



February 21, 2017

Mr. Tom Betlach
Director
Arizona Health Care Cost Containment System
801 E Jefferson St. MD 4100

Dear Director Betlach:

On behalf of Vitalyst Health Foundation, thank you for the opportunity to provide comments on the AHCCCS Administration's proposed 1115 Waiver Amendment. Given Medicaid's reach and impact across Arizona, we are committed to working with the Administration and community stakeholders to ensure that all Arizonans have access to quality, affordable coverage and care. Pursuant to S.B. 1092, the Administration is mandated to propose the following requirements for Medicaid members:

- The requirement for all able-bodied adults to become employed or actively seeking employment or attend school or a job training program.
- The requirement for able-bodied adults to verify on a monthly basis compliance with the work requirements and any changes in family income.
- The authority for AHCCCS to ban an eligible person from enrollment for one year if the eligible person knowingly failed to report a change in family income or made a false statement regarding compliance with the work requirements.
- The authority for AHCCCS to limit lifetime coverage for all able-bodied adults to five years except for certain circumstances.

Vitalyst Health Foundation commends the work you and your team have undertaken to improve care coordination, reduce costs and ensure that the managed care system operates in a highly efficient manner. Our two organizations have also collaborated together on previous efforts such as the new Treat and Refer program, the crosswalk to improve Medicaid behavioral health services, the task force looking at coordination of services for clients within the autism spectrum, as well as support for the Opioid Task Force.

Unfortunately, we are concerned the requirements proposed in the 1115 Waiver Amendment do not align with these collaborative efforts, and are more likely to threaten, rather than enhance, access to care. Vitalyst's comments and concerns are outlined below:

5-Year Lifetime Limit

Vitalyst Health Foundation strongly opposes the enactment of five-year lifetime limits for "able-bodied" Medicaid members. When AHCCCS proposed its 1115 Waiver in 2016, CMS weighed the suitability of each proposed requirement based upon whether it furthered the objectives of the program. In CMS' response to AHCCCS, the Acting Administrator stated the program's objectives included "strengthening coverage or health outcomes for low-income individuals in the state or increasing access to providers." Using this as its litmus test, CMS determined that time limits on coverage and work requirements "could undermine access to care and do not support the objectives of the program."¹ We agree with CMS' previous decision and urge the AHCCCS and CMS Administrations to maintain this standard as their benchmark in determining whether to implement changes to state Medicaid programs.

Specifically, we are concerned the proposed five-year limit for "able-bodied" adults does not reflect the nature of chronic physical and mental illness. Individuals suffering from chronic illness, be it physical or mental,

¹ Centers for Medicare & Medicaid Services

<https://www.azahcccs.gov/Resources/Downloads/1115Waiver/LetterToState09302016.pdf>

often experience symptoms on a periodic basis for more than five years. Imposing time limits on an impoverished, older adult suffering from diabetes or depression does not help assure them access to care; rather, it may exacerbate their illness, eventually landing them in more costly healthcare facilities, such as a hospital emergency room. In turn, hospitals would be adversely affected through increased uncompensated care and bad debt.

We are also concerned the proposed five-year limit does not recognize the counter-cyclical nature of Medicaid enrollment. During economic declines, the need and demand for Medicaid coverage rises. Arizona is particularly vulnerable to economic instability, as evidenced by our unemployment rates during the Great Recession.² Imposing time limits on Medicaid coverage does not account for such economic fluctuations and the subsequent public need which arises. We cannot predict when or how often recessions may hit; therefore, we should not assume that five years is ample time for individuals to receive public assistance.

We have seen no evidence to suggest an arbitrarily-set five-year lifetime limit on Medicaid coverage would help fulfill the program's objectives. Hence, we strongly oppose its implementation.

Work Requirement

Vitalyst Health Foundation recognizes there is a positive correlation between health and economic prosperity, and we are encouraged by the Administration's objective to connect individuals and families with employment resources. Such efforts are likely to assist individuals toward employment and reduce the overall need for public assistance.

We strongly recommend that prior to approving work requirements, the Administration, CMS and community partners garner a better understanding of AHCCCS members' employment status in an effort to better inform public policy. In order to accurately craft public policy and understand progress toward any objective, it is critical for the Administration and community partners to first identify Arizona-specific baseline metrics. A recent report by the Kaiser Family Foundation shows that nationally, the majority (upward of 79%) of "non-disabled, adult Medicaid enrollees" in 2015 lived in working families. According to the research, Arizona fared better than the national average, with upward of 81% of non-disabled adults living in working families. With regard to Medicaid enrollees who did not work, the main reasons included: illness or disability (35%); taking care of home or family (28%); and going to school (18%).³

The Kaiser report represents a one-time study from a national organization, but we are not aware of similar information being collected locally on a regular basis. We recognize the administrative burden this may cause the Administration; however, such due diligence will help assess the appropriateness, accuracy and impact of the proposed work requirement. Without this information, we are concerned the policy could negatively impact unintended populations, such as sole caregivers of ill or disabled family members above age six.

1-Year Ban

We have concerns with the Administration's proposal to institute a one-year ban for enrollees who knowingly fail to report a change in income or falsify information regarding employment status. It is our understanding the Administration does not currently have systems in place to re-determine eligibility on a monthly basis, and building organizational processes (e.g., member notification, income and employment monitoring, documentation and remedial actions) for the one-year ban and other requirements are likely to be administratively burdensome and cost-prohibitive.

We are also concerned that instituting a one-year ban may serve to the detriment of public health and

² The University of Arizona <https://www.azeconomy.org/2014/07/this-week/az-adds-45900-private-sector-jobs-yy-in-june/>

³ Kaiser Family Foundation <http://kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>

the AHCCCS program. Banned individuals suffering from physical or mental illness are likely to become more ill in the absence of coverage, subsequently becoming more costly to the AHCCCS program once the ban has ended. During the gap in coverage, individuals who suffer from communicable diseases or engage in risky behaviors will be less likely to receive treatment, thereby jeopardizing public health. In short, we fail to see how the proposed one-year ban furthers the objectives of the Medicaid program.

Should remedial actions be necessary to steward fidelity of the program, we recommend identifying alternative means of discipline which are less onerous and more protective of the public's health.

In addition to the concerns raised above, we urge the Administration to be mindful of looming Federal discussions regarding Medicaid reform and its potential impact on Arizona's resources. Enacting changes to the AHCCCS program prior to any Federal direction and consensus on Medicaid's structure is likely to create inefficiencies in Arizona's use of taxpayer dollars.

AHCCCS has a long history of providing high quality care to millions of individuals and families across Arizona, and the Administration has built a reputation within Arizona and the Nation as a mature managed care program that delivers high value care at a relatively low cost. While we cannot support the requirements proposed in this Waiver Amendment, we continue to welcome the Administration's leadership and commitment to open dialogue on these important issues, and we are proud to offer our support in moving Arizona's healthcare system forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne Pfister". The signature is written in a cursive, flowing style.

Suzanne Pfister
President and CEO