



AHCCCS Update



Overview

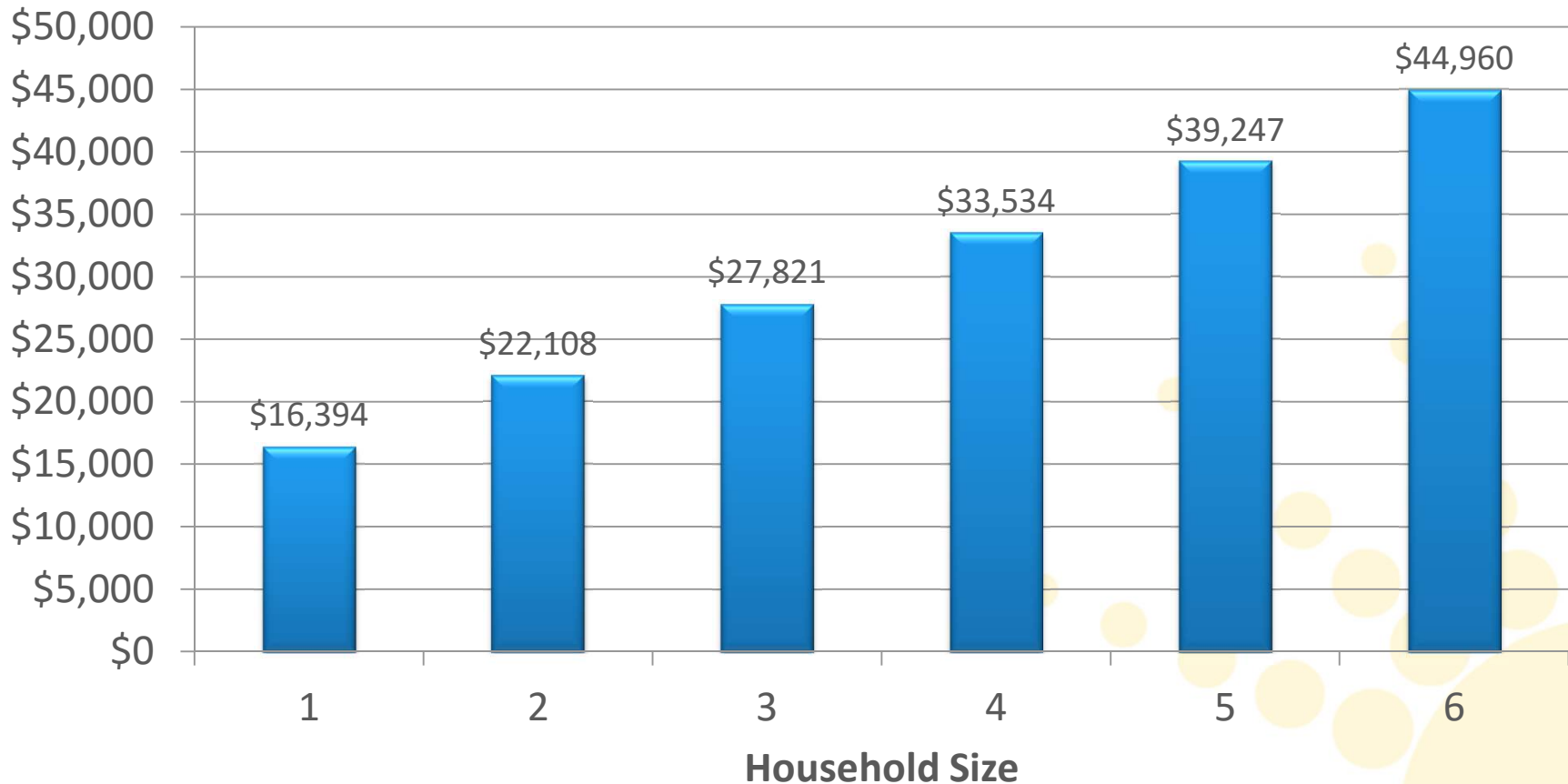
Medicaid 50th Anniversary

- 72 m
- 1 in 3
- 1 in 7
- 10 m
- 25%
- 38 States
- 500 B
- Lives Covered
- Kids (33 m)
- Elderly (6 m)
- Ind. with Disabilities
- % of Total BH Spending
- Managed Care
- Total Cost

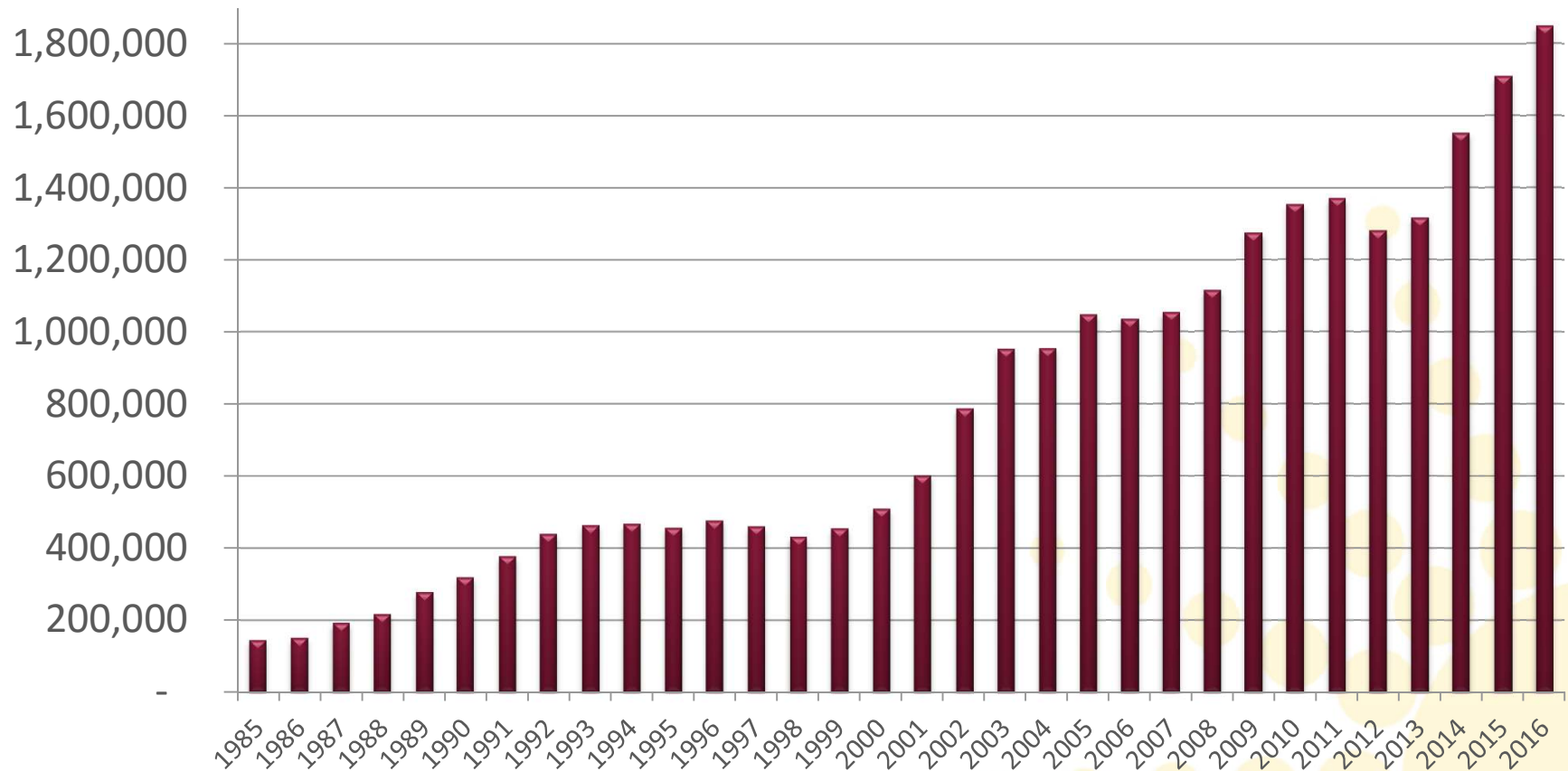
AHCCCS by the Numbers

- 1,911,973
- 28%
- >66,000
- \$32.9 million
- 52%
- 372,000
- 316,000,000

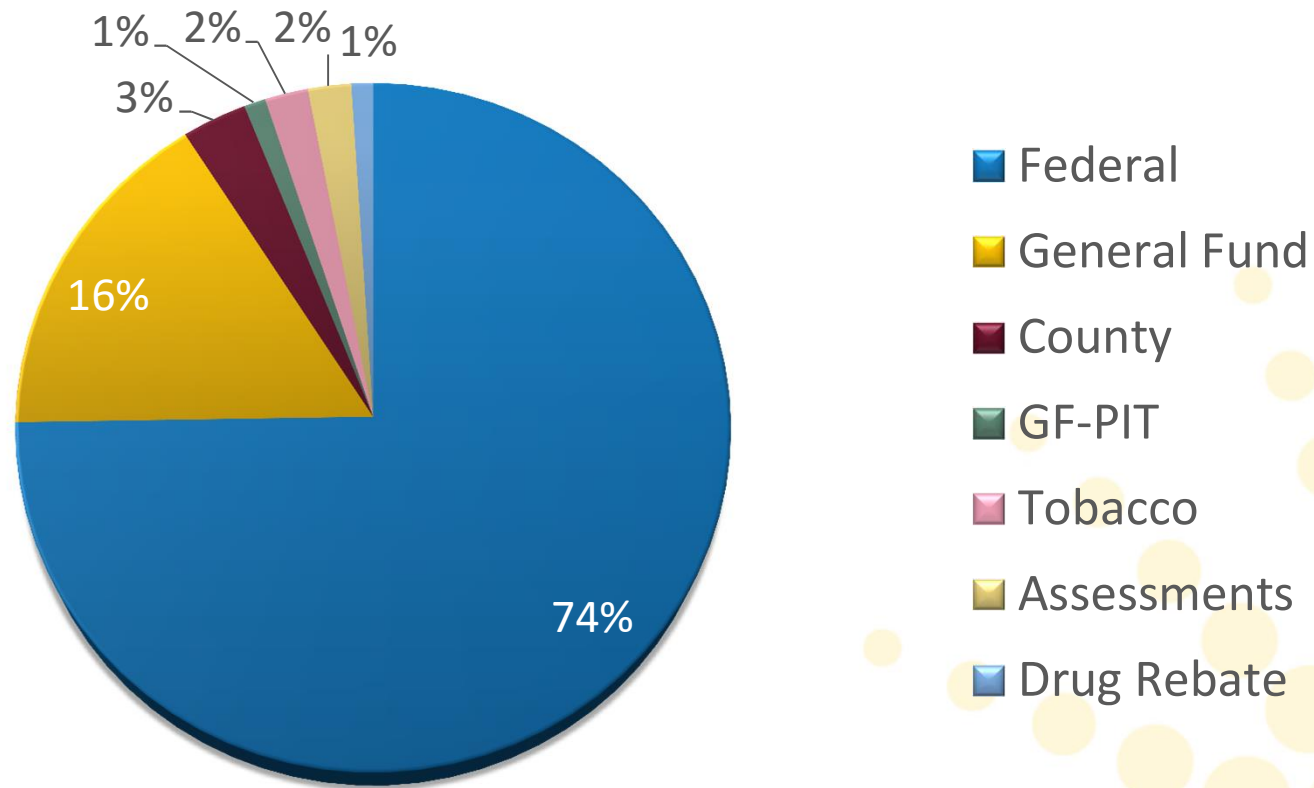
138% Federal Poverty Level (2016)



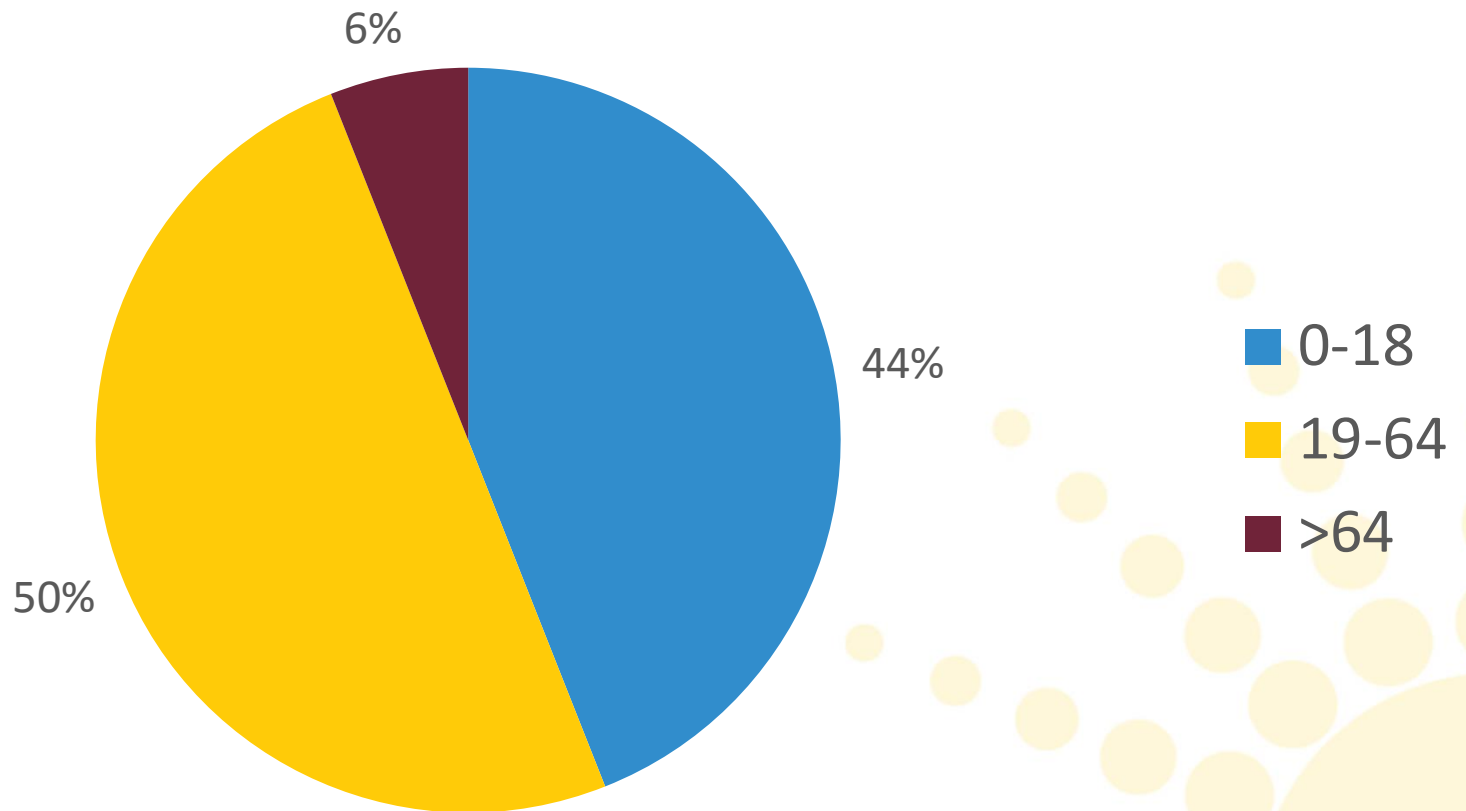
AHCCCS Population as of July 1, 1985 – 2016



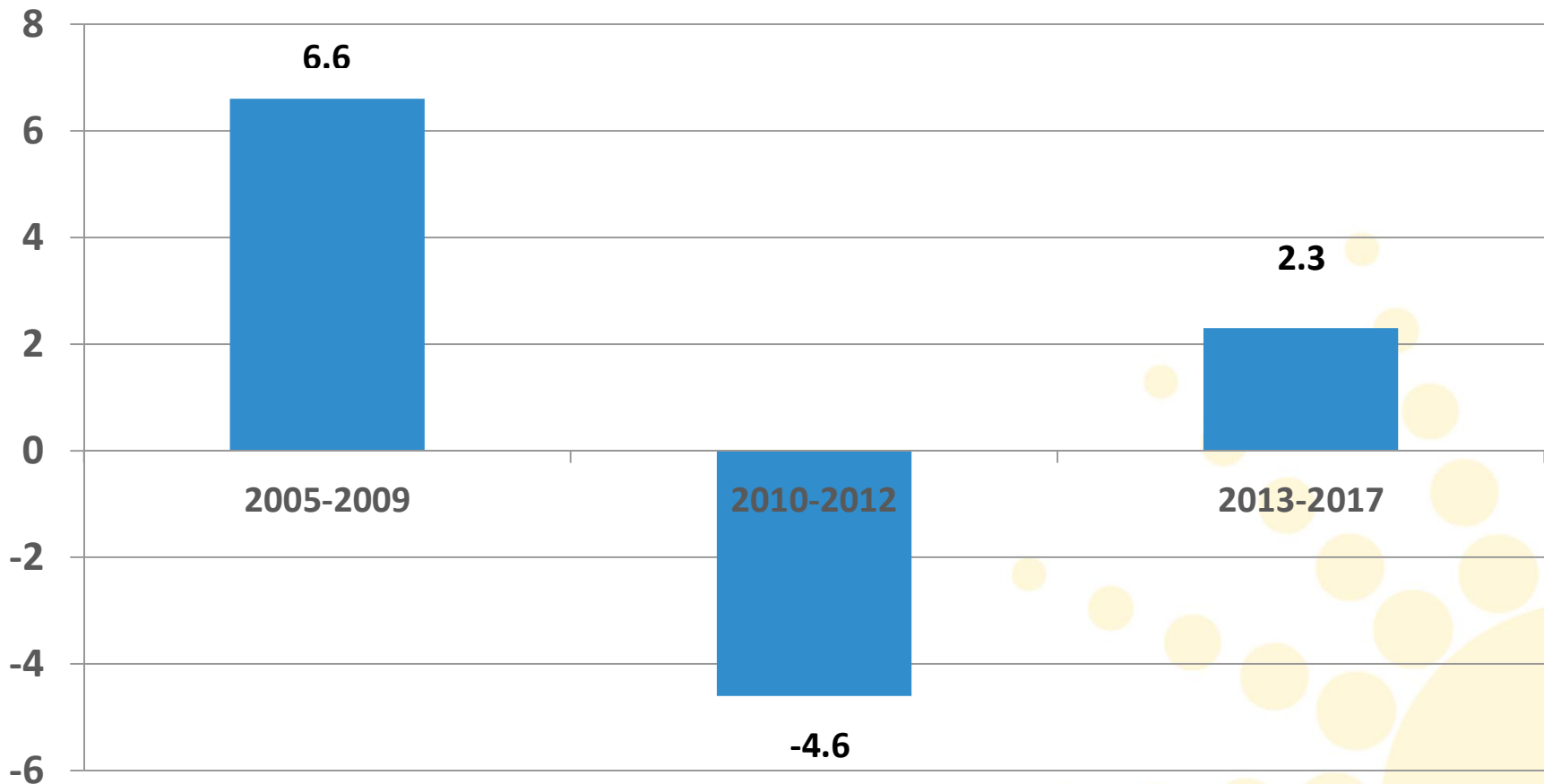
FY 2016 Funding Distribution



AHCCCS Population Age Breakout



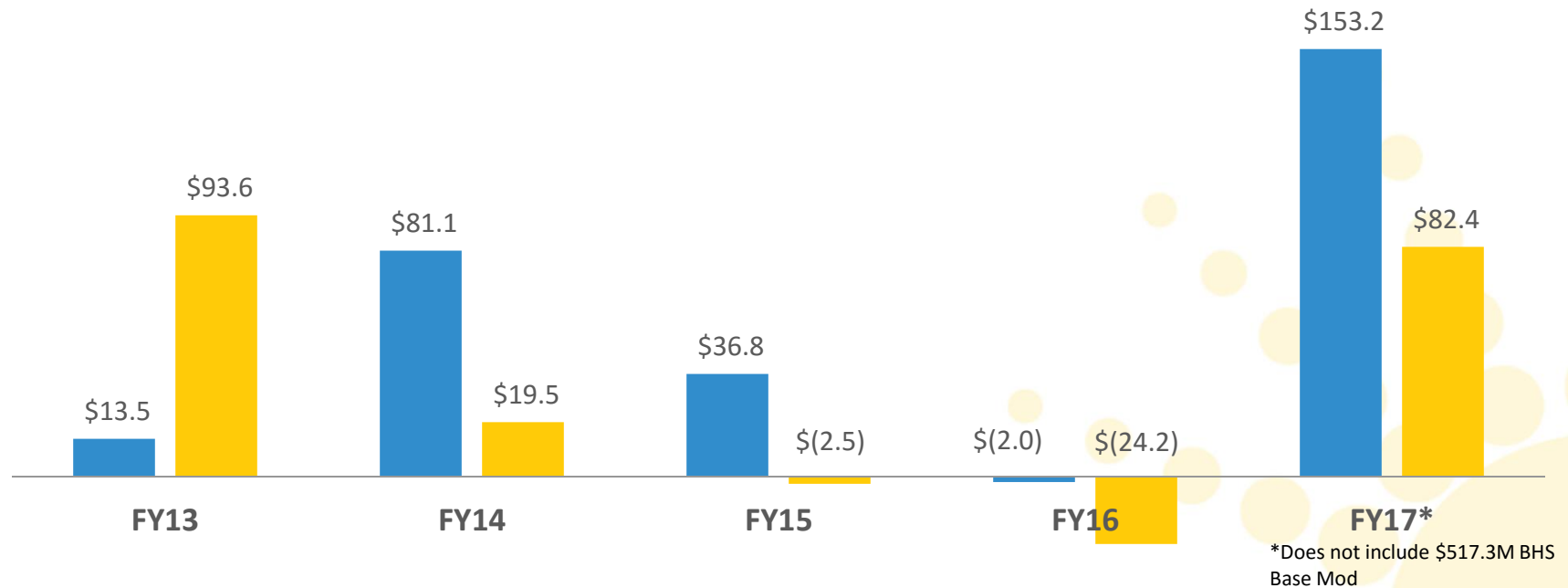
AHCCCS Cap Rate History



AHCCCS GF Budget Requests

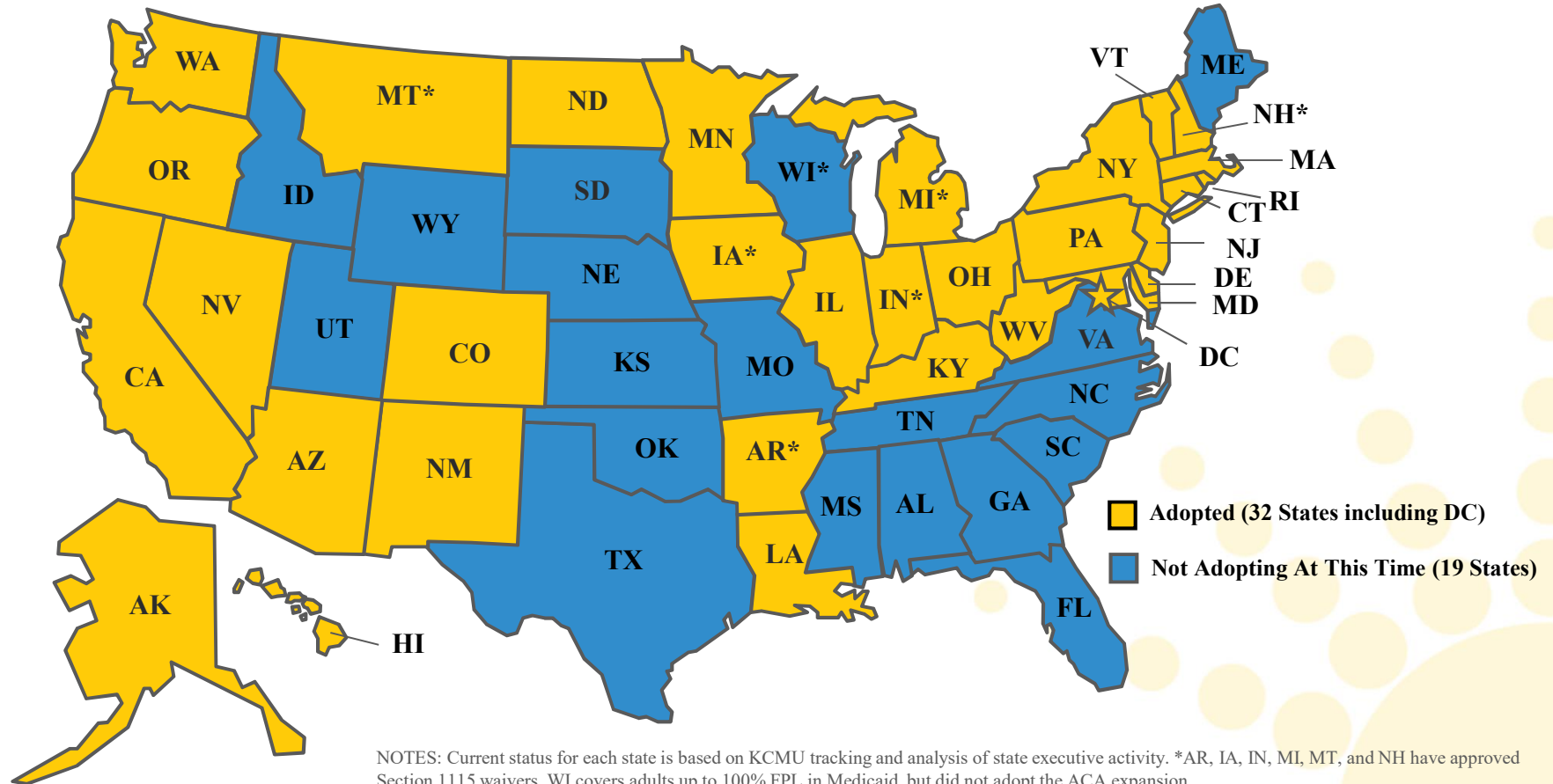
Historical AHCCCS GF Requests (in millions)

■ Submittal ■ Revision



Impact of Repeal (and Replace)

Current Status of Medicaid Expansion Decisions



NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. *AR, IA, IN, MI, MT, and NH have approved Section 1115 waivers. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.
 SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated July 7, 2016.
<http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

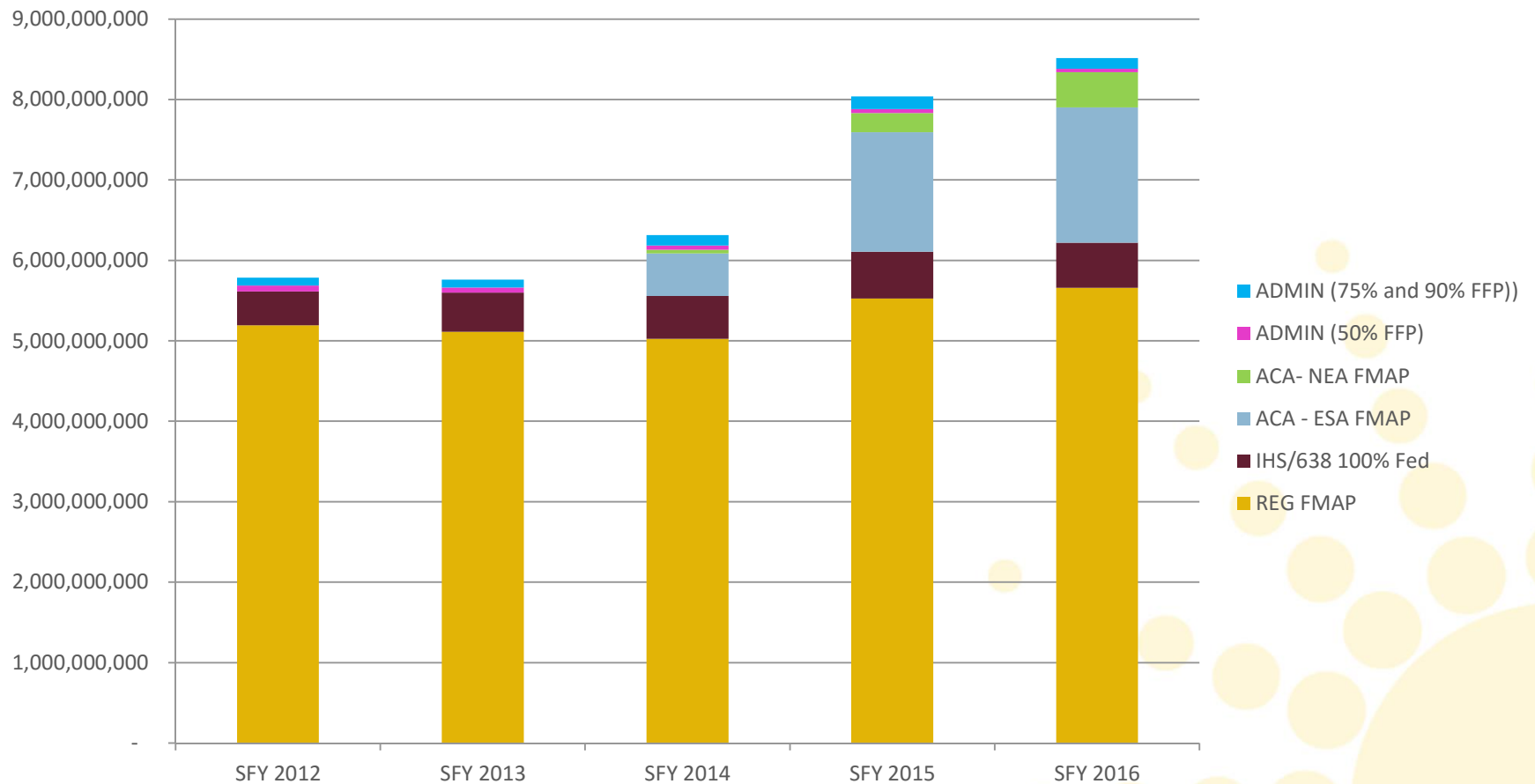
Potential Impact ACA Changes

	GF Costs	Total \$ Removed from Economy	Members Losing Coverage
1. Eliminate non-categorical adults 0-138%	\$328 Million	\$3.2 Billion	(425,338)
2. Waiver at regular FMAP 0-100%, Eliminate 100-138%	\$1 Billion	\$599 million	(115,823)
3. Waiver at regular FMAP 0-100%, Freeze enroll. 100-138%	\$1 Billion	\$175 Million	-

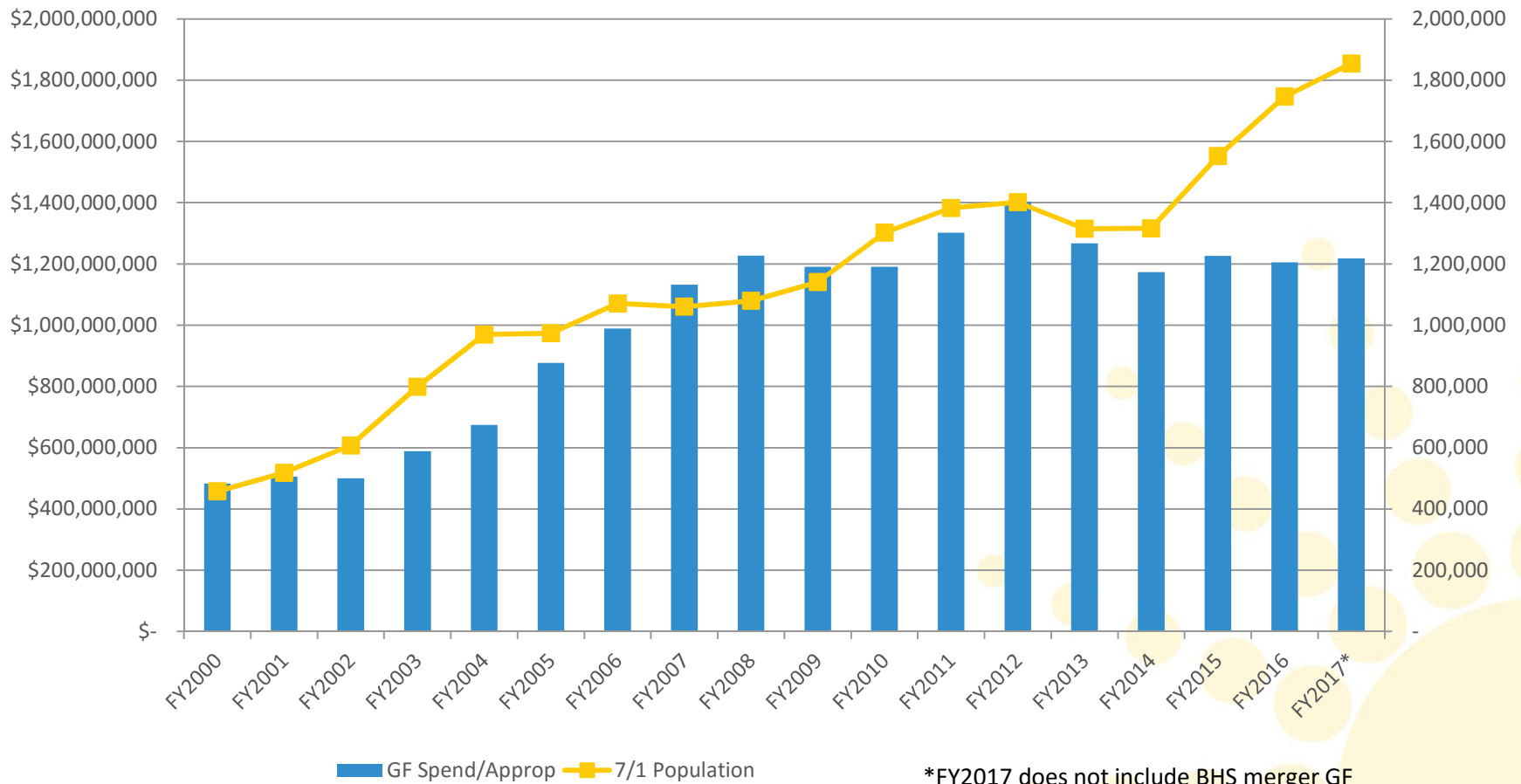
Funding Sources impacting GF

1. Hospital Assessment tied to provisions of ACA with automatic repeal
2. Prescription drug rebate for MCO pharmacy spend
3. Enhanced CHIP match for children's expansion
4. Lost premium tax

Title XIX Federal Funding History



Historical GF Spend vs Population



Straight Repeal

- Devastating statewide impacts:
 - Arizona health care infrastructure
 - Arizona economy
 - Arizona businesses (including small business) and those with commercial health coverage that will have substantially higher premiums as providers shift costs
 - State General Fund
 - ~600,000 people lose coverage (Medicaid + Exchange)
 - Instability undermines managed care delivery structure
- Would be best for states to preserve several ACA provisions: eligibility system, drug rebates, duals

ACA provisions outside coverage

- Essential benefits package
- MAGI income calculations and new eligibility systems
- Former foster youth who were in foster system for 6 months can stay on Medicaid until 25
- CHIP FMAP
- Hospital presumptive eligibility
- Family planning extension
- Drug rebates for managed care
- Authority for dual demonstrations (no direct impact on AZ)
- Program integrity requirements

Capitol Times – November 11th

All that, said Ducey, makes outright repeal without something else to take its place unacceptable.

"I'm not talking about repeal," he said.

"I'm talking about repeal and replace," Ducey continued. "I want to see all of our citizens have access to health care that's affordable."

With outright repeal unacceptable, the governor said it remains to be seen what Trump and Congress can come up with as an alternative.

"The devil is going to be in the details of a health care plan that allows accessibility to all of our citizens," he said.

"That's the discussion that we're going to have," the governor continued. "What we have currently isn't working."

Replacement Strategies

- Should be part of repeal - ***AT SAME TIME***
 - Congress will prefer repeal with delayed replace
 - Replace will slow down action
- Getting replacement at a later date will be challenging
- Long history of Congress being unable to do things on time
 - Budgets
 - SGR

Replacement Strategies (ctd).

- Inaction will lead to:
 - Uncertainty and higher costs for states
 - Significant uncertainty for businesses who will have to make business decisions assuming no replacement
 - Chaos in insurance market

Per Capita or Block Grant Financing

Risk Transfer Challenges

- Transfer of risk to States is particularly challenging for Arizona
 - Previously expanded – loss of federal funds (See A Better Way)
 - Voter-Protected coverage requirements (will not be able to avoid “available funding” in perpetuity)
 - Overall lower per capita income to support programs and risk
 - Large American Indian population – fed \$
 - Particularly vulnerable in recessions (see Great Rec.)
 - Ongoing instability due to funding pressure will undermine managed care delivery system

Risk Transfer Challenges (ctd.)

- Lower-cost state
 - Fewer optional benefits (e.g., no dental)
 - High rates of HCBS
 - Aligned Duals
 - Low pharmacy spend
 - Mature and stable managed care – for almost all populations
 - Delivery system performs well
 - Few special payments funded with non-state \$

How Will AZ Manage Risk?

- Changes will be states' responsibility and many will be very politically challenging:
 - Reducing Benefits
 - Reducing Eligibility
 - Reducing Payments
 - Increasing Cost Sharing
 - Program Administration
- Will likely be annual discussion as part of state budget negotiations

States Need Flexibility

- Need a complete re-write of Federal Medicaid statutes and new regulatory structure
- Would replace 50 years of statutory and regulatory framework
- Will be big challenge for feds to agree to needed flexibility and still provide same \$
 - Assumption of risk too great in absence of flexibility

Next Steps

AHCCCS Role

- Support the Governor and Governor's Office through complex policy discussions
- Be transparent about impacts of scenarios
- Stay engaged but do not lose sight of significant other work happening in the agency
- Be mindful of stress for members and families caused by uncertainty

Annual Waiver Submittal

- AHCCCS statutorily required to submit annual waiver requesting:
 - Work requirement for all able-bodied adults
 - Establish one-year “ban” for knowingly failing to report change in income or making false statements re: work
 - Lifetime limit of 5 years for able-bodied adults
- Public Hearings in January/Submit in March

Other Initiatives

Select AHCCCS Initiatives

1. Active Thoughtful Purchaser
2. Integration efforts
3. Value Based Purchasing
4. Justice System transitions
5. Autism related services
6. Opioid Crisis
7. Program Integrity
8. Health Information Technology
9. American Indian care coordination and support