



AHCCCS Update



Medicaid Directors – NAMD Survey

Top Priorities – 77% identified 4 or more

- Payment and Delivery System Reform
- ACA Implementation
- LTSS & Duals
- Eligibility and Enrollment Systems

Average Tenure – 2 years 3 months

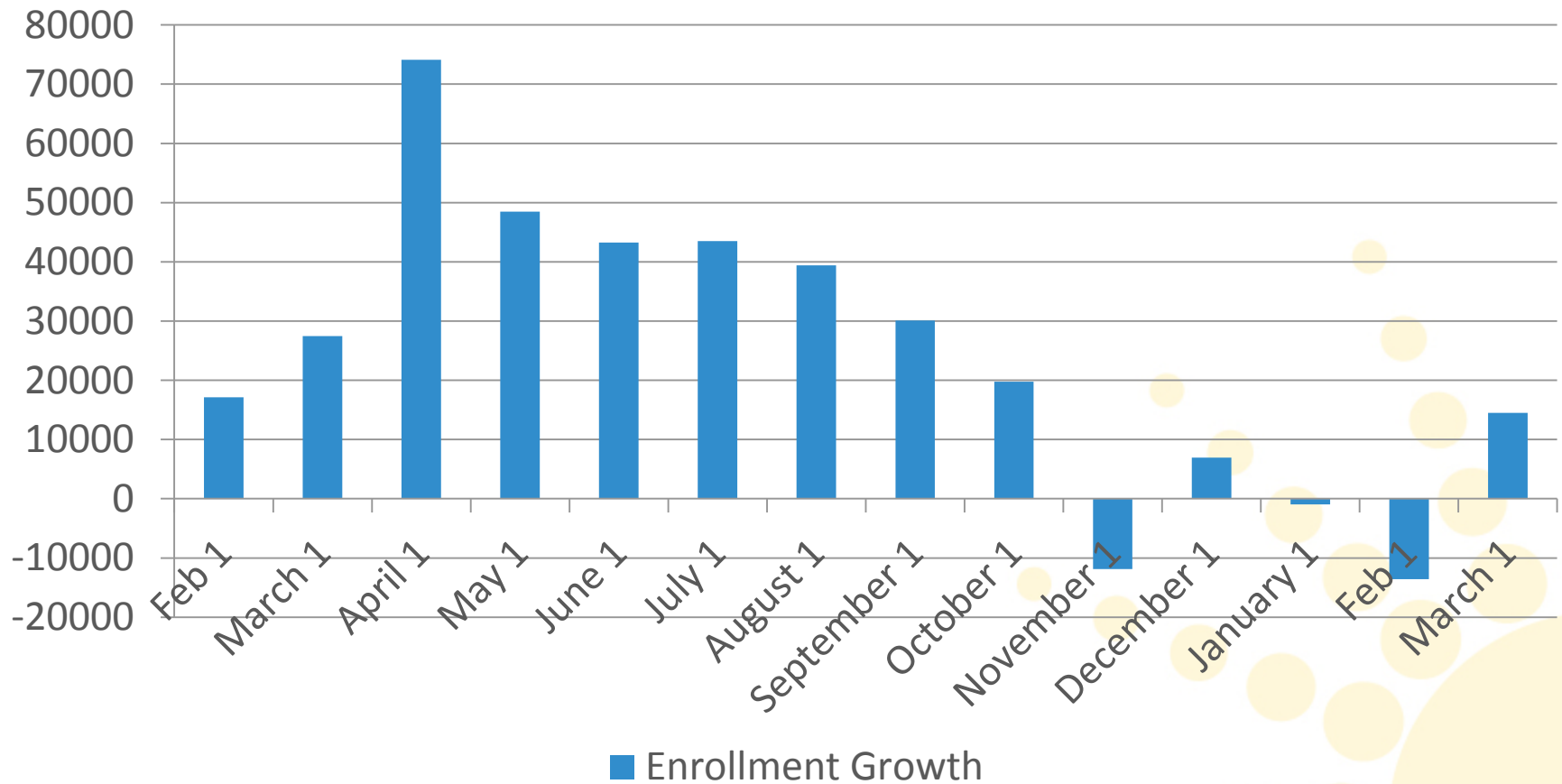
Median Staff 359 (46-3,348)

Median Budget \$6.1 B (\$632 m - \$90 B)

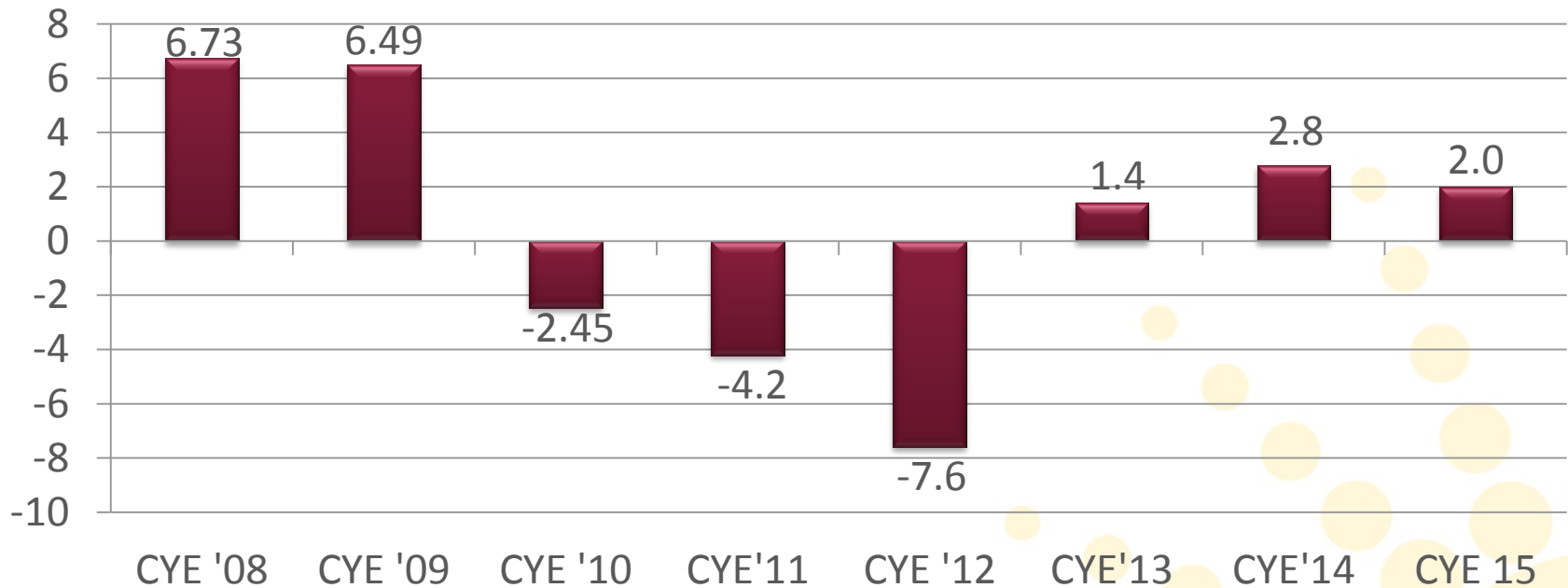
AHCCCS Today

- Largest Insurer in State – covers 1.64 m Arizonans
- \$12.0 billion program
- Mandatory Managed Care—except American Indians
- Covers over 50% of all births
- Covers two-thirds of nursing facility days
- Funded 74% by feds
- Public-Private Partnership
- Integrated delivery system—over 60,000 providers
- System built on competition and choice

AHCCCS Enrollment Growth



Average Annual Capitation Growth



Provider Rate Changes (2009-15)

| Provider | Change | Provider | Change |
|-------------------------|--------|-----------|--------|
| Hospital IP | -9.8% | Emergency | 29.5% |
| Hospital OP | -8.7% | NEMT | -14.3% |
| NF (EPD) | -1.6% | ASC | 5.6% |
| Behavioral Health OP | -8.1% | Dental | -12.5% |
| Physician | -12.9% | FQHC | 35.8% |
| PCP Parity | 13.8% | Hospice | 12.3% |

AHCCCS Strategic Plan

Reaching Across Arizona to Provide Comprehensive, Quality Health Care for Those in Need

Bend the cost curve while improving the member's health outcomes

Pursue continuous quality improvement

Reduce fragmentation in healthcare delivery to develop an integrated system of healthcare

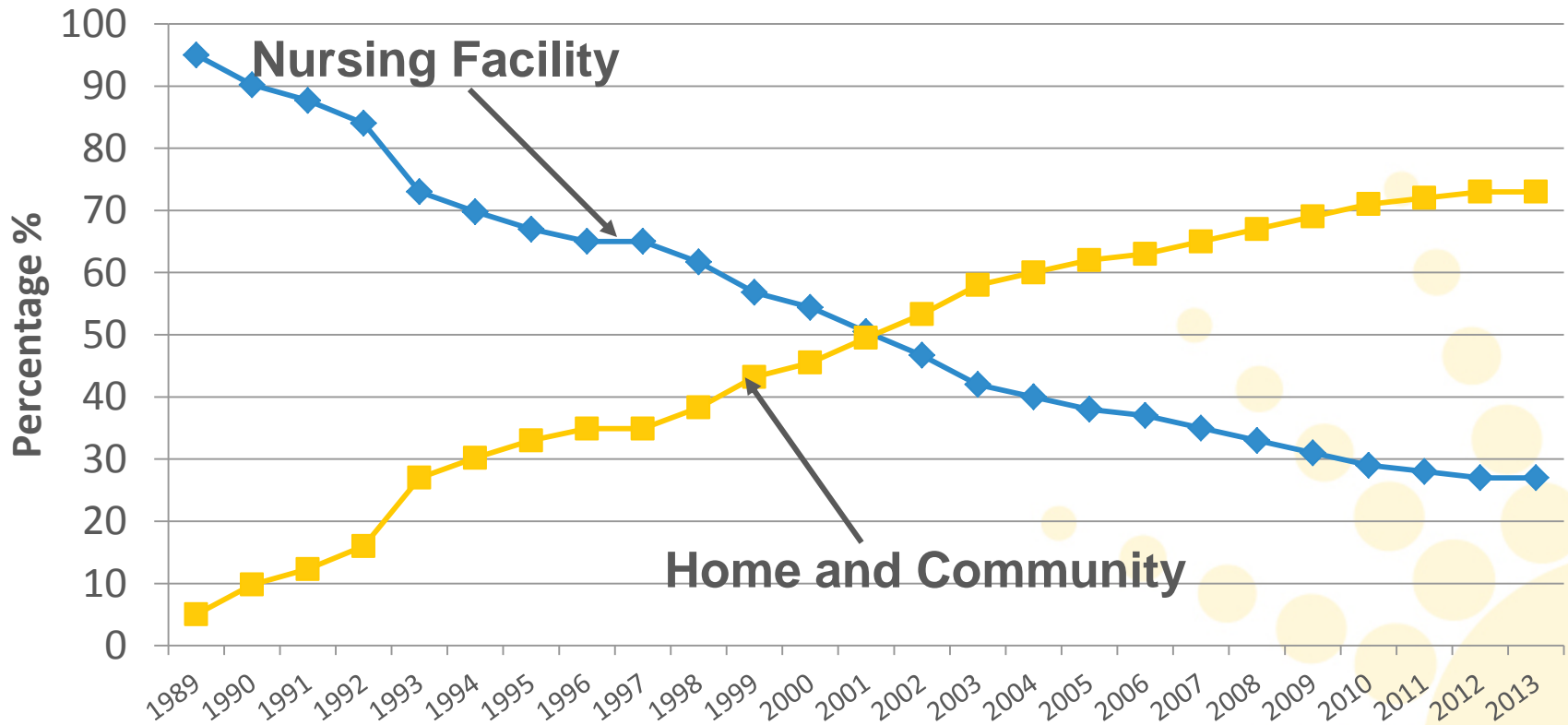
Maintain core organizational capacity, infrastructure and workforce.

Payment Modernization

- Value Based Purchasing Requirements for Plans
 - 2014 - 10% moving to 50% by 2017
- New Inpatient payment structure that can better tie to quality based payments
- Requirement for plans to pay FQHC PPS
- Value Based Plan Payments tied to Quality
 - Access Measures – ED visits - Readmissions
- Developing Learning Culture

Effective Use of Home and Community Based Care

ALTCS Trend in HCBS Utilization



Delivery System Transformation Initiatives

1. Members with Serious Mental Illness
2. High Need High Cost - Super Utilizers
3. Dual Eligible Members
4. American Indian Health Program
5. Justice System Transitions
6. Health Information Technology
7. Blind Spot Data Sharing
8. Children with Special Needs