

PROGRAM FACT SHEET

Arizona Health Care Cost Containment System Healthcare Group Program

Services:

The Arizona Health Care Cost Containment System's Healthcare Group (HCG) program provides affordable and accessible healthcare coverage to Arizona's small businesses, defined as businesses with 50 or fewer employees, and political subdivisions. HCG offers a variety of healthcare benefit plans, including several medical plans, a vision plan, and a dental plan.

HCG budgeted 41 FTE for fiscal year 2006, and 11 of these positions were vacant as of January 20, 2006. The staff are organized into six departments:

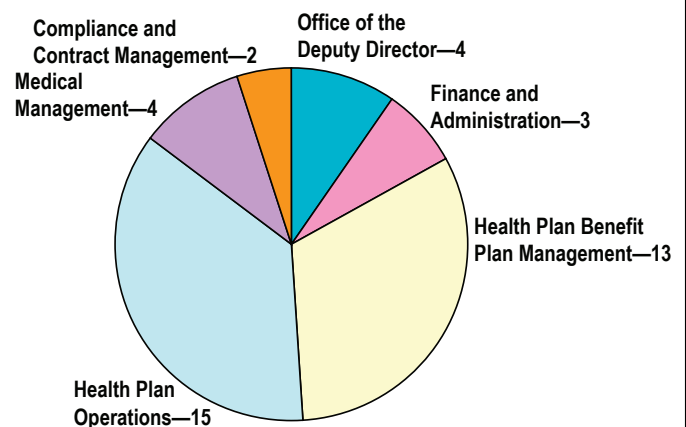
- **Office of the Deputy Director**—Responsible for executive management for HCG staff and programs, and other activities such as strategic planning, and healthcare coverage market research and analysis.
- **Finance and Administration**—Responsible for things such as HCG's budget and expenditure management, actuary analysis and rate setting, accounts payable, and contractor financial oversight.
- **Health Plan Benefit Plan Management**—Responsible for marketing and sales activities, as well as broker relations, employer and member communications, and outreach.
- **Health Plan Operations**—Responsible for things such as the customer care call center, member services, and information systems support.
- **Medical Management**—Responsible for, among other things, overseeing the medical care provided, approving medical policies, and supervising the HCG employer wellness and chronic illness management program.
- **Compliance and Contract Administration**—Responsible for contract administration, grievance management, and compliance and audit functions.

Facilities and equipment:

HCG leases approximately 6,000 square feet of a privately owned facility located at 700 East Jefferson Street in Phoenix

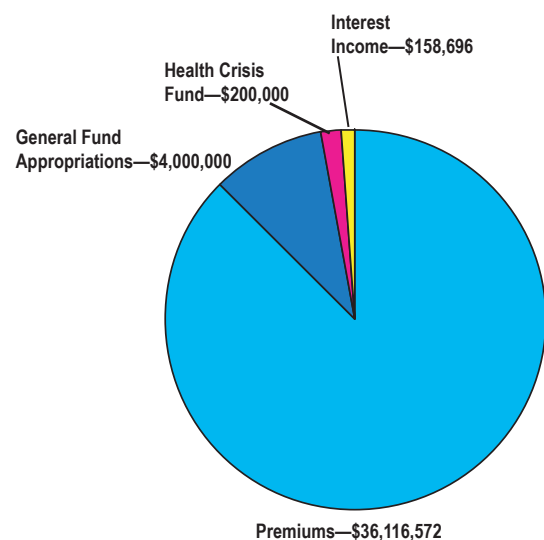
Program staffing:

41 FTEs, including 11 vacancies (as of January 2006)



Program revenue:

\$40.5 million (fiscal year 2005, actual)



at a cost of \$7,400 per month. HCG has typical office equipment, such as office furniture, computers, and printers.

Mission:

To reduce the number of uninsured Arizonans by providing innovative, affordable healthcare coverage options to small businesses and political subdivisions, ensuring access to quality healthcare so that working Arizonans can maintain healthy lifestyles.

Program goals:

The Healthcare Group lists seven goals for fiscal year 2006, including goals to:

1. Increase enrollment in HCG to 32,000 members by July 2006.
2. Achieve a 98 percent customer satisfaction rating.
3. Achieve a measurable increase in brand recognition.
4. Introduce a new state-wide PPO product and new dental and vision programs.
5. Maintain a 98 percent retention rate throughout fiscal year 2006.

Adequacy of performance measures:

HCG has one outcome measure that tracks monthly program enrollment. Although the HCG is in the process of developing other measures and has some informal measures in various areas, HCG lacks formal input, output, efficiency, and quality measures. For example, although the HCG measures member satisfaction through a yearly survey, the survey results are not documented in a list of performance measures that would accompany its goals and objectives.

Source: Auditor General staff analysis of unaudited financial schedules and personnel budgets prepared by the Healthcare Group for the years ended or ending 2004 through 2006, Arizona State Master List for fiscal years 2003 through 2005, and other information provided by the Healthcare Group.