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AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

August 27, 2004

The Honorable John Huppenthal, Chair  
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Huppenthal and Senator Blendu:

Our Office has recently completed a 24-month followup of the Arizona Health Care Cost Containment System—Division of Member Services regarding the implementation status of the 7 audit recommendations presented in the performance audit report released in July 2002 (Auditor General Report No. 02-05). As the attached grid indicates:

- 6 of the 7 recommendations have been implemented; and
- 1 recommendation has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on AHCCCS' efforts to implement the recommendations resulting from the July 2002 performance audit.

Sincerely,

Debbie Davenport  
Auditor General

DKD:jw  
Attachment

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

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM**  
**Division of Member Services**  
**24-Month Follow-Up Report To**  
**Auditor General Report No. 02-05**

**FINDING I: Changes underway to address the increase in Medicaid applicants**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
This finding presented information only; therefore, no recommendations were presented.	Not Applicable	

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**FINDING II: AHCCCS has addressed problems with eligibility determination processes**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. AHCCCS needs to seek appropriate changes to its rules to allow it to discontinue performing medical reassessments for some ALTCS members.	<b>Implemented at 24 months</b>	
2. AHCCCS should continue to monitor its workload of eligibility determinations and renewals performed by the SSI/MAO unit to ensure that they are completed in a timely manner.	<b>Implemented at 18 months</b>	
3. AHCCCS should discontinue its practice of calculating error rates for the KidsCare program because it does not provide meaningful results, is not required by the federal government, and other methods are in place to ensure the quality of KidsCare eligibility determinations.	<b>Implemented at 6 months</b>	

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**FINDING III: Communications Center has improved its services**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
<p>1. To better measure the individual performance of its operators for calculating payments for its performance incentive program, the AHCCCS Communications Center should replace the rate of unanswered calls with a different individual performance measure, such as the average time it takes operators to handle calls.</p>	<p><b>Not Implemented</b></p>	<p>AHCCCS has changed its Communications Center Performance Incentive Plan, but the change resulted in a refinement of the rate of unanswered calls measure rather than the transition to an individual performance measure. AHCCCS reports that it will be implementing a new phone system, which it estimated will be ready for operation in February 2005. According to the agency, the new system will allow it to better monitor and evaluate communications center staff on an individual level. AHCCCS indicated that after the new phone system is implemented, it will keep its abandonment rate measure, but will begin to look at new individual performance measures.</p>

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**FINDING III: Communications Center has improved its services (concl'd)**

<p>2. If AHCCCS continues to include Communications Center supervisors in its performance incentive program, it should remove any potential for teams' customer service quality ratings to be inflated by basing supervisors' incentive payments on different criteria than their teams' or having another team's supervisor perform the quality of customer service assessments.</p>	<p><b>Implemented at 6 months</b></p>	
<p>3. AHCCCS should implement regular satisfaction surveys of members who use the AHCCCS Communications Center to better discern both the quality of service that it provides and the needs of its customers.</p>	<p><b>Implemented at 12 months</b></p>	
<p>4. AHCCCS should regularly survey its healthcare providers to assess their satisfaction with the Communications Center and the automated verification systems.</p>	<p><b>Implemented at 12 months</b></p>	