

The May 2022 Arizona Health Care Cost Containment System performance audit found that AHCCCS terminated health insurance coverage for some Native American children contrary to regulations and failed to timely disenroll members from healthcare coverage who were no longer eligible, resulting in unnecessary spending. We made 10 recommendations to AHCCCS and 1 recommendation to the Arizona Department of Economic Security (ADES), and their status in implementing the recommendations is as follows:

Status of AHCCCS' recommendations

Implemented	1
In process	8
Not yet applicable	1

Status of ADES' recommendations

In process	1
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We will conduct an 18-month followup with AHCCCS and ADES on the status of the recommendations that have not yet been implemented.

Finding 1: AHCCCS terminated health insurance coverage for some Native American children contrary to regulations, resulting in these children likely losing healthcare coverage

1. AHCCCS should comply with State and federal regulations when disenrolling Native American children from KidsCare coverage.

Not yet applicable—As required by the COVID-19 Public Health Emergency (PHE) and Families First Coronavirus Response Act, until April 1, 2023, AHCCCS could only disenroll individuals who had moved out of State, voluntarily requested to withdraw from healthcare coverage, died, or for KidsCare specifically, turned 19 years of age and were no longer eligible for this program. Additionally, AHCCCS has been granted an extension from the Centers for Medicare and Medicaid Services (CMS) to suspend member copay and premium requirements until April 1, 2024. As a result, AHCCCS reported that it will not disenroll individuals from KidsCare for failure to pay premiums until that date. Additionally, based on our review of an AHCCCS disenrollment report for March 1, 2023 through May 18, 2023, AHCCCS did not disenroll individuals from KidsCare for failure to pay premiums during this time period. We will assess AHCCCS' compliance with State and federal regulations when disenrolling Native American children from KidsCare coverage during a future followup.

2. AHCCCS should develop and implement monitoring processes, such as a supervisory review process, to help ensure caseworkers review Certificates of Degree of Indian Blood or proof of tribal membership and accurately classify Native American children's Certificate of Degree of Indian Blood or proof of tribal membership in its data system.

Implementation in process—AHCCCS has developed a process to remind its staff to request verification documents for members self-identifying as Native American or Alaskan Indian and has updated its decision letters to remind members to provide this documentation. Additionally, AHCCCS has implemented a process

for its Quality Assurance (QA) staff to review new applications for AHCCCS healthcare coverage for potential errors, including whether a member's Native American status has been accurately classified in its data system. Following the QA staff's review, the QA supervisor will generate and review a monthly report of all errors found by the QA staff and direct caseworkers to further review documentation provided by the member, such as Certificates of Degree of Indian Blood or proof of tribal membership. Although our review of 12 Native American members enrolled as of February 2023 identified 3 members that AHCCCS had not accurately classified as Native American in its data system despite having the required documentation, these members were approved for KidsCare prior to AHCCCS' implementation of the QA review process. Therefore, we will further assess AHCCCS' implementation of the QA process during our 18-month followup.

3. AHCCCS should develop and implement policies and procedures for performing risk-based reviews of Native American disenrollments, such as reviewing Native American members disenrolled for failure to pay premiums, to verify that these members were disenrolled for reasons that comply with State and federal regulations.

Implementation in process—AHCCCS finalized a policy and procedure in December 2022 to ensure staff review all Native American disenrollments, including Native American members disenrolled for failure to pay premiums, to help ensure these disenrollments comply with State and federal regulations. Specifically, AHCCCS has created a report of all disenrollments that staff are required to review to determine whether a Native American member was disenrolled for failure to pay premiums. Based on a review of this information, staff should be able to identify and address any erroneous disenrollments. However, as required by the COVID-19 Public Health Emergency (PHE) and Families First Coronavirus Response Act, until April 1, 2023, AHCCCS could only disenroll individuals for the reasons explained in Recommendation 1. Additionally, because CMS approved AHCCCS to suspend member copay and premium requirements until April 1, 2024, AHCCCS reported that it will not disenroll individuals from KidsCare for failure to pay premiums until that date. Our review of an AHCCCS disenrollment report for March 1, 2023 through May 18, 2023, found that AHCCCS did not disenroll individuals from KidsCare for failure to pay premiums during this time period.

4. AHCCCS should, consistent with its policy, request a Certificate of Degree of Indian Blood or proof of tribal membership for members identified in its data system as Native Americans at the time of application and if necessary, prior to disenrolling them for failure to pay premiums and ensure any documentation received is accurately classified in its data system.

Implementation in process—AHCCCS has updated its notification letters including initial application decision letters, request for information letters, and disenrollment letters, to request a Certificate of Degree of Indian Blood or proof of tribal membership for members identified in its data system as Native Americans at the time of application and prior to disenrolling members for failure to pay KidsCare premiums. However, our review of 12 members enrolled in AHCCCS as of February 2023 that had submitted either a Certificate of Degree of Indian Blood or proof of tribal membership found that AHCCCS had not accurately classified 3 of these members as Native Americans in its data system. Additionally, as required by the COVID-19 Public Health Emergency (PHE), Families First Coronavirus Response Act that was in effect until April 1, 2023, and the approved CMS extension that is in effect until April 1, 2024, AHCCCS could only disenroll individuals for the reasons explained in Recommendation 1. Therefore, we will assess AHCCCS' implementation of its updated letters during a future followup.

5. AHCCCS should work with CMS to determine whether and how it should reinstate the Native American children it disenrolled contrary to State and federal regulations.

Implemented at 6 months—AHCCCS implemented a CMS-approved plan to assess the current eligibility of the disenrolled Native American children and to contact the families regarding reenrollment in AHCCCS and to offer reimbursement of premium payments and medical bills they may have paid during the time frame when they should have remained enrolled. Either prior to or in response to these efforts, 18 individuals were reenrolled in AHCCCS healthcare coverage; however, 15 of the disenrolled members have not reapplied for AHCCCS healthcare coverage, and 17 other disenrolled members reapplied but were determined to be ineligible. These individuals were determined to be ineligible for various reasons, including family income exceeding the maximum allowable limits and not providing proof of all income and/or Arizona residency. Additionally, AHCCCS reimbursed 2 families for premium payments they made and has credited the AHCCCS billing accounts of 5 other families

that paid premiums and reported it attempted to contact these families to obtain current mailing information to provide reimbursement. Finally, AHCCCS reported that none of the disenrolled members submitted medical bills for reimbursement.

Finding 2: AHCCCS and ADES did not timely disenroll some AHCCCS members, resulting in AHCCCS unnecessarily spending at least \$324,000 in public monies for the period we reviewed

6. AHCCCS should comply with the time frames required by its policies for disenrolling members who request to withdraw from healthcare coverage by continuing to correct programming errors in its data system that have contributed to members not being disenrolled within the required time frames.

Implementation in process—AHCCCS has corrected some programming errors in its data system to timely disenroll members that request to withdraw from healthcare coverage. Our review of a sample of 20 of approximately 20,800 members that requested to withdraw from healthcare coverage between April and October 2022 found that AHCCCS disenrolled these 20 members within required time frames. However, AHCCCS reported it identified additional programming issues that have impacted the timely disenrollment of some members and is working to address these issues. We will continue to assess AHCCCS' progress in addressing all programming errors during our 18-month followup.

7. AHCCCS should ensure that ADES submits up-to-date Medicaid enrollment data to the federal government each quarter by:

- a. Continuing to develop and implement monitoring processes.

Implementation in process—AHCCCS has implemented a monitoring process to help ensure ADES submits up-to-date Medicaid enrollment data to the federal government each quarter by creating reminder email notifications for each step of the submission process. However, AHCCCS reported that it will update this process in the future because it plans to directly submit Medicaid enrollment data to the federal government instead of working with ADES to do so (see explanation for Recommendation 7b). AHCCCS did not provide an estimated time frame for making this change.

- b. Modifying its intergovernmental agreement with ADES to specify AHCCCS' responsibility to provide enrollment data to ADES and ADES' responsibility to submit enrollment data to the federal government each quarter.

Implementation in process—AHCCCS has initiated efforts to modify its intergovernmental agreement (IGA) with ADES and reported that it is meeting with ADES weekly to review, identify, and make necessary revisions to the IGA. According to AHCCCS, 1 revision will involve AHCCCS submitting Medicaid enrollment data directly to the federal government instead of working with ADES to do so. AHCCCS reported that it plans to implement the updated IGA by September 30, 2023. However, AHCCCS indicated that if additional time is needed to implement the updated IGA, it will work to extend the current IGA beyond its September 30, 2023, expiration date.

8. AHCCCS should disenroll members who have moved out of State in the time frame required by its policy by tracking and monitoring whether its staff conduct the necessary research and then timely disenroll members who have moved out of State.

Implementation in process—AHCCCS has developed procedures for AHCCCS staff to review disenrollment decisions for members who have moved out of State by generating and using a report of members who have moved out of State. These procedures include time frames for key steps, including determining whether AHCCCS or ADES will complete the disenrollment actions, verifying current disposition status and residency, and providing management with updates on discovered errors and statuses. AHCCCS finalized these procedures in November 2022; therefore, we will test their implementation during our 18-month followup.

9. Develop and implement monitoring processes and reporting requirements to help ensure that ADES disenrolls AHCCCS members in compliance with the time frames established in its intergovernmental agreement with ADES.

Implementation in process—AHCCCS has developed procedures for AHCCCS staff to review disenrollment decisions by ADES by generating and using the report of members who have moved out of State and completing the key steps required (see explanation for Recommendation 8). AHCCCS finalized these procedures in November 2022; therefore, we will test their implementation during our 18-month followup.

10. ADES should disenroll AHCCCS members who have moved out of State in the time frame required by its intergovernmental agreement with AHCCCS by tracking and monitoring whether its staff conduct the necessary research and then timely disenroll members who have moved out of State.

Implementation in process—ADES has developed a written procedure for disenrolling members within the time frame required by its IGA with AHCCCS, including sending notifications to employees about errors or completion/progress at each key step of the disenrollment process. ADES further reported that it is monitoring its process to make any needed adjustments to the process to ensure it disenrolls members who move out of State within required time frames. We will continue to assess ADES' implementation of this recommendation during our 18-month followup.