



Douglas A. Ducey, Governor
Thomas J. Betlach, Director

December 28, 2017

The Honorable Steve Yarbrough, President
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable J.D. Mesnard, Speaker of the House
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

The Honorable Debbie Lesko
Chairman of the Senate Appropriations Committee
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable David Livingston
Acting Chairman of the House Appropriations Committee
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

Dear President Yarbrough, Speaker Mesnard, and Chairmen Livingston and Lesko:

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 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 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 State Fiscal Year (SFY) 2017.

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 HPMMIS system. 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 IT, 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 States to collect data in a more timely and synchronized manner to create an integrated view of the programs for better decision making. The Arizona portion was implemented in December of 2016. Hawaii's portion has been implemented and is in the post implementation support phase of the project.
3. Analysis continues for the Health Insurance Portability and Accountability Act (HIPAA) transaction standards changes in the latest version 7030.
4. On-going Hawaii Operations and Maintenance Support for the Data Warehouse Systems. Arizona continues to provide support for the Hawaii Decision Support System.
5. The 1095-B process for reporting insurance coverage to the IRS. This is a federal mandate that requires annual changes. The current tax year is in development for Arizona and Hawaii.
6. Provider Registration Module Replacement. This project will modernize the system and process AHCCCS and Hawaii uses to register providers. The goal of this project is transform the process from a paper based approach to a self-service electronic process. The aim is to decrease the work load on both the provider community and the State while decreasing the registration time. This project is currently in the beginnings of the procurement phase for both Arizona and Hawaii.
7. Social Security Number Replacement Initiative (SSNRI). This is a federal mandate to implement a new identification number in replacement of SSN for Medicare members who are dually eligible for Medicare and Medicaid. The new number will be used for data exchanges with members, providers, and health plans.

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 which is attached. For Fiscal Year 2017 we were able to add over \$900,000 to the fund as a result of shared costs and work performed for Hawaii.

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 potential state joint ventures and look forward to many more years working together with continued successes.

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If you have any questions regarding this report or the project itself, please feel free to contact me at (602) 417-4277.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Lippert', with a long horizontal flourish extending to the right.

Dan Lippert
AHCCCS, Assistant Director/Chief Information Officer

Enclosure

Cc: Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
Bret Cloninger, Assistant Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Christina Corieri, Senior Policy Advisor, Office of the Governor

**AHCCCS Hawaii Intergovernmental Service Funds
Revenues/Expenditures and Fund Balance
Fiscal Year 2017
Chart 1**

Chart 1A

<i>Fund 2439-HAPA Savings</i>			
<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
Revenues			
Indirect Transfers In*	\$ 294,480	Beginning Fund Balance FY 2017	\$ 1,193,010
Personal Services & ERE**	617,632		
	<u>912,112</u>	Expenditures in Excess of Revenues	<u>466,783</u>
Expenditures			
Salary & ERE	250,000	Ending Fund Balance FY 2017	\$ <u>1,659,793</u>
Other Professional & Outside Services	-		
Travel - In-State	-		
External Programming - Mainframe	-		
Repair & Maintenance	-		
Software Support & Maintenance	195,329		
Capital Equipment	-		
Non Capital Equipment	-		
Other	-		
Operating Transfers	-		
	<u>445,329</u>		
Revenues in Excess of Expenditures	\$ <u>466,783</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

<i>Fund 2442-ISA #3 (Ongoing, Data Warehouse/Decision Support System, ICD-10, Transformed Medical Statistical Information System, Program Integrity, Security Enhancement)</i>			
<i>Revenues/Expenditures</i>		<i>Fund Balance</i>	
Revenues			
Advanced from HI for expenditures	\$ 6,746,754	Beginning Fund Balance FY 2017	\$ 740,149
Interest earned on HI fund balance	11,059		
	<u>6,757,813</u>	Expenditures in Excess of Revenues	<u>56,098</u>
Expenditures			
Personal Services & ERE	2,867,517	Ending Fund Balance FY 2017	\$ <u>796,247</u>
Professional & Outside Services	82,603		
External Programming-Mainframe	446,399		
Travel	-		
Internal Service-Data Processing	1,839,442		
Software Support & Maintenance	453,894		
Capital & Non Capital Equipment	-		
Indirect Cost Transfers Out	990,000		
Other	21,860		
	<u>6,701,714</u>		
Revenues in Excess of Expenditures	\$ <u>56,098</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.