

January 22, 2025

The Honorable Warren Petersen
President of the Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable Steve Montenegro
Speaker Arizona State House of Representatives
1700 W. Washington
Phoenix, AZ 85007

The Honorable David Livingston
Chairman, House Appropriations Committee
1700 W. Washington
Phoenix, AZ 85007

The Honorable John Kavanagh
Chairman, Senate Appropriations
Committee 1700 W. Washington
Phoenix, AZ 85007

Dear President Petersen, Speaker Montenegro, Chairman Livingston and Kavanagh,
Pursuant to A.R.S. § 36-2925, subsection H, AHCCCS is submitting this status report on the agreement between AHCCCS and the State of Hawaii for data processing activities using the AHCCCS Prepaid Medicaid Management Information System (PMMIS). This report summarizes the financial and operational activities for the Interstate Agreement between AHCCCS and the Med-QUEST Division/Department of Human Services for Hawaii.

In accordance with the A.R.S. § 36-2927, Intergovernmental Services Funds have been set up to deposit the monies received from Hawaii and to account for the expenditures that are incurred on its behalf. Chart 1 (attached) summarizes the revenues and expenditures of monies from these funds for the State Fiscal Year (SFY) 2024. We currently work with Hawaii on the following:

1. On-going Hawaii Operations and Maintenance support. Arizona continues to provide support for ongoing operations and maintenance for the Hawaii PMMIS (HPMMIS). Hawaii is charged for work done by the AHCCCS Information Technology (IT) staff and independent contractors, a designated percentage of other specified AHCCCS personnel

in IR, direct Hawaii costs, and a portion of AHCCCS indirect operating costs which benefit the project.

2. Medicaid and Children's Health Insurance Program Business Information Solutions (MACBIS). This project better enables the state to collect data in a more timely and synchronized manner to create an integrated view of the programs for better decision-making. This project has been implemented for both States. There are ongoing data needs and data improvement as requested by CMS that are currently in process.
3. On-going Hawaii Operations and Maintenance Support for the Data Warehouse Systems. Arizona continues to provide support for the Hawaii Decision Support System.
4. Medicaid Enterprise System Roadmap. The PMMIS and HPMMIS are run on technology that is in excess of 30 years old. The continued support of this technology is a risk due to the lack of trained personnel entering the workforce. As a result, both states have entered into an agreement to research how to further our partnership and modernize the technology that supports both states. The roadmap is a living document that requires updates as technology changes and portions of the roadmap are implemented.
5. Medicaid Enterprise System Modernization: This is the largest joint state task. The states have begun modernizing the 30-year-old system. We are actively working on phase 2, which is the mainframe refactoring project. This started in August and is well underway with an anticipated project timeline of about 30 months. The system integrator was completed and is lining all individual pieces of the MES together to make them a seamless, integrated system. Modules include, provider registration, HPMMIS, data warehouse, operational data store, electronic data interchange, and many others.

HAPA Savings

Financial activities for the HAPA Savings fund, which was set up to track the dollars related to the savings achieved due to the HAPA Project, are illustrated in Chart 1A (attached).

Project Summary

As a result of this joint venture, both states have been able to share costs, knowledge and strategies for more efficient day-to-day operations as well as for special projects. We continue to serve as a model for other state joint ventures and look forward to many more years working together with continued success.

If you have any questions regarding this report or the project itself, please feel free to contact me at (602) 417-4419.

Sincerely,

Marna Richmond

Marna Richmond
AHCCCS, Acting Assistant Director/Chief Information Officer

Cc: Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Zaida Dedolph Piccoro, Health Policy Advisor, Office of the Governor

AHCCCS Hawaii Intergovernmental Service Funds
Revenues/Expenditures and Fund Balance
State Fiscal Year 2024
Chart 1

Chart 1A

Fund 2439-HAPA Savings

<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
Revenues			
Indirect Transfers In*	\$ 713,548	Beginning Fund Balance FY 2024	\$ 2,272,207
Personal Services & ERE**	<u>520,800</u>		
	<u>1,234,348</u>	Revenues in Excess of Expenditures	<u>(1,765,652)</u>
Expenditures			
Salary & ERE	3,000,000	Ending Fund Balance FY 2024	\$ <u>506,554</u>
Other Professional & Outside Services	-		
Travel - In-State	-		
External Programming - Mainframe	-		
Repair & Maintenance	-		
Software Support & Maintenance	-		
Capital Equipment	-		
Non Capital Equipment	-		
Other	-		
Operating Transfers	<u>-</u>		
	<u>3,000,000</u>		
Revenues in Excess of Expenditures	\$ <u>(1,765,652)</u>		

* State Match portion of designated AHCCCS Operating Costs which are allocated and charged to Hawaii

** State Match portion of employees' salaries representing work done on the HAPA project charged back to Hawaii

Chart 1B

Fund 2442-ISA #3 (Ongoing Operations, Data Warehouse, Electronic Visit Verification, Interoperability, Provider Management, MES Modernization, Data Analytics Program Integrity, Security Implementation)

<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
Revenues			
Advanced from HI for expenditures	\$ 30,845,465	Beginning Fund Balance FY 2024	\$ 1,068,575
Interest earned on HI fund balance	<u>187,516</u>		
	<u>31,032,981</u>	Expenditures in Excess of Revenues	<u>6,037,280</u>
		Ending Fund Balance FY 2024	\$ <u>7,105,855</u>
Expenditures			
Personal Services & ERE	3,133,866		
Professional & Outside Services	6,454,769		
External Programming-Mainframe	2,699,474		
Travel	6,991		
Internal Service-Data Processing	2,623,718		
Software Support & Maintenance	7,684,083		
Capital & Non Capital Equipment	-		
Indirect Cost Transfers Out	2,392,800		
Other	<u>-</u>		
	<u>24,995,702</u>		
Expenditures in Excess of Revenue	\$ <u>6,037,280</u>		

Note: This fund is comprised of deposits from Hawaii that are contractually restricted for Hawaii's use to pay its share of PMMIS and other expenditures.