |         |
|---|----------|----------|---------|
| Denied                                  | Withdraw | Approved | Pending |
| 27                                      | 4        | 1        | 0       |

## Appeal Outcomes (April 2017 - June 2017)



| April 2017-June 2017 Post Appeal Opt Out Outcomes |   |
|---|---|
| Pending   | 2 |
| Withdrawn   | 0 |
| Denied  | 0 |
| Approved  | 0 |

### Decertification by Type per Month: April 2017 -June 2017



| January – March 2017 Opt-Out Request |              |               |            |
|--------------------------------------|--------------|---------------|------------|
|                                      | January 2017 | February 2017 | March 2017 |
| Admin                                | 7            | 9             | 5          |
| Clinical                             | 5            | 3             | 4          |

Note:

There are two established mechanisms for changing an individual’s designation and service eligibility as Seriously Mentally Ill (SMI) as follows:

- Administrative decertification. This process is an administrative option that allows for an individual to elect to change their behavioral health category from SMI to GMH. This process is available to individuals who have a designation of SMI in the system but have not received behavioral health services for two or more years. This process is facilitated by AHCCCS.
- Clinical decertification. Eligibility for SMI services is based upon a clinical determination involving whether a person meets a designated set of qualifying diagnostic and functional criteria. Clinical decertification involves a review of the criteria to establish whether or not an individual continues to meet SMI criteria. If a clinical review finds that a person no longer meets the established criteria, the person’s SMI eligibility is removed. In this case the person will be eligible for behavioral health services under the general mental health (GMH) program category. These determinations are made by CRN.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM**

***Attachment II to the  
Section 1115 Quarterly Report***

***Quality Assurance/Monitoring Activity***

**Demonstration/Quarter Reporting Period**

Demonstration Year: 34

Federal Fiscal Quarter 3/2017 (4/1/17 – 6/30/17)

Prepared by the Division of Health Care Management  
July, 2017

## Introduction

This report describes the Arizona Health Care Cost Containment System (AHCCCS) quality assurance and monitoring activities that took place during the third quarter of federal fiscal year 2017, as required in STC 41 of the States' Section 1115 Waiver. This report also includes updates related to AHCCCS' Quality Assessment and Performance Improvement Strategy, in accordance with the Balanced Budget Act requirements.

The AHCCCS Division of Health Care Management (DHCM) is responsible for directly overseeing the quality of health care services provided to its members enrolled with managed care organizations. DHCM is also responsible for the administrative and financial functions of the contracted health plans (Contractors). DHCM, in conjunction with other AHCCCS Divisions, sister agencies and community partners, continually focuses on the provision of "comprehensive, quality health care for those in need", as delineated in the Agency mission.

DHCM is the division that houses the Quality Management (QM), Quality Improvement (QI), and Maternal and Child Health /Early and Periodic Screening, Diagnostic and Treatment (MCH/EPSDT) Units. Those two units are the primary driver of efforts outlined in the Quality Strategy and the teams closely collaborate to ensure thoughtful processes for members, stakeholders, policies, and improvement activities.

The following sections provide an update on the State's progress and activities under each of the components of the 1115 Waiver and AHCCCS Quality Strategy.

## Stakeholder Involvement

The success of AHCCCS can be attributed, in part, to concentrated efforts by the agency to foster partnerships with its sister agencies, contracted Managed Care Organizations (MCOs – also referred to as "Contractors"), providers, and the community. During the first quarter of CYE 2017, AHCCCS continued these ongoing collaborations to improve the delivery of health care and related services to Medicaid recipients and KidsCare members, including those with special health care needs. AHCCCS also continued to address common issues and solve problems through ongoing networking activities. Feedback from sister agencies, providers and community organizations are included in the Agency's process for identifying priority areas for quality improvement and the development of new initiatives. AHCCCS has also made a concentrated effort to include member and stakeholder feedback in most facets of Agency operations, including Policy Committee, quarterly meetings, new advisory councils, and specialty workgroups (e.g. Autism and Foster Care).

### *Collaborative Stakeholders*

The AHCCCS QM and MCH/EPSDT teams partner with a number of stakeholders, including but not limited to:

|   |  |
|---|--|
| <i>Arizona Department of Health Services (ADHS)<br/>Bureau of Tobacco and Chronic Disease</i> | <i>Attorney General's Health Care Committee</i>                              |
| <i>ADHS Bureau of USDA Nutrition Programs</i>   | <i>Healthy Mothers/Healthy Babies</i>  |
| <i>ADHS Immunization Program and Vaccines for<br/>Children Program</i>                        | <i>Arizona Health-E Connection/Health Information<br/>Network of Arizona</i> |
| <i>ADHS Office of Environmental Health – Targeted<br/>Lead Screening</i>                      | <i>Arizona Diabetes Steering Committee</i>                                   |
| <i>Arizona Early Intervention Program (AzEIP)</i>   | <i>Injury Prevention Advisory Council</i>                                    |
| <i>Arizona Head Start Association</i>   | <i>Arizona Newborn Screening Advisory Committee</i>                          |
| <i>Task Force on Prevention of Prenatal Exposure to<br/>Alcohol and other Drugs</i>           | <i>First Things First</i>  |
| <i>Arizona Medical Association</i>  | <i>Arizona Women, Infants, And Children Program</i>                          |
| <i>Arizona Chapter of the American Academy of<br/>Pediatrics</i>                              | <i>Strong Families</i>   |
| <i>The Arizona Partnership for Immunization (TAPI)</i>  | <i>ADHS Emergency Preparedness Office</i>                                    |
| <i>Arizona Perinatal Trust</i>  | <i>National Alliance on Mental Illness (NAMI) Arizona</i>                    |
| <i>ADHS/HSAG Statewide Workgroup on Psychiatric<br/>Inpatient Readmissions</i>                | <i>ADHS Cancer Prevention and Control Office</i>                             |

### Innovative Practices

AHCCCS is continually reviewing opportunities to improve the effectiveness of Arizona’s health care delivery system as well as methods to promote optimized health for members, transparency, and efficiency. There are teams throughout the Agency that promote innovation for both internal and external processes. Below are some of the efforts in which the QM, QI, and MCH/EPSDT teams are involved.

#### Developing and Implementing Projects to Improve the Delivery System

##### *Administrative Simplification*

Following successful efforts around Administrative Simplification, the Clinical team has since taken on several new initiatives to enhance the knowledge and understanding of behavioral health care. The Medical Management (MM) Unit, which regularly partners with the QM and MCH/EPSDT units, added a Behavioral Health Coordinator to support efforts for the Clinical team as a whole. The addition of a Behavioral Health Coordinator enhances the ability for clinical considerations, service delivery, program and contract development to encompass a holistic approach in all aspects of care. AHCCCS continues to hire additional behavioral health expertise within its workforce.

Within the QM, QI, and MCH/EPSDT units, other activities designed to enhance integration have involved utilization of performance and quality measurement activities that provide a greater focus on specific aspects of integrated care. Highlights include:



- Required tracking of performance on frequency of diabetic screening for individuals with schizophrenia or bipolar disorder;
- Tracking performance on prenatal and postnatal timeliness of care with supplemental training to contracted health plan staff, relative to physical and behavioral health aspects of perinatal mood disorders; and
- Implementation of regular community-based meetings open to AHCCCS membership with a focus on enhancing member/stakeholder involvement and investment in performance and quality improvement activities for physical and behavioral health care.

### *Integration Efforts*

Integration efforts are ongoing at AHCCCS, as demonstrated by newly awarded ALTCS/EPD contracts. Contracts were awarded to three MCOs throughout Arizona to administrator Arizona's integrated long term care system; implementation date is set for October 1<sup>st</sup>, 2017. Contracts were awarded based on the bidder's proposed approaches for care and treatment of ALTCS/EPD individuals using a fully integrated care perspective at both the systemic and direct care levels (e.g. use of health homes, electronic health records, coordinated case management, collaboration between behavioral and physical health). An additional expectation is centered on their ability to demonstrate a more thorough understanding and use of Arizona's long-standing model of behavioral health service delivery, in conjunction with traditional ALTCS physical health care activities. Although Arizona's ALTCS model has historically provided integrated care that included behavioral health treatment, emphasis was added to promote greater use of Arizona's behavioral health model, particularly with regard to individuals who have been determined to have a serious mental illness (SMI).

### *Behavioral Health Learning Opportunities*

With the advent of Administrative Simplification, AHCCCS recognized the need to provide learning opportunities for staff that lacked behavioral health experience and expertise, due to the historical hiring requirements for medically trained personnel. As such, since July 1, 2016, AHCCCS began to offer formal meetings and informal workshops/lunch-hour trainings to ensure staff had opportunities to increase behavioral health system knowledge. Internal behavioral health subject matter experts, licensed behavioral health practitioners and community professionals have been procured to offer training on topics such as infant/toddler mental health, trauma informed care, perinatal mood disorders and adult system of care processes for individuals with general mental health needs and serious mental illnesses.

To further enhance integration efforts, and facilitate quality of care reviews utilizing a behavioral health perspective, QM has scheduled additional Behavioral Health "Lunch and Learn" trainings for QM and QOC staff in particular, with attendance open to other departments based on department need. Topics include:

- Regulatory requirements for individuals determined to have a serious mental illness (SMI) versus general mental health and/or substance abuse needs (GMHSA);
- Grant-based housing for individuals with SMI;
- Short term behavioral health residential services;
- Crisis process and requirements;
- Diagnostic categories/symptoms;
- Best and Evidence-practice clinical approaches for adults and children; and
- Mental Health Awareness.

### *Community Initiatives*

**AHCCCS Opioid Initiative:** The overarching goal of this initiative is to reduce the prevalence of Opioid Use Disorders and opioid-related overdose deaths. The initiative approach includes developing and supporting state, regional, and local level collaborations and service enhancements to develop and implement best practices to comprehensively address the full continuum of care related to opioid misuse, abuse and dependency. Strategies include:

1. Increasing access to Naloxone through community-based education and distribution, as well as a co-prescribing campaign for individuals receiving opioid prescriptions in excess of 90 morphine equivalent daily doses and combinations of opioids and benzodiazepines;
2. Increasing access to and participation and retention in Medication Assisted Treatment;
3. Reducing the number of opioid-naïve members unnecessarily started on opioid treatment; and
4. Promoting best practices and improving care process models for chronic pain and high-risk members.

The Opioid State Targeted Response grant will enhance community-based prevention activities and treatment activities that will include 24/7 access to care points in “hotspot” areas throughout the state; increasing the availability of peer supports; providing additional care coordination efforts among high risk and priority populations; and adding recovery supports.

**The Quality Caregiver Initiative (QCI):** The objective of the QCI is to improve relationship-based, trauma-informed service supports for foster, kinship and adoptive parents by identifying a matrix of evidence-based intervention programs that are developmentally appropriate and span the continuum of service intensity needs from basic trauma trainings to brief intervention to intensive in-home services. In doing so, the goal is provide the right services and the right time to the family unit as a mechanism to decrease disruptions, increase permanency and ultimately, the social and emotional outcomes of the children in the child welfare system. The collaborative consists of several state agencies, behavioral health providers and experts in infant-toddler mental health, child development, family systems and trauma-informed care. The group is

currently reviewing the matrix of options and identifying training needs, provider capacity and ways to integrate with developmental screening and referral processes from pediatrics and other acute care settings.

#### *Arizona Association of Health Plans (AzAHP)*

The Arizona Association of Health Plans (AzAHP) is an Association comprised of most health plans that contract with AHCCCS for Medicaid business. The Association led an effort, with the support of AHCCCS, in selecting and implementing a credentialing verification organization (CVO) that would be utilized by all AHCCCS Contractors. The purpose of moving this initiative forward was to reduce the burden of submission of applications, documents and attestations on providers that are contracted with multiple Medicaid health plans. The credentialing process for primary source verification was implemented in the first quarter of this fiscal year.

The Association is a welcome partner for AHCCCS because it offers a single point of contact for the Contractors and promotes consistency across the system. The Association works closely with AHCCCS to discuss Contractor concerns, barriers, and challenges to the efforts they are asked to undertake. It also provides valuable feedback for consideration as the direct link to the care and services being provided. AHCCCS utilizes the Association to provide stakeholder insight and to collaborate and promote new initiatives.

#### Identifying Priority Areas for Improvement

AHCCCS has established an objective, systematic process for identifying priority areas for improvement. This process involves a review of data from both internal and external sources, while also taking into account such factors as: (1) the prevalence of a particular condition and population affected, (2) the resources required by both AHCCCS and its Contractors to conduct studies and effect improvement, (3) whether the areas currently are priorities of CMS or state leadership and/or can be combined with existing initiatives, and (4) whether CMS priorities can be combined with current initiatives. Of importance is whether initiatives focused on the topic area are actionable and have the potential to result in improved quality improvement, member satisfaction and system efficiencies. Contractor input is also sought in prioritizing areas for improvement.

During the second quarter, one ongoing initiative was finalized, while two others continue.

1. First, a multi-year childhood obesity initiative was finalized. This longitudinal initiative focused on a cohort of children between two to five years of age with a Body Mass Index (BMI) of 85% or more. The study cohort was scattered across multiple contracted health plans and all were receiving services in an urban Federal Qualified Health Center (FQHC). The goal was to examine preliminary findings for prevalence of obesity in

children of this age, and to examine the potential effectiveness of behavioral health intervention strategies.

2. Second, our initiative on behavioral health care for children in the foster care system continues. Development of these metrics focused on children served under Comprehensive Medical and Dental Plan (CMDP), Arizona's health plan for children in Arizona's Foster Care system. AHCCCS' goal for these measures is to identify whether access and timeliness standards are met, as well as overall utilization trends for CMDP children needing behavioral health care.
3. Third, we continue to update tools that provide best practice strategies for infants and toddlers, including psychotropic prescribing, and early childhood mental health intervention and trauma informed care. The focus of the documents is on the most current prescribing practices and psychotherapeutic approaches during early childhood, with the recommendation that psychotherapeutic approaches be the preferred method of treatment prior to implementation of psychopharmacologic intervention.

#### Establishing Realistic Outcome-Based Performance Measures

AHCCCS has long been a leader in developing, implementing and holding Contractors accountable to performance measure goals. AHCCCS developed and implemented HEDIS-like measures before HEDIS existed. AHCCCS' consistency in performance expectations has resulted in many performance measures performing at a rate close to the NCQA HEDIS national Medicaid mean. For AHCCCS, the HEDIS-like measures have been a reasonable indicator of health care accessibility, availability and quality. AHCCCS has transitioned to measures found in the CMS Core measure sets that provide a better opportunity to shift the system towards indicators of standardized health care outcomes, access to care, and patient satisfaction. This transition will also result in the ability to compare AHCCCS' rates with those of other states as the measure sets are implemented.

AHCCCS has developed new performance measure sets for all lines of business. Additional measures have also been incorporated into contracts for all lines of business. These measures include behavioral health measures for adults such as: "Follow-up After Hospitalization for Mental Illness", "Mental Health Utilization" and "Use of Opioids at High Dosage". The new measures and related Minimum Performance Standards/Goals became effective October 1, 2016. This date aligned with the new contract begin date for all lines of business. The AHCCCS decision to transition to a new measure set was partially driven by a desire to align with measures sets, such as the CHIPRA Core Measure Set, the Adult Core Measure Set, Meaningful Use, and other measure sets being implemented by CMS. AHCCCS has also aligned the measure sets with contracts to reflect changes on measures implemented by CMS for the current contract year.

It is AHCCCS' goal to continue development and implementation of additional Core measures as the data sources become valid and reliable. Initial measures were chosen based on a number of criteria that included member needs, system ability to impact/improve results, alignment with national measure sets, and comparability across lines of business.

The health care system is evolving in relation to measuring quality. It is in a transitional phase in that the data sources and methodologies that previously existed will no longer be enough. The systems, data sources and processes to fully achieve the next level in clinical outcomes and satisfaction measures are not yet fully developed or implemented. Informatics, such as electronic health records, health information exchanges plus data and information available through public health connectivity, are yet to become fully available. Transitioning the AHCCCS measure sets is anticipated to support the adoption of electronic health records and use of the health information exchanges. This will in turn, result in efficiencies and data/information designed to achieve the following:

1. transform care practices;
2. continue evolution to fully integrated care across all statewide systems;
3. improve individual patient outcomes;
4. guide population health management;
5. improve patient satisfaction with the care experience;
6. increase efficiencies; and
7. reduce health care costs.

**CYE2017 Performance Measures are provided below:**

### CYE 2017 Performance Measure Crosswalk

| MEASURES<br>"R" denotes "Reserve" Status   | Acute | ALTCS/EPD | CMDP | CRS | DDD | GMH/SA | SMI | HEDIS | CMS<br>Adult Core<br>Measures | CMS<br>Children's<br>Core<br>Measures |
|--|-------|-----------|------|-----|-----|--------|-----|-------|-------------------------------|---------------------------------------|
| Timeliness of Prenatal Care:<br>Prenatal Care Visit in the First<br>Trimester or Within 42 days of<br>Enrollment     | X     |           |      |     |     |        | X   |       |                               | X                                     |
| Timeliness of Prenatal Care:<br>Postpartum Care Rate   | X     |           |      |     |     |        | X   |       | X                             |                                       |
| Mental Health Utilization  | R     | X         |      | X   |     | X      | X   | X     |                               |                                       |
| Use of Opioids From Multiple<br>Providers  | R     | X         |      |     | X   | X      | X   |       | X                             |                                       |
| Screening for Clinical Depression<br>and Follow-up Plan  |       | R         |      |     |     |        |     |       | X                             |                                       |
| Annual Monitoring for Patients on<br>Persistent Medications: Combo<br>Rate   |       | R         |      |     | R   |        | R   |       | X                             |                                       |
| Advance Directives   | X     | X         |      |     |     |        |     |       |                               |                                       |
| Access to Behavioral Health<br>Services (7 days) - <b>TABLED</b>   |       |           |      |     |     |        |     |       | AHCCCS                        |                                       |
| Access to Behavioral Health<br>Services (21 Days for CRS/23 days<br>for other) - <b>TABLED</b>                       |       |           |      |     |     |        |     |       |                               |                                       |
| Diabetes Screening for People with<br>Schizophrenia or Bipolar Disorder<br>Who are Using Antipsychotic<br>Medication |       |           |      |     |     |        | R   |       | X                             |                                       |
| Children's Access to PCPs, by age:<br>12-24 mo.  | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Children's Access to PCPs, by age:<br>25 mo to 6 yrs.  | X     |           | X    | X   | X   |        |     |       |                               | X                                     |

| MEASURES<br>"R" denotes "Reserve" Status   | Acute | ALTCS/EPD | CMDP | CRS | DDD | GMH/SA | SMI | HEDIS | CMS<br>Adult Core<br>Measures | CMS<br>Children's<br>Core<br>Measures |
|--|-------|-----------|------|-----|-----|--------|-----|-------|-------------------------------|---------------------------------------|
| Children's Access to PCPs, by age:<br>7 - 11 yrs.  | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Children's Access to PCPs, by age:<br>12 - 19 yrs.   | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Well-Child Visits:<br>15 mo.   | X     |           | X    | X   |     |        |     |       |                               | X                                     |
| Well-Child Visits:<br>3 - 6 yrs.   | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Adolescent Well-Child Visits:<br>12 - 21 yrs.  | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Children's Dental Visits:<br>(ages 2-21)   | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Weight Assessment and counseling -<br>Body Mass Index (BMI) Assessment<br>for Chldredolescents | X     | X         | R    | X   | R   |        |     |       |                               | X                                     |
| EPSDT Participation  | R     | R         | R    | X   | R   |        | R   |       |                               | X                                     |
| Percentage of Eligibles Who<br>Received Preventive Dental                                      | X     | X         | X    | X   | X   |        |     |       | X                             |                                       |
| SEAL: Dental Sealants for Children<br>Ages 6-9 at Elevated Caries Risk                         | X     | X         | X    | X   | X   |        |     |       |                               | X                                     |
| Developmental Screening in the<br>First Three Years of Life                                    | R     | R         | R    | X   | R   |        |     |       |                               | X                                     |
| Human Papillomavirus Vaccine for<br>Female Adolescents   | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Use of Multiple Concurrent<br>Antipsychotics in Children and<br>Adolescents                    | X     |           | X    | X   |     | X      |     |       |                               | X                                     |

| MEASURES<br>"R" denotes "Reserve" Status | Acute | ALTCS/EPD | CMDP | CRS | DDD | GMH/SA | SMI | HEDIS | CMS<br>Adult Core<br>Measures | CMS<br>Children's<br>Core<br>Measures |
|--|-------|-----------|------|-----|-----|--------|-----|-------|-------------------------------|---------------------------------------|
| <b>Childhood Immunization Status</b>     |       |           |      |     |     |        |     |       |                               |                                       |
| DTaP                                     | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| IPV                                      | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| MMR                                      | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Hib                                      | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| HBV                                      | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| VAV                                      | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| PCV                                      | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Hep A                                    | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Rotavirus                                | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Influenza                                | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Combination 3 (4:3:1:3:3:1:4)            | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| <b>Immunization for Adolescents</b>      |       |           |      |     |     |        |     |       |                               |                                       |
| Adolescent Meningococcal                 | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Adolescent Tdap/Td                       | X     |           | X    | X   | X   |        |     |       |                               | X                                     |
| Combination 1                            | X     |           | X    | X   | X   |        |     |       |                               | X                                     |

## Identifying, Collecting and Assessing Relevant Data

### *Performance Measures*

AHCCCS has implemented several efforts over the past few years in preparation for the performance measure transition described above. First and foremost, the Agency undertook extensive internal planning efforts, including evaluation of new requirements, future goals and desired capabilities, as well as barrier identification and associated risk. One risk identified, was the possibility that the reduction of information system and data analytic staff resources would not allow the level of review and validation of performance measure programming necessary to ensure the validity and accuracy of Performance Measurement activities. To address this concern, the Agency is utilizing its External Quality Review Organization to perform the measurement calculations. AHCCCS has finalized the contract with an external vendor to support future performance measurements.

Contractors have been provided the data to enhance their planning and implementation efforts related to the new performance measures, as well as sustaining and improving continuing measures. Some of these efforts will include new work groups, new reporting mechanisms, increased opportunities for technical assistance, and a more transparent reporting process with plans for proactive reporting prior to the end of the measurement period. Such efforts should facilitate the Contractors' ability to make necessary adjustments/final pushes and payment reform initiatives that align with performance measure thresholds.

## Performance Improvement Projects

### *Providing Incentives for Excellence and Imposing Sanctions for Poor Performance*

AHCCCS regularly monitors Contractors to ensure compliance with contractually-mandated performance measures. Contracts outline Minimum Performance Standards (MPS) that the Contractor must meet and Goals that the Contractor should strive to achieve. Those measures are evaluated to determine what regulatory actions should be taken. At a minimum, measures that fail to meet the MPS will require a Corrective Action Plan. Additional actions could include mandatory technical assistance, Notices to Cure, and financial sanctions.

### *Re-evaluation/Re-development of Performance Measures*

AHCCCS has implemented a payment reform initiative (PRI) for the Acute Care population that is designed to encourage Contractor activity in the area of quality improvement, particularly those initiatives that are conducive to improved health outcomes and cost savings, and those related to child and adolescent health. This PRI process will be performed annually on a contract year basis. Starting with FFY15, AHCCCS also implemented a payment reform initiative for the ALTCS EPD population as well. The EPD Quality Measures target ED Utilization, Readmissions, Diabetes Management and Flu Shots.

The Acute Care requirement of total payments under all contracts executed with health care providers governed by shared-savings arrangements, increases to 10 percent in FFY15. For ALTCS EPD a minimum of five percent of the value of total payments under all EPD contracts executed (1.5% for D-SNP contracts) with health care providers must be governed by shared-savings arrangements.

### *Performance Improvement Projects (PIPs)*

AHCCCS has a Performance Improvement Project (PIP) under way with Contractors for all lines of business, which is designed to improve enrollee health outcomes and satisfaction.

- E-Prescribing - The purposes of this PIP is to increase the number of prescribers electronically prescribing at least one prescription and increase the percentage of prescriptions which are submitted electronically, in order to improve patient safety. The baseline measurement period for this PIP is Contract Year Ending (CYE; federal fiscal year) 2014. Baseline data has been collected, validated and released to Contractors. Efforts are currently underway to collect and validate data for remeasurement year 1. Additionally, there are two Contractors for which CYE 2016 will serve as their baseline measurement period, with efforts underway to collect and validate this data as well.
- Developmental Screening - The purpose of the Developmental Screening PIP is to increase the number of early life screenings for members at 9-, 18-, and 24-months of age to ensure that developmental delays are identified early and referred for appropriate



follow-up and treatment. The PIP measure will focus on the number of children who receive a developmental screening at the appropriate age intervals versus the total number of children in each age group. Although not formally tied to the PIP measurement, AHCCCS will be evaluating whether or not follow-up appointments are scheduled and maintained for any concerns identified through the screening process. Additionally, AHCCCS will monitor the care coordination process and Contractor oversight of the screening and referral processes. The baseline measurement will be reflective of Contract Year Ending (CYE) 2016. Efforts are currently underway to collect and validate data for remeasurement year one (1).

### Including Medical Quality Assessment and Performance Improvement Requirements in AHCCCS Contracts

Contracts with health plans are reviewed at least annually to ensure that they include all federally required elements prior to renewal. In addition, contracts are reviewed for clarity and for opportunities to strengthen expectations and/or promote new opportunities. AHCCCS has begun efforts to identify Performance Improvement Projects targeted to begin CYE 2018.

### Regular Monitoring and Evaluating of Contractor Compliance and Performance

AHCCCS monitors and evaluates access to care, organizational structure and operations, clinical and non-clinical quality measurement and performance improvement outcomes through the following methods.

- *On-site Operational Reviews* - Operational and Financial Reviews (ORs) are used by AHCCCS to evaluate Contractor compliance related to access/availability and quality of services, including implementation of policies and procedures and progress toward plans of correction to improve quality of care and service for members.
- *Review and analysis of periodic reports* - A number of contract deliverables are used to monitor and evaluate Contractor compliance and performance. AHCCCS reviews, provides feedback and approves these reports as appropriate.
  - Quarterly EPSDT and Adult Monitoring Reports - AHCCCS requires CRS, Acute, ALTCS and RBHA Contractors to submit quarterly EPSDT and Adult Monitoring Reports demonstrating their efforts to sustain or improve annual performance rates for all contractually mandated performance measure as well as their efforts to inform families/caregivers and providers of EPSDT/Adult services. AHCCCS has developed a template for Contractors to report data on member and provider outreach, as well as Contractor rates for various EPSDT and adult services. The template prompts Contractors to evaluate the effectiveness of activities, including care coordination,

follow up and new or revised interventions to improve quality and access to care. These reports are received and reviewed on a quarterly basis.

- Annual Plans - QM/QI, EPSDT, MCH and Dental – AHCCCS requires all lines of business to submit an annual plan which will address details of the Contractors methods for achieving optimal outcomes for their members. A separate report is submitted for Quality Management and Improvement (QM/QI).
- Integrated Care Reports - For those plans (e.g. Integrated RBHAs) that currently follow an integrated model, distinct Integrated Care reports are required. These reports focus on the quality and quantity of coordination and integration activities.
- *Review and analysis of program-specific Performance Measures and Performance Improvement Projects* - AHCCCS considers a Performance Improvement Project (PIP) as a planned process of data gathering, evaluation, and analysis to determine interventions or activities that are anticipated to have a positive outcome. PIPs are designed to improve the quality of care and service delivery and usually last at least four years. While Contractors may select and implement their own PIPs to address problems specific to their plans, AHCCCS mandates other program-wide PIPs in which Contractors must participate, and monitors performance until each Contractor meet requirements for demonstrable and sustained improvement.

Another method by which AHCCCS monitors the quality and appropriateness of care provided to members is through Performance Measures. Contractors submit encounter data to AHCCCS, which measures each plan's performance and evaluates its compliance in meeting contractual performance standards for specific health care services. Under their contracts with AHCCCS, Contractors are required to improve their rates for Performance Measures and achieve specific goals for each. AHCCCS requires corrective action plans from Contractors that do not meet the Minimum Performance Standard, or that show a statistically significant decline in their rates. Contractors also could face significant financial sanctions if they do not improve performance to a level that meets or exceeds the minimum standard.

### Maintaining an Information System that Supports Initial and Ongoing Operations

AHCCCS maintains a robust information system—the Prepaid Medical Management Information System (PMMIS)—that documents all members, their claims and encounter data, plus many other data points. PMMIS data feeds into the AHCCCS Data Warehouse, which is the centralized system, used for data analytics. There is a newly formed Data Integrity team that supports maintaining valid, accurate, and reliable data; this team is made up of data users and

system experts from across the Agency and meets at least quarterly to discuss any issues or opportunities around the data and systems. AHCCCS has focused on building data expertise within every division of the Agency, promoting data analytics as the cornerstone of operations and monitoring/oversite activities.

### Reviewing and Revising the Quality Strategy

AHCCCS continues its efforts to implement the new Managed Care Rule through revisions of the Agency's Quality Strategy. The focus of revisions is to create a cohesive reflection of numerous efforts underway around integrated care, increased member satisfaction, and improvement of clinical outcomes. QM will be leading a cross-functional Agency team to draft a practical Quality Strategy that brings together the requirements of the Rule as well as the mission, vision, and operational goals of the Agency.

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**Attachment 3: Arizona Health Care Cost Containment System (AHCCCS)**  
 Quarterly Random Moment Time Study Report  
 April 2017 – June 2017

The April through June 2017 quarter for the Medicaid School Based Claiming (MSBC) program Random Moment Time Study (RMTS) was completed successfully with the administrative, 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, direct service, and personal care time study staff pools at the beginning of the quarter.

| Staff Pool     | April - June 2017 |
|----------------|-------------------|
| Administrative | 3,118             |
| Direct Service | 3,324             |
| Personal Care  | 5,133             |

The table below demonstrates the administrative, direct service, and personal care time study achieved the 85% return rate in the April to June 2017 quarter.

The return rate reflects number of responses received divided by the total number of moments generated per quarter.

***Return Rate***

| Cost Pool      | Moments Generated | Valid Response | Return Rate |
|----------------|-------------------|----------------|-------------|
| Administrative | 3,200             | 3,137          | 98.03%      |
| Direct Service | 3,400             | 3,304          | 97.18%      |
| Personal Care  | 3,500             | 3,236          | 92.46%      |



**Arizona Health Care Cost Containment System  
 Medicaid Section 1115 Demonstration Number 11-W00275/9  
 Budget Neutrality Tracking Report  
 For the Period Ended June 30, 2017**

II. WAIVER COSTS AND VARIANCE FROM BUDGET NEUTRALITY LIMIT - BY QUARTER, BY DATE OF PAYMENT

| Budget Neutrality Limit - Federal Share                   |                          |                       | Expenditures from CMS-64 - Federal Share |                          |                         |                         |                         |                         |                     |                       |                       |                       |                   |                         |                          |                          |
|---|--------------------------|-----------------------|--|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------------|--------------------------|--------------------------|
| WAIVER PERIOD OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2016: |                          |                       |  |                          |                         |                         |                         |                         |                     |                       |                       |                       |                   |                         |                          |                          |
|   | MAP                      | DSH                   | Total                                    | AFDC/SOBR                | SSI                     | AC                      | ALTCS-DD                | ALTCS-EPD               | Family Plan         | DSH/CAHP              | SNCP/DSHP             | UNC CARE              | MED               | Exp St Adults           | Total                    | VARIANCE                 |
| QE 12/11  | \$ 2,217,708,266         | \$ 103,890,985        | \$ 2,321,599,251                         | \$ 502,890,921           | \$ 191,249,757          | \$ 175,610,617          | \$ 151,638,753          | \$ 164,685,415          | \$ 167,197          | \$ -                  | \$ -                  | \$ -                  | \$ 458,635        | \$ -                    | \$ 1,186,701,295         | \$ 1,134,897,956         |
| QE 3/12   | 2,177,972,323            | -                     | 2,177,972,323                            | 577,297,998              | 217,984,093             | 165,596,401             | 156,526,315             | 176,620,644             | 179,167             | 572,050               | -                     | -                     | (4,080)           | -                       | 1,294,772,588            | 883,199,735              |
| QE 6/12   | 2,153,181,397            | -                     | 2,153,181,397                            | 581,722,121              | 227,516,987             | 145,886,387             | 115,946,434             | 179,020,266             | 185,175             | 79,564,550            | 100,950,000           | 4,480,769             | (889)             | -                       | 1,435,271,800            | 717,909,597              |
| QE 9/12   | 2,148,796,979            | -                     | 2,148,796,979                            | 579,782,505              | 222,428,252             | 118,032,081             | 205,664,611             | 175,615,524             | 201,702             | 6,248,670             | 14,312,682            | 18,367,266            | 294               | -                       | 1,340,653,587            | 808,143,392              |
| QE 12/12  | 2,208,605,864            | 106,384,369           | 2,314,990,233                            | 617,247,020              | 242,322,491             | 118,103,369             | 159,452,070             | 179,452,256             | 230,267             | 11,346,623            | 95,263,307            | 14,871,980            | -                 | -                       | 1,438,289,383            | 876,700,850              |
| QE 3/13   | 2,191,115,783            | -                     | 2,191,115,783                            | 589,464,629              | 239,092,492             | 96,180,297              | 163,937,798             | 192,970,394             | 257,756             | 867,795               | 32,840,000            | 28,744,095            | -                 | -                       | 1,344,355,256            | 846,760,527              |
| QE 6/13   | 2,192,844,999            | -                     | 2,192,844,999                            | 588,378,705              | 241,298,377             | 88,125,077              | 102,142,130             | 187,310,029             | 227,668             | 78,756,901            | 111,555,510           | 17,514,148            | -                 | -                       | 1,415,308,545            | 777,536,454              |
| QE 9/13   | 2,202,639,017            | -                     | 2,202,639,017                            | 596,611,333              | 237,327,560             | 84,327,037              | 230,955,206             | 190,188,088             | 228,524             | 558,280               | 144,169,561           | 35,937,456            | -                 | -                       | 1,520,303,045            | 682,335,972              |
| QE 12/13  | 2,361,638,671            | 108,086,519           | 2,469,725,190                            | 623,051,060              | 253,112,363             | 84,773,209              | 180,587,089             | 208,608,187             | 221,957             | 6,098,257             | 128,610,551           | 20,561,018            | -                 | -                       | 1,505,623,691            | 964,101,499              |
| QE 3/14   | 2,496,612,543            | -                     | 2,496,612,543                            | 609,066,404              | 242,247,737             | 19,448,214              | 172,865,678             | 191,271,321             | (15,809)            | 3,076,720             | -                     | 14,814,313            | -                 | 231,876,797             | 1,484,651,375            | 1,011,961,168            |
| QE 6/14   | 2,658,542,293            | -                     | 2,658,542,293                            | 584,523,581              | 274,963,993             | (3,697,277)             | 132,811,366             | 206,922,285             | (9,314)             | 4,725,871             | 46,518,282            | 17,460,925            | -                 | 343,805,363             | 1,608,025,075            | 1,050,517,218            |
| QE 9/14   | 2,811,261,886            | -                     | 2,811,261,886                            | 642,058,425              | 286,491,486             | 1,044,222               | 234,971,144             | 202,325,318             | 735                 | 83,398,590            | 14,595,643            | 716,900               | -                 | 398,971,566             | 1,864,574,029            | 946,687,857              |
| QE 12/14  | 3,014,649,993            | 109,707,817           | 3,124,357,810                            | 768,767,395              | 322,908,117             | 24,114,620              | 197,157,685             | 209,877,907             | 254                 | 9,813,379             | 78,963,846            | 3,397,109             | -                 | 411,351,488             | 2,026,351,800            | 1,098,006,010            |
| QE 3/15   | 3,002,747,900            | -                     | 3,002,747,900                            | 643,924,687              | 297,141,870             | 3,771,216               | 198,833,968             | 208,709,812             | (475)               | 1,474,261             | -                     | 2,362,678             | -                 | 397,361,264             | 1,753,579,281            | 1,249,168,619            |
| QE 6/15   | 3,022,380,009            | -                     | 3,022,380,009                            | 676,953,007              | 301,501,985             | 1,376,095               | 136,222,624             | 210,766,873             | (1,609)             | 111,644,096           | 32,871,414            | 4,867,076             | -                 | 434,840,685             | 1,911,042,246            | 1,111,337,763            |
| QE 9/15   | 3,086,805,999            | -                     | 3,086,805,999                            | 660,928,120              | 297,720,765             | (1,214,417)             | 269,436,928             | 218,219,020             | (26)                | 1,465,978             | (14,698,940)          | 2,512,551             | -                 | 449,692,969             | 1,884,062,948            | 1,202,743,051            |
| QE 12/15  | 3,315,277,904            | 110,036,940           | 3,425,314,844                            | 745,437,161              | 343,103,540             | 21,576,137              | 214,617,413             | 214,987,023             | -                   | 9,941,072             | -                     | -                     | -                 | 473,302,437             | 2,022,964,783            | 1,402,350,061            |
| QE 3/16   | 3,324,626,769            | -                     | 3,324,626,769                            | 648,184,948              | 312,291,893             | (1,729,262)             | 213,667,327             | 224,085,947             | (1)                 | 20,729,076            | 43,581,049            | 3,093,001             | -                 | 482,776,013             | 1,946,679,991            | 1,377,946,778            |
| QE 6/16   | 3,322,037,434            | -                     | 3,322,037,434                            | 634,709,981              | 301,905,309             | (1,180,414)             | 215,370,099             | 223,597,734             | (3)                 | 106,020,956           | 48,305,720            | 2,494,969             | -                 | 439,313,652             | 1,970,538,003            | 1,351,499,431            |
| QE 9/16   | 3,375,898,445            | -                     | 3,375,898,445                            | 669,689,230              | 311,948,359             | (750,198)               | 221,278,330             | 214,057,429             | (685)               | 504,237               | -                     | 2,161,386             | -                 | 491,624,231             | 1,910,512,319            | 1,465,386,126            |
| QE 12/16  | 3,589,215,559            | -                     | 3,589,215,559                            | 693,694,761              | 331,020,951             | 2,802,954               | 225,745,743             | 223,415,036             | (5,466)             | 3,195,395             | 39,578,110            | 2,726,671             | -                 | 524,641,615             | 2,046,815,770            | 1,542,399,789            |
| QE 3/17   | 3,597,039,350            | -                     | 3,597,039,350                            | 698,367,817              | 340,649,746             | (91,276)                | 231,791,677             | 232,289,659             | (72)                | 4,775,270             | -                     | -                     | -                 | 533,802,478             | 2,041,585,299            | 1,555,454,051            |
| QE 6/17   | 3,581,443,948            | 111,027,272           | 3,692,471,220                            | 753,982,845              | 381,866,177             | 26,531,976              | 251,886,540             | 247,601,051             | (70)                | 112,797,468           | 27,231,927            | 269,020               | -                 | 506,442,446             | 2,308,609,380            | 1,383,861,840            |
| QE 9/17   | -                        | -                     | -  | -                        | -                       | -                       | -                       | -                       | -                   | -                     | -                     | -                     | -                 | -                       | -                        | -                        |
|   | <b>\$ 64,053,043,330</b> | <b>\$ 649,133,902</b> | <b>\$ 64,702,177,232</b>                 | <b>\$ 14,686,734,654</b> | <b>\$ 6,418,094,300</b> | <b>\$ 1,168,637,065</b> | <b>\$ 4,383,506,928</b> | <b>\$ 4,682,597,218</b> | <b>\$ 1,866,872</b> | <b>\$ 657,575,495</b> | <b>\$ 944,648,662</b> | <b>\$ 197,353,331</b> | <b>\$ 453,960</b> | <b>\$ 6,119,803,004</b> | <b>\$ 39,261,271,489</b> | <b>\$ 25,440,905,743</b> |

Last Updated: 8/1/2017

**Arizona Health Care Cost Containment System  
 Medicaid Section 1115 Demonstration Number 11-W00275/9  
 Budget Neutrality Tracking Report  
 For the Period Ended June 30, 2017**

III. SUMMARY BY DEMONSTRATION YEAR

|  | Federal Share of<br>Budget Neutrality<br>Limit | Federal Share of<br>Waiver Costs on<br>CMS-64 | Annual<br>Variance       | As % of Annual<br>Budget<br>Neutrality Limit | Cumulative Federal<br>Share of Budget<br>Neutrality Limit | Cumulative Federal<br>Share of Waiver<br>Costs on CMS-64 | Cumulative Federal<br>Share Variance | As % of<br>Cumulative<br>Budget<br>Neutrality Limit |
|--|--|---|--------------------------|--|---|--|--------------------------------------|---|
| WAIVER PERIOD OCTOBER 1, 2011 THROUGH DECEMBER, 2016 |  |   |                          |  |   |  |                                      |   |
| DY 01  | \$ 8,801,549,950                               | \$ 5,636,365,085                              | \$ 3,165,184,865         | 35.96%                                       |   |  |                                      |   |
| DY 02  | 8,901,590,032                                  | 5,839,686,223                                 | 3,061,903,809            | 34.40%                                       |   |  |                                      |   |
| DY 03  | 10,436,141,911                                 | 6,476,861,562                                 | 3,959,280,349            | 37.94%                                       |   |  |                                      |   |
| DY 04  | 12,236,291,718                                 | 7,391,302,422                                 | 4,844,989,296            | 39.60%                                       |   |  |                                      |   |
| DY 05  | 13,447,877,493                                 | 7,984,651,612                                 | 5,463,225,881            | 40.63%                                       |   |  |                                      |   |
| DY 06  | 10,878,726,129                                 | 5,932,404,585                                 | 4,946,321,544            | 45.47%                                       | \$ 64,702,177,232   | \$ 39,261,271,489  | \$ 25,440,905,743                    | 39.32%  |
|  | <u>\$ 64,702,177,232</u>                       | <u>\$ 39,261,271,489</u>                      | <u>\$ 25,440,905,743</u> |  |   |  |                                      |   |

**Arizona Health Care Cost Containment System  
 Medicaid Section 1115 Demonstration Number 11-W00275/9  
 Budget Neutrality Tracking Report  
 For the Period Ended June 30, 2017**

IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

**Schedule C Waiver 11-W00275/9**

| <u>Total Computable</u>   |               |               |               |                |                |               |                |
|---------------------------|---------------|---------------|---------------|----------------|----------------|---------------|----------------|
| Waiver Name               | 01            | 02            | 03            | 04             | 05             | 06            | Total          |
| AC                        | 917,853,361   | 582,040,636   | 123,936,290   | 32,933,169     | 28,695,229     | (340,094)     | 1,685,118,591  |
| AFDC/SOBRA                | 3,415,751,961 | 3,582,994,522 | 3,540,155,640 | 3,606,256,898  | 3,924,446,922  | 2,720,828,470 | 20,790,434,413 |
| ALTCS-EPD                 | 1,061,940,357 | 1,167,011,339 | 1,195,528,242 | 1,244,890,085  | 1,261,769,353  | 953,528,486   | 6,884,667,862  |
| ALTCS-DD                  | 939,086,691   | 1,005,552,529 | 1,067,544,854 | 1,170,386,428  | 1,252,457,466  | 1,016,239,125 | 6,451,267,093  |
| DSH/CAHP                  | 155,762,651   | 163,280,200   | 162,262,955   | 170,517,535    | 165,250,384    | 152,785,300   | 969,859,025    |
| Expansion State Adults    | -             | -             | 1,137,871,988 | 1,930,577,313  | 2,139,129,229  | 1,665,897,396 | 6,873,475,926  |
| Family Planning Extension | 830,631       | 1,008,110     | 190,026       | (1,337)        | (763)          | (280)         | 2,026,387      |
| MED                       | 673,818       | -             | -             | -              | -              | -             | 673,818        |
| SNCP/DSHP                 | 296,636,120   | 558,334,298   | 240,250,917   | 135,561,857    | 116,750,000    | 62,836,722    | 1,410,369,914  |
| SSI                       | 1,349,512,893 | 1,426,950,723 | 1,545,012,120 | 1,733,791,929  | 1,812,264,435  | 1,342,754,039 | 9,210,286,139  |
| Uncomp Care IHS/638       | 22,866,717    | 97,192,513    | 53,888,765    | 13,437,080     | 7,647,155      | 2,560,109     | 197,592,339    |
| Subtotal                  | 8,160,915,200 | 8,584,364,870 | 9,066,641,797 | 10,038,350,957 | 10,708,409,410 | 7,917,089,273 | 54,475,771,507 |
| New Adult Group           | -             | -             | 108,363,046   | 303,800,112    | 481,887,787    | 357,307,714   | 1,251,358,659  |
| Total                     | 8,160,915,200 | 8,584,364,870 | 9,175,004,843 | 10,342,151,069 | 11,190,297,197 | 8,274,396,987 | 55,727,130,166 |

| <u>Federal Share</u>      |               |               |               |               |               |               |                |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Waiver Name               | 01            | 02            | 03            | 04            | 05            | 06            | Total          |
| AC                        | 640,073,537   | 400,056,703   | 86,564,824    | 22,536,611    | 19,649,616    | (244,226)     | 1,168,637,065  |
| AFDC/SOBRA                | 2,385,714,661 | 2,466,986,527 | 2,497,694,705 | 2,575,994,028 | 2,807,689,330 | 1,952,655,403 | 14,686,734,654 |
| ALTCS-EPD                 | 716,855,277   | 770,397,726   | 807,297,334   | 855,052,161   | 871,824,208   | 661,170,512   | 4,682,597,218  |
| ALTCS-DD                  | 632,712,981   | 661,923,939   | 719,012,033   | 802,166,792   | 863,744,227   | 703,946,956   | 4,383,506,928  |
| DSH/CAHP                  | 104,828,265   | 107,242,435   | 109,089,385   | 116,736,303   | 113,890,565   | 105,788,542   | 657,575,495    |
| Expansion State Adults    | -             | -             | 971,422,183   | 1,694,692,357 | 1,940,917,952 | 1,512,770,512 | 6,119,803,004  |
| Family Planning Extension | 767,009       | 927,946       | 174,071       | (1,212)       | (689)         | (253)         | 1,866,872      |
| MED                       | 453,960       | -             | -             | -             | -             | -             | 453,960        |
| SNCP/DSHP                 | 199,636,108   | 366,713,968   | 161,520,692   | 92,805,648    | 80,464,100    | 43,508,146    | 944,648,662    |
| SSI                       | 932,475,252   | 968,369,300   | 1,070,240,505 | 1,217,912,745 | 1,278,842,023 | 950,254,475   | 6,418,094,300  |
| Uncomp Care IHS/638       | 22,848,035    | 97,067,679    | 53,845,830    | 13,406,989    | 7,630,280     | 2,554,518     | 197,353,331    |
| Subtotal                  | 5,636,365,085 | 5,839,686,223 | 6,476,861,562 | 7,391,302,422 | 7,984,651,612 | 5,932,404,585 | 39,261,271,489 |
| New Adult Group           | -             | -             | 108,363,046   | 303,792,807   | 481,495,491   | 345,231,005   | 1,238,882,349  |
| Total                     | 5,636,365,085 | 5,839,686,223 | 6,585,224,608 | 7,695,095,229 | 8,466,147,103 | 6,277,635,590 | 40,500,153,838 |

**Adjustments to Schedule C Waiver 11-W00275/9**

| <u>Total Computable</u>              |             |             |             |              |              |              |              |
|--------------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Waiver Name                          | 01          | 02          | 03          | 04           | 05           | 06           | Total        |
| AC                                   | 313,572     | 210,756     | 87,745      | (7)          | 326          | 119          | 612,511      |
| AFDC/SOBRA                           | 1,014,881   | 1,090,143   | 990,293     | 5,056,392    | 4,912,060    | 4,769,809    | 17,833,578   |
| SSI                                  | 365,158     | 399,101     | 398,723     | 2,391,771    | 2,371,156    | 2,374,229    | 8,300,138    |
| Expansion State Adults               | -           | -           | 223,239     | 3,043,744    | 3,208,358    | 3,347,743    | 9,823,084    |
| ALTCS-DD (Cost Sharing) <sup>1</sup> | -           | -           | -           | -            | -            | -            | -            |
| CAHP <sup>2</sup>                    | (1,693,611) | (1,700,000) | (1,700,000) | (10,491,900) | (10,491,900) | (10,491,900) | (36,569,311) |
| Total                                | -           | -           | -           | -            | -            | -            | -            |

| <u>Federal Share</u>                 |             |             |             |             |             |             |              |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Waiver Name                          | 01          | 02          | 03          | 04          | 05          | 06          | Total        |
| AC                                   | 211,034     | 138,424     | 58,991      | (5)         | 225         | 83          | 408,751      |
| AFDC/SOBRA                           | 683,014     | 716,006     | 665,774     | 3,461,607   | 3,385,392   | 3,302,616   | 12,214,409   |
| SSI                                  | 245,752     | 262,130     | 268,062     | 1,637,406   | 1,634,201   | 1,643,916   | 5,691,467    |
| Expansion State Adults               | -           | -           | 150,083     | 2,083,747   | 2,211,200   | 2,317,977   | 6,763,008    |
| ALTCS-DD (Cost Sharing) <sup>1</sup> | -           | -           | -           | -           | -           | -           | -            |
| CAHP <sup>2</sup>                    | (1,139,800) | (1,116,560) | (1,142,910) | (7,182,755) | (7,231,017) | (7,264,592) | (25,077,634) |
| Total                                | -           | -           | -           | -           | -           | 0           | 0            |

<sup>1</sup> The CMS 1115 Waiver, Special Term and Condition 42,d requires that premiums collected by the State shall be reported on Form CMS-64 Summary Sheet line 9,D.

<sup>2</sup> The Critical Access Hospital Payment (CAHP) waiver expenditures are included in the AFDC/SOBRA, AC, SSI, and Expansion State Adults rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the CAHP expenditures to the AFDC/SOBRA, AC, SSI and Expansion State Adults waiver categories for budget neutrality comparison purposes. The CAHP expenditures are allocated to the waiver categories in the same proportion as the capitation payments made for the CAHP service period.



**Arizona Health Care Cost Containment System  
 Medicaid Section 1115 Demonstration Number 11-W00275/9  
 Budget Neutrality Tracking Report  
 For the Period Ended June 30, 2017**

IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

**Revised Schedule C Waiver 11-W00275/9**

| Waiver Name               | <u>Total Computable</u> |               |               |                |                |               | Total          |
|---------------------------|-------------------------|---------------|---------------|----------------|----------------|---------------|----------------|
|                           | 01                      | 02            | 03            | 04             | 05             | 06            |                |
| AC                        | 918,166,933             | 582,251,392   | 124,024,035   | 32,933,162     | 28,695,555     | (339,974.79)  | 1,685,731,102  |
| AFDC/SOBRA                | 3,416,766,842           | 3,584,084,665 | 3,541,145,933 | 3,611,313,290  | 3,929,358,982  | 2,725,598,279 | 20,808,267,991 |
| ALTCS-EPD                 | 1,061,940,357           | 1,167,011,339 | 1,195,528,242 | 1,244,890,085  | 1,261,769,353  | 953,528,486   | 6,884,667,862  |
| ALTCS-DD                  | 939,086,691             | 1,005,552,529 | 1,067,544,854 | 1,170,386,428  | 1,252,457,466  | 1,016,239,125 | 6,451,267,093  |
| DSH/CAHP                  | 154,069,040             | 161,580,200   | 160,562,955   | 160,025,635    | 154,758,484    | 142,293,400   | 933,289,714    |
| Expansion State Adults    | -                       | -             | 1,138,095,227 | 1,933,621,057  | 2,142,337,587  | 1,669,245,139 | 6,883,299,010  |
| Family Planning Extension | 830,631                 | 1,008,110     | 190,026       | (1,337)        | -              | (280)         | 2,026,387      |
| MED                       | 673,818                 | -             | -             | -              | -              | -             | 673,818        |
| SNCP/DSHP                 | 296,636,120             | 558,334,298   | 240,250,917   | 135,561,857    | 116,750,000    | 62,836,722    | 1,410,369,914  |
| SSI                       | 1,349,878,051           | 1,427,349,824 | 1,545,410,843 | 1,736,183,700  | 1,814,635,591  | 1,345,128,268 | 9,218,586,277  |
| Uncomp Care IHS/638       | 22,866,717              | 97,192,513    | 53,888,765    | 13,437,080     | 7,647,155      | 2,560,109     | 197,592,339    |
| Subtotal                  | 8,160,915,200           | 8,584,364,870 | 9,066,641,797 | 10,038,350,957 | 10,708,409,410 | 7,917,089,273 | 54,475,771,507 |
| New Adult Group           | -                       | -             | 108,363,046   | 303,800,112    | 481,887,787    | 357,307,714   | 1,251,358,659  |
| Total                     | 8,160,915,200           | 8,584,364,870 | 9,175,004,843 | 10,342,151,069 | 11,190,297,197 | 8,274,396,987 | 55,727,130,166 |

| Waiver Name               | <u>Federal Share</u> |               |               |               |               |               | Total          |
|---------------------------|----------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                           | 01                   | 02            | 03            | 04            | 05            | 06            |                |
| AC                        | 640,284,571          | 400,195,127   | 86,623,815    | 22,536,606    | 19,649,841    | (244,143)     | 1,169,045,816  |
| AFDC/SOBRA                | 2,386,397,675        | 2,467,702,533 | 2,498,360,479 | 2,579,455,635 | 2,811,074,722 | 1,955,958,019 | 14,698,949,063 |
| ALTCS-EPD                 | 716,855,277          | 770,397,726   | 807,297,334   | 855,052,161   | 871,824,208   | 661,170,512   | 4,682,597,218  |
| ALTCS-DD                  | 632,712,981          | 661,923,939   | 719,012,033   | 802,166,792   | 863,744,227   | 703,946,956   | 4,383,506,928  |
| DSH/CAHP                  | 103,688,465          | 106,125,875   | 107,946,475   | 109,553,548   | 106,659,548   | 98,523,950    | 632,497,861    |
| Expansion State Adults    | -                    | -             | 971,572,266   | 1,696,776,104 | 1,943,129,152 | 1,515,088,489 | 6,126,566,012  |
| Family Planning Extension | 767,009              | 927,946       | 174,071       | (1,212)       | (689)         | (253)         | 1,866,872      |
| MED                       | 453,960              | -             | -             | -             | -             | -             | 453,960        |
| SNCP/DSHP                 | 199,636,108          | 366,713,968   | 161,520,692   | 92,805,648    | 80,464,100    | 43,508,146    | 944,648,662    |
| SSI                       | 932,721,004          | 968,631,430   | 1,070,508,567 | 1,219,550,151 | 1,280,476,224 | 951,898,391   | 6,423,785,767  |
| Uncomp Care IHS/638       | 22,848,035           | 97,067,679    | 53,845,830    | 13,406,989    | 7,630,280     | 2,554,518     | 197,353,331    |
| Subtotal                  | 5,636,365,085        | 5,839,686,223 | 6,476,861,562 | 7,391,302,422 | 7,984,651,612 | 5,932,404,585 | 39,261,271,489 |
| New Adult Group           | -                    | -             | 108,363,046   | 303,792,807   | 481,495,491   | 345,231,005   | 1,238,882,349  |
| Total                     | 5,636,365,085        | 5,839,686,223 | 6,585,224,608 | 7,695,095,229 | 8,466,147,103 | 6,277,635,590 | 40,500,153,838 |

**Calculation of Effective FMAP:**

|                               |               |               |               |               |               |               |  |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| <b>AFDC/SOBRA</b>             |               |               |               |               |               |               |  |
| Federal                       | 2,386,397,675 | 2,467,702,533 | 2,498,360,479 | 2,579,455,635 | 2,811,074,722 | 1,955,958,019 |  |
| Total                         | 3,416,766,842 | 3,584,084,665 | 3,541,145,933 | 3,611,313,290 | 3,929,358,982 | 2,725,598,279 |  |
| Effective FMAP                | 0.698437378   | 0.688516808   | 0.705523163   | 0.714270801   | 0.715402877   | 0.717625203   |  |
| <b>SSI</b>                    |               |               |               |               |               |               |  |
| Federal                       | 932,721,004   | 968,631,430   | 1,070,508,567 | 1,219,550,151 | 1,280,476,224 | 951,898,391   |  |
| Total                         | 1,349,878,051 | 1,427,349,824 | 1,545,410,843 | 1,736,183,700 | 1,814,635,591 | 1,345,128,268 |  |
| Effective FMAP                | 0.690966864   | 0.678622307   | 0.692701602   | 0.702431517   | 0.705638217   | 0.707663658   |  |
| <b>ALTCS-EPD</b>              |               |               |               |               |               |               |  |
| Federal                       | 716,855,277   | 770,397,726   | 807,297,334   | 855,052,161   | 871,824,208   | 661,170,512   |  |
| Total                         | 1,061,940,357 | 1,167,011,339 | 1,195,528,242 | 1,244,890,085 | 1,261,769,353 | 953,528,486   |  |
| Effective FMAP                | 0.67504288    | 0.660145879   | 0.675264126   | 0.686849523   | 0.690953704   | 0.693393561   |  |
| <b>ALTCS-DD</b>               |               |               |               |               |               |               |  |
| Federal                       | 632,712,981   | 661,923,939   | 719,012,033   | 802,166,792   | 863,744,227   | 703,946,956   |  |
| Total                         | 939,086,691   | 1,005,552,529 | 1,067,544,854 | 1,170,386,428 | 1,252,457,466 | 1,016,239,125 |  |
| Effective FMAP                | 0.673753538   | 0.658268882   | 0.673519272   | 0.685386273   | 0.689639569   | 0.692698144   |  |
| <b>AC</b>                     |               |               |               |               |               |               |  |
| Federal                       | 640,284,571   | 400,195,127   | 86,623,815    | 22,536,606    | 19,649,841    | (244,143)     |  |
| Total                         | 918,166,933   | 582,251,392   | 124,024,035   | 32,933,162    | 28,695,555    | (339,975)     |  |
| Effective FMAP                | 0.697350937   | 0.687323607   | 0.698443773   | 0.684313459   | 0.684769494   | 0.718122158   |  |
| <b>Expansion State Adults</b> |               |               |               |               |               |               |  |
| Federal                       | -             | -             | 971,572,266   | 1,696,776,104 | 1,943,129,152 | 1,515,088,489 |  |
| Total                         | -             | -             | 1,138,095,227 | 1,933,621,057 | 2,142,337,587 | 1,669,245,139 |  |
| Effective FMAP                | -             | -             | 0.853682753   | 0.877512219   | 0.907013518   | 0.907648885   |  |
| <b>New Adult Group</b>        |               |               |               |               |               |               |  |
| Federal                       | -             | -             | 108,363,046   | 303,792,807   | 481,495,491   | 345,231,005   |  |
| Total                         | -             | -             | 108,363,046   | 303,800,112   | 481,887,787   | 357,307,714   |  |
| Effective FMAP                | -             | -             | 1             | 0.999975955   | 0.999185918   | 0.966200816   |  |

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V. Budget Neutrality Member Months and Cost Sharing Premium Collections

| <b>Budget Neutrality Member Months:</b> | <b>AFDC/SOBRA</b> | <b>SSI</b> | <b>ALTCS-DD</b> | <b>ALTCS-EPD</b> | <b>AC</b> | <b>MED</b> | <b>Family Plan Ext</b> | <b>Expan St Adults</b> | <b>New Adult Group</b> |
|---|-------------------|------------|-----------------|------------------|-----------|------------|------------------------|------------------------|------------------------|
| Quarter Ended December 31, 2011         | 2,932,519         | 487,575    | 72,516          | 85,463           | 527,244   | 467        | 12,471                 |                        |                        |
| Quarter Ended March 31, 2012            | 2,920,210         | 489,003    | 73,152          | 85,509           | 430,723   | -          | 12,424                 |                        |                        |
| Quarter Ended June 30, 2012             | 2,914,090         | 489,032    | 73,962          | 85,733           | 365,132   | -          | 12,440                 |                        |                        |
| Quarter Ended September 30, 2012        | 2,938,820         | 491,682    | 74,817          | 86,515           | 310,396   | -          | 12,689                 |                        |                        |
| Quarter Ended December 31, 2012         | 2,911,453         | 494,769    | 75,636          | 86,832           | 274,990   | -          | 13,104                 |                        |                        |
| Quarter Ended March 31, 2013            | 2,891,209         | 497,163    | 76,464          | 86,078           | 248,817   | -          | 13,824                 |                        |                        |
| Quarter Ended June 30, 2013             | 2,903,049         | 499,785    | 77,278          | 86,306           | 228,204   | -          | 14,187                 |                        |                        |
| Quarter Ended September 30, 2013        | 2,918,929         | 503,412    | 78,032          | 87,136           | 217,114   | -          | 14,856                 |                        |                        |
| Quarter Ended December 31, 2013         | 2,891,787         | 506,815    | 78,838          | 87,682           | 206,419   | -          | 14,885                 |                        |                        |
| Quarter Ended March 31, 2014            | 2,839,380         | 514,492    | 79,680          | 87,896           | 87        | -          | -                      | 443,881                | 38,998                 |
| Quarter Ended June 30, 2014             | 2,955,633         | 523,373    | 80,669          | 88,737           | 2         | -          | -                      | 624,197                | 86,533                 |
| Quarter Ended September 30, 2014        | 3,113,481         | 529,552    | 81,755          | 89,362           | -         | -          | -                      | 755,729                | 122,898                |
| Quarter Ended December 31, 2014         | 3,146,071         | 536,979    | 82,722          | 90,012           | -         | -          | -                      | 817,491                | 149,801                |
| Quarter Ended March 31, 2015            | 3,084,870         | 543,518    | 83,824          | 89,877           | -         | -          | -                      | 835,585                | 191,143                |
| Quarter Ended June 30, 2015             | 3,105,241         | 544,167    | 84,827          | 89,929           | -         | -          | -                      | 845,518                | 245,263                |
| Quarter Ended September 30, 2015        | 3,209,379         | 544,139    | 85,603          | 90,018           | -         | -          | -                      | 865,954                | 284,888                |
| Quarter Ended December 31, 2015         | 3,261,940         | 548,924    | 86,368          | 89,878           | -         | -          | -                      | 915,853                | 312,497                |
| Quarter Ended March 31, 2016            | 3,258,834         | 551,332    | 87,129          | 89,452           | -         | -          | -                      | 930,172                | 331,697                |
| Quarter Ended June 30, 2016             | 3,246,962         | 548,071    | 88,236          | 89,595           | -         | -          | -                      | 931,613                | 333,928                |
| Quarter Ended September 30, 2016        | 3,331,829         | 550,466    | 89,204          | 89,873           | -         | -          | -                      | 937,705                | 325,108                |
| Quarter Ended December 31, 2016         | 3,383,220         | 550,973    | 90,179          | 90,223           | -         | -          | -                      | 955,089                | 331,115                |
| Quarter Ended March 31, 2017            | 3,387,102         | 551,275    | 91,237          | 89,588           | -         | -          | -                      | 961,412                | 334,958                |
| Quarter Ended June 30, 2017             | 3,363,042         | 548,394    | 92,101          | 88,721           |           |            |                        | 960,592                | 336,332                |
| Quarter Ended September 30, 2017        |                   |            |                 |                  |           |            |                        |                        |                        |

**ALTCS Developmentally Disabled**

| <b>Cost Sharing Premium Collections:</b> | <b>Total Computable</b> | <b>Federal Share</b> |
|--|-------------------------|----------------------|
| Quarter Ended December 31, 2011          | -                       | -                    |
| Quarter Ended March 31, 2012             | -                       | -                    |
| Quarter Ended June 30, 2012              | -                       | -                    |
| Quarter Ended September 30, 2012         | -                       | -                    |
| Quarter Ended December 31, 2012          | -                       | -                    |
| Quarter Ended March 31, 2013             | -                       | -                    |
| Quarter Ended June 30, 2013              | -                       | -                    |
| Quarter Ended September 30, 2013         | -                       | -                    |
| Quarter Ended December 31, 2013          | -                       | -                    |
| Quarter Ended March 31, 2014             | -                       | -                    |
| Quarter Ended June 30, 2014              | -                       | -                    |
| Quarter Ended September 30, 2014         | -                       | -                    |
| Quarter Ended December 31, 2014          | -                       | -                    |
| Quarter Ended March 31, 2015             | -                       | -                    |
| Quarter Ended June 30, 2015              | -                       | -                    |
| Quarter Ended September 30, 2015         | -                       | -                    |
| Quarter Ended December 31, 2015          | -                       | -                    |
| Quarter Ended March 31, 2016             | -                       | -                    |
| Quarter Ended June 30, 2016              | -                       | -                    |
| Quarter Ended September 30, 2016         | -                       | -                    |
| Quarter Ended December 31, 2016          | -                       | -                    |
| Quarter Ended March 31, 2017             | -                       | -                    |
| Quarter Ended June 30, 2017              | -                       | -                    |
| Quarter Ended September 30, 2017         | -                       | -                    |

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VI. Allocation of Disproportionate Share Hospital Payments

**Federal Share**

|                               | <u>FFY 2012</u>    | <u>FFY 2013</u>    | <u>FFY 2014</u>    | <u>FFY 2015</u>    | <u>FFY 2016</u>    | <u>FFY 2017</u>    |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total Allotment</b>        | <b>103,890,985</b> | <b>106,384,369</b> | <b>108,086,519</b> | <b>109,707,817</b> | <b>110,036,940</b> | <b>111,027,272</b> | <b>649,133,902</b> |
| Reported in<br><u>QE</u>      |                    |                    |                    |                    |                    |                    |                    |
| Dec-11                        | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Mar-12                        | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Jun-12                        | 78,996,800         | -                  | -                  | -                  | -                  | -                  | 78,996,800         |
| Sep-12                        | 6,248,670          | -                  | -                  | -                  | -                  | -                  | 6,248,670          |
| Dec-12                        | 11,346,623         | -                  | -                  | -                  | -                  | -                  | 11,346,623         |
| Mar-13                        | 309,515            | -                  | -                  | -                  | -                  | -                  | 309,515            |
| Jun-13                        | 1,022,914          | 77,733,987         | -                  | -                  | -                  | -                  | 78,756,901         |
| Sep-13                        | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Dec-13                        | -                  | 6,098,257          | -                  | -                  | -                  | -                  | 6,098,257          |
| Mar-14                        | 2,505,265          | -                  | -                  | -                  | -                  | -                  | 2,505,265          |
| Jun-14                        | -                  | 4,725,871          | -                  | -                  | -                  | -                  | 4,725,871          |
| Sep-14                        | 3,258,682          | -                  | 79,568,453         | -                  | -                  | -                  | 82,827,135         |
| Dec-14                        | -                  | -                  | 6,222,002          | -                  | -                  | -                  | 6,222,002          |
| Mar-15                        | -                  | 1,474,261          | -                  | -                  | -                  | -                  | 1,474,261          |
| Jun-15                        | -                  | 16,248,501         | (219,987)          | 92,024,206         | -                  | -                  | 108,052,719        |
| Sep-15                        | -                  | -                  | 1,465,978          | -                  | -                  | -                  | 1,465,978          |
| Dec-15                        | (4)                | -                  | -                  | 6,325,567          | -                  | -                  | 6,325,563          |
| Mar-16                        | -                  | -                  | 20,729,076         | -                  | -                  | -                  | 20,729,076         |
| Jun-16                        | -                  | (14,886)           | 180,953            | 4,170,769          | 98,068,611         | -                  | 102,405,447        |
| Sep-16                        | -                  | -                  | -                  | 504,238            | -                  | -                  | 504,238            |
| Dec-16                        | -                  | (1,292,221)        | -                  | 270,327            | 584,993            | -                  | (436,900)          |
| Mar-17                        | -                  | -                  | -                  | 4,775,270          | -                  | -                  | 4,775,270          |
| Jun-17                        | -                  | 1,152,106          | -                  | 1,483,173          | 8,005,943          | 98,523,950         | 109,165,172        |
| Sep-17                        | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Dec-17                        | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Total Reported to Date</b> | <b>103,688,465</b> | <b>106,125,875</b> | <b>107,946,475</b> | <b>109,553,550</b> | <b>106,659,547</b> | <b>98,523,950</b>  | <b>632,497,862</b> |
| <b>Unused Allotment</b>       | <b>202,520</b>     | <b>258,494</b>     | <b>140,044</b>     | <b>154,267</b>     | <b>3,377,393</b>   | <b>12,503,322</b>  | <b>16,636,040</b>  |

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VII. BUDGET NEUTRALITY TRACKING SCHEDULE -- NEW ADULT GROUP

WAIVER PERIOD JANUARY 1, 2014 THROUGH SEPTEMBER 30, 2021:

I. CALCULATION OF BUDGET NEUTRALITY LIMIT BY DEMONSTRATION YEAR (WITHOUT WAIVER CEILING FEDERAL SHARE)

|                 | Trend Rate | DY 03<br>PM/PM | Effective<br>FMAP | Federal<br>Share<br>PM/PM | Member Months |         |         |         | Total              | Federal Share<br>Budget Neutrality<br>Limit |
|-----------------|------------|----------------|-------------------|---------------------------|---------------|---------|---------|---------|--------------------|---|
|                 |            |                |                   |                           | QE 12/13      | QE 3/14 | QE 6/14 | QE 9/14 |                    |   |
| New Adult Group |            | 578.54         | 100.00%           | 578.54                    | -             | 38,998  | 86,533  | 122,898 | 248,429            | 143,726,114                                 |
|                 |            |                |                   |                           | Member Months |         |         |         |                    |   |
|                 |            | DY 04<br>PM/PM |                   |                           | QE 12/14      | QE 3/15 | QE 6/15 | QE 9/15 | Total              |   |
| New Adult Group | 1.047      | 605.73         | 100.00%           | 605.72                    | 149,801       | 191,143 | 245,263 | 284,888 | 871,095            | 527,636,889                                 |
|                 |            |                |                   |                           | Member Months |         |         |         |                    |   |
|                 |            | DY 05<br>PM/PM |                   |                           | QE 12/15      | QE 3/16 | QE 6/16 | QE 9/16 | Total              |   |
| New Adult Group | 1.047      | 634.20         | 99.92%            | 633.68                    | 312,497       | 331,697 | 333,928 | 325,108 | 1,303,230          | 825,836,604                                 |
|                 |            |                |                   |                           | Member Months |         |         |         |                    |   |
|                 |            | DY 06<br>PM/PM |                   |                           | QE 12/16      | QE 3/17 | QE 6/17 | QE 9/17 | Total              |   |
| New Adult Group | 1.047      | 664.01         | 96.62%<br>95.00%  | 641.57<br>630.81          | 331,115       | 334,958 | 336,332 | -       | 331,115<br>671,290 | 212,431,880<br>423,454,955<br>635,886,835   |

II. WAIVER COSTS AND VARIANCE FROM BUDGET NEUTRALITY LIMIT - BY QUARTER, BY DATE OF PAYMENT

|          | Budget Neutrality Limit - Federal Share |             |                         | Expenditures            |                       | VARIANCE |
|----------|---|-------------|-------------------------|-------------------------|-----------------------|----------|
|          | MAP                                     | DSH         | Total                   | New Adult Grp           |                       |          |
| QE 12/13 | \$ -                                    | \$ -        | \$ -                    | \$ -                    | \$ -                  |          |
| QE 3/14  | 22,561,903                              | -           | 22,561,903              | 13,870,414              | 8,691,489             |          |
| QE 6/14  | 50,062,802                              | -           | 50,062,802              | 34,313,342              | 15,749,460            |          |
| QE 9/14  | 71,101,409                              | -           | 71,101,409              | 47,984,458              | 23,116,951            |          |
| QE 12/14 | 90,736,985                              | -           | 90,736,985              | 46,004,135              | 44,732,850            |          |
| QE 3/15  | 115,778,529                             | -           | 115,778,529             | 70,387,348              | 45,391,181            |          |
| QE 6/15  | 148,559,923                             | -           | 148,559,923             | 85,319,153              | 63,240,770            |          |
| QE 9/15  | 172,561,452                             | -           | 172,561,452             | 97,948,283              | 74,613,169            |          |
| QE 12/15 | 198,024,494                             | -           | 198,024,494             | 113,800,738             | 84,223,756            |          |
| QE 3/16  | 210,191,236                             | -           | 210,191,236             | 122,290,142             | 87,901,094            |          |
| QE 6/16  | 211,604,986                             | -           | 211,604,986             | 123,158,494             | 88,446,492            |          |
| QE 9/16  | 206,015,889                             | -           | 206,015,889             | 108,777,377             | 97,238,512            |          |
| QE 12/16 | 212,431,880                             | -           | 212,431,880             | 126,789,923             | 85,641,957            |          |
| QE 3/17  | 211,294,113                             | -           | 211,294,113             | 122,882,603             | 88,411,510            |          |
| QE 6/17  | 212,160,843                             | -           | 212,160,843             | 125,355,939             | 86,804,904            |          |
| QE 9/17  | -                                       | -           | -                       | -                       | -                     |          |
|          | <u>\$ 2,133,086,441</u>                 | <u>\$ -</u> | <u>\$ 2,133,086,441</u> | <u>\$ 1,238,882,349</u> | <u>\$ 894,204,092</u> |          |

III. SUMMARY BY DEMONSTRATION YEAR

|       | Federal Share of<br>Budget Neutrality<br>Limit | Federal Share of<br>Waiver Costs on<br>CMS-64 | Annual<br>Variance    | As % of Annual<br>Budget Neutrality<br>Limit | Cumulative Federal<br>Share of Budget<br>Neutrality Limit | Cumulative Federal<br>Share of Waiver<br>Costs on CMS-64 | Cumulative<br>Federal Share<br>Variance | As % of<br>Cumulative<br>Budget<br>Neutrality Limit |
|-------|--|---|-----------------------|--|---|--|---|---|
| DY 03 | \$ 143,726,114                                 | \$ 96,168,214                                 | \$ 47,557,900         | 33.09%                                       |   |  |   |   |
| DY 04 | 527,636,889                                    | 299,658,919                                   | 227,977,970           | 43.21%                                       |   |  |   |   |
| DY 05 | 825,836,604                                    | 468,026,751                                   | 357,809,853           | 43.33%                                       |   |  |   |   |
| DY 06 | 635,886,835                                    | 375,028,465                                   | 260,858,370           | 41.02%                                       | \$ 2,133,086,441  | \$ 1,238,882,349   | \$ 894,204,092                          | 41.92%  |
|       | <u>\$ 2,133,086,441</u>                        | <u>\$ 1,238,882,349</u>                       | <u>\$ 894,204,092</u> |  |   |  |   |   |

Based on CMS-64 certification date of 6/30/2017