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December 12, 2013

The Honorable Chester Crandell, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Crandell and Representative Allen:

Our Office has recently completed an 18-month followup of the Arizona Health Care Cost Containment System (AHCCCS)—Coordination of Benefits regarding the implementation status of the 7 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in April 2012 (Auditor General Report No. 12-01). As the attached grid indicates:

- 5 have been implemented, and
- 2 have been partially implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the AHCCCS' efforts to implement the recommendations from the April 2012 performance audit report.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Tom Betlach, Director
Arizona Health Care Cost Containment System

Arizona Health Care Cost Containment System (AHCCCS)—Coordination of Benefits Auditor General Report No. 12-01 18-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: AHCCCS should implement additional oversight procedures and use additional federal data to further help ensure it is the payor of last resort

- | | |
|--|---|
| 1.1 AHCCCS should develop and implement written procedures for monitoring HMS' efforts to identify members with other insurance. The procedures should include a description of AHCCCS' monitoring process and methods for documenting the results of its oversight and any corrective actions taken. | Implemented at 18 months |
| 1.2 AHCCCS should reactivate plans to develop and implement a process to analyze the PARIS Veterans Affairs data and establish procedures to analyze the federal match file. In developing its procedures, AHCCCS could make use of materials available on the PARIS Web site, including manuals and best practices from other states. | Partially implemented
AHCCCS has developed and implemented a process to analyze the PARIS Veterans Affairs data. On a quarterly basis, AHCCCS compares PARIS Veterans Affairs data to its eligibility database, researches potential matches, and makes adjustments for any members determined to be receiving income or benefits from the U.S. Department of Veterans Affairs. In addition, AHCCCS plans to implement a process to analyze the federal match file during a planned 2014 enhancement to its case management system. |
| 1.3 AHCCCS should develop and implement a method to calculate and track costs avoided from using the PARIS data matches to report on the benefits achieved. | Partially implemented
AHCCCS has developed and implemented a method for tracking costs avoided through its PARIS Veterans Affairs and Interstate data matching processes. AHCCCS staff indicated that it will implement a similar process for calculating the cost avoidance from the PARIS federal match during system enhancements expected to be completed in 2014. |

Recommendation**Status/Additional Explanation****Finding 2: AHCCCS should implement additional procedures and data-sharing agreements for recovering monies from other insurers**

2.1	AHCCCS should review a sample of cases in which the liable third party pays in full to ensure HMS has included all of the appropriate healthcare services costs and properly valued these cases.	Implemented at 6 months
2.2	AHCCCS should document the reasons it will sometimes accept less than the amount HMS recommended and forward this information to HMS to include in the case file.	Implemented at 6 months
2.3	AHCCCS should establish an agreement with the MVD to obtain motor vehicle accident data so that AHCCCS can use the data to identify potential liable third parties.	Implemented at 18 months
2.4	AHCCCS should continue working with the Industrial Commission to obtain information about AHCCCS members who have work-related injuries or illnesses, and if unsuccessful, it should request a waiver for this requirement from CMS.	Implemented at 18 months AHCCCS and the Industrial Commission entered into an intergovernmental data-sharing agreement to identify AHCCCS members suffering from work-related injuries or illnesses.