Arizona Health Care Cost Containment System

AHCCCS contracts with health plans to provide healthcare services to members in the State but has not timely investigated fraud or abuse incidents and reviewed health plans, correctly made all eligibility determinations, ensured health plans oversee providers in 2 key areas, and established all Housing Program and Administrator oversight processes

Audit purpose

To determine whether AHCCCS investigated fraud or abuse incidents within its time frame goals, made appropriate eligibility determinations, timely reviewed contracted health plans, ensured that health plans verified provider performance, and ensured providers addressed findings related to services provided to members with a serious mental illness (SMI); and to provide responses to the statutory sunset factors.

Key findings

- AHCCCS has met or is taking steps to meet its statutory objective and purpose in some areas we reviewed by contracting with health plans and directly reimbursing some providers to provide both physical and behavioral health services to more than 2.4 million members throughout the State and requiring its contracted health plans to meet established provider network adequacy standards and address identified service gaps.
- Although AHCCCS has processes to help it meet its statutory objective and purpose for the areas we reviewed, we identified some deficiencies in these processes or opportunities to enhance them. For example, AHCCCS:
    - Has taken more than 1 year to investigate more than half of potential fraud or abuse incidents that were open as of May 2022, potentially resulting in unnecessary payments and difficulty investigating cases, and reported lacking sufficient investigative staff to timely investigate these cases.
    - Has not correctly made some eligibility determinations, resulting in the Centers for Medicare and Medicaid Services identifying improper payments and projecting the potential for additional improper payments between July 1, 2019 and June 30, 2020.
    - Has not reviewed contracted health plans once every 3 years as required and lacked processes for ensuring its health plans verified provider performance prior to reimbursing them for incentive payments made to providers.
    - Lacks formal processes for ensuring that findings and recommendations resulting from 3 separate reviews of behavioral health services provided to members with an SMI are addressed.
    - Has not established some formal processes for overseeing the Housing Program and its Administrator.

Key recommendations

AHCCS should:

- Conduct a workload/cost analysis to evaluate whether its funding and staffing level is sufficient for timely investigating fraud or abuse incidents and work with the Legislature to revise it appropriations as needed.
- Develop and implement a risk-based approach to sample and review denied eligibility determinations and disenrollment decisions to ensure these decisions are appropriate.
- Review contracted health plans every 3 years as required and establish processes for ensuring health plans verify provider performance prior to disbursing incentive payments, that providers address SMI findings, and for overseeing its Housing Program and Administrator.

See Performance Audit and Sunset Review Report 22-112, September 2022, at www.azauditor.gov.