



**STATE OF ARIZONA**  
**OFFICE OF THE**  
**AUDITOR GENERAL**

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June 11, 2009

Members of the Arizona Legislature

The Honorable Janice K. Brewer, Governor

Mr. Anthony D. Rodgers, Director  
Arizona Health Care Cost Containment System

This letter presents the results of our match of the Arizona Department of Health Services' (ADHS) vital records against the Arizona Health Care Cost Containment System's (AHCCCS) active member roster as requested by the Joint Legislative Audit Committee's chairman and vice chairman on May 4, 2009. We conducted the match under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §41-1279.03.

Our results are based on matching the ADHS vital records for all deaths registered from July 1, 2008 to April 11, 2009, against all of the more than 1.2 million active AHCCCS members as of March 29, 2009. AHCCCS performs a similar matching process each month, but it matches an ADHS monthly vital records file containing registered deaths for the prior month against its master member database that includes active and inactive members since its inception.

Based on our match's results, we found AHCCCS had identified nearly all deceased members and properly recouped their outstanding capitation payments but will recoup at least an additional \$76,000 of the total paid to its contracted health plans as of May 31, 2009. Our match found 582 deceased AHCCCS members, which represents less than 0.05 percent of the 1.2 million active members as of March 29, 2009. Of this total, AHCCCS identified all but 20 members as being deceased from the sources it uses to identify deceased members. These sources include the Social Security Administration, the Centers for Medicare and Medicaid Services, the Arizona Department of Economic Security, the deceased member's family, contracted health plans, and the ADHS vital records.

AHCCCS had not identified the 20 deceased members we identified because (1) it received incomplete ADHS monthly vital records, and (2) AHCCCS had an insignificant weakness in its program's matching logic. Although AHCCCS had not identified these 20 deceased members, its eligibility redetermination process, which is performed every 6 or 12 months depending on the type of assistance received by the member, would most likely terminate their eligibility and cease future payments. Based on our match's results, AHCCCS is currently working with ADHS to make sure that future vital record files are complete and reflect the most updated information on decedents. Further, AHCCCS immediately corrected its program matching logic to properly identify deceased members.

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In addition to the 20 members noted above, we found 15 deceased members for whom AHCCCS had terminated their eligibility and stopped making payments, but has not entered their date of death into its system. For these 15 cases, eligibility had been terminated for as long as 64 days, but a date of death had still not been confirmed. Until AHCCCS can confirm and enter a date of death, its system cannot calculate and recoup any overpayments. Again, AHCCCS has corrected its process by adding a procedure to ensure that it resolves and recoups all outstanding capitation payments from inactive member accounts that are over 60 days old.

We have discussed the results of our match with AHCCCS. My staff and I will be pleased to discuss or clarify items in this letter.

Sincerely,

Debbie Davenport  
Auditor General