

May 9, 2022

Lindsey A. Perry  
Auditor General  
Office of the Auditor General  
2910 North 44th Street, Suite 410  
Phoenix, Arizona 85018

Re: AHCCCS Member Disenrollment Processes Performance Audit

Dear Ms. Perry:

Thank you for the opportunity to review and comment on the findings contained in the Arizona Health Care Cost Containment System (AHCCCS) Member Disenrollment Processes Performance Audit. We appreciate the professionalism and efforts of the audit team and believe that implementation of the remediation activities detailed in the agency's response will enhance the effectiveness of AHCCCS' eligibility processes.

The last two years have been particularly challenging for state government and AHCCCS. As appropriately noted in the performance audit report, in order to receive increased funding during the federally declared public health emergency (PHE), AHCCCS has been required to provide continuous coverage to individuals enrolled with the program since the beginning of the PHE. As a result, AHCCCS' enrollment has grown by over 27 percent since March 2020. While, as required, AHCCCS has suspended disenrollment during the PHE, the agency has continued to process renewals or redeterminations in order to be prepared to re-initiate standard redetermination protocols when the federal PHE is terminated. Though the state's workload has increased dramatically, its available eligibility workforce has decreased by 2.3 percent over the same period of time.

In light of these challenges, AHCCCS has worked diligently to ensure the efficiency of its eligibility system, Health-e-Arizona Plus (HEAPlus). The agency monitors HEAPlus system "uptime" or the percent of time that the eligibility system is functional and available to users. The system uptime rate is consistently over 99 percent. Furthermore, over 80 percent of all eligibility renewals are processed in an automated manner, requiring no manual eligibility worker intervention, increasing the accuracy and timeliness of annual renewals.

Again, I would like to express my appreciation to the Auditor General's office for its collaborative approach throughout the audit process. Both AHCCCS and the Arizona Department of Economic Security remain committed to ensuring the integrity of the state's Medicaid eligibility processes and, as noted in the agency's response, have already begun to address many of the concerns identified.

Sincerely,



Jami Snyder  
Director

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

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

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: AHCCCS will comply with State and federal regulations, prohibiting the discontinuation of Native American children for failure to pay Kids Care premiums.

**Recommendation 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 documentation and accurately classify Native American children's Certificate or Degree of Indian Blood or proof of tribal membership in its data system.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: 1) AHCCCS has published a reminder to caseworkers about requesting/entering proof of Native American heritage. Ongoing, AHCCCS will send bi-annual reminders to AHCCCS and DES eligibility staff about this issue. 2) AHCCCS piloted a Quality Assurance monitoring project in January and February 2022 to ensure the verifications received were entered into HEAplus correctly. The Quality Assurance team found that the appropriate verification was not entered into HEAplus for 1% (2 of 198) of the members sampled. Based on these results, by no later than October 31, 2022, AHCCCS and DES will add the review of Native American verifications to the routine Quality Assurance reviews completed by both AHCCCS and DES Quality Assurance.

**Recommendation 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.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The HEAplus system correctly assesses a zero premium for customers who have stated they are Native American, and the factor has been verified; however, AHCCCS recognizes that incorrect entries into HEAplus can result in a premium being assessed for a Native American member. AHCCCS will implement an ongoing review of all disenrollments due to failure to pay premium no later than October 31, 2022, to ensure Native American members are not erroneously disenrolled.

**Recommendation 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.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: 1) AHCCCS includes information about verifying Native American heritage in its approval letters and Request for Information (RFI) letters. AHCCCS will add a message regarding verification of Native American heritage to premium billing letters to ensure that Native Americans who have not disclosed their heritage know that doing so could eliminate any premiums bills. 2) AHCCCS will add language to a discontinuance letter when the reason for discontinuance is due to failure to pay premiums. 3) The ongoing review of all disenrollments for failure to pay premium solution detailed in response to recommendation #3 will also contribute to the remediation of this item.

**Recommendation 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.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: AHCCCS will contact CMS to determine whether the agency should reinstate the Native American children who were disenrolled contrary to State and federal regulations. If CMS directs AHCCCS to reinstate eligibility for these members, then the agency will discuss how it will reinstate their enrollment. AHCCCS will contact CMS no later than June 30, 2022. AHCCCS will also contact each member and provide the opportunity to apply for medical assistance no later than October 31, 2022.

**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.

**Recommendation 6:** AHCCCS should comply with the time frames specified 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 timeframes.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: AHCCCS implemented updates to HEAplus on October 1, 2020, to ensure immediate disenrollment. This change ensures members are correctly disenrolled no later than the end of the month after AHCCCS receives the request for voluntary disenrollment. Additionally, AHCCCS will implement the HEAplus system update prohibiting multiple discontinuance reasons when disenrolling members for voluntary withdrawal by October 31, 2022. This change will ensure members are disenrolled no later than the end of the month after AHCCCS receives the member's request to disenroll.

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

**Recommendation 7a:** Continuing to develop and implement monitoring processes.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: AHCCCS sends a reminder to both the vendor and ADES the week prior to the due date for submission. For monitoring purposes, ADES provides a response to AHCCCS when the reports are transmitted to the Department of Defense (DOD). The returned files are then split between AHCCCS and ADES for processing. To further track the process, ADES also confirms via email when the return files from DOD are distributed.

**Recommendation 7b:** 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.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: AHCCCS and DES are developing an amendment to the intergovernmental agreement between the two agencies. The intergovernmental agreement will be finalized on or before October 1, 2022.

**Recommendation 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.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: HEAplus automated the Public Assistance Reporting Information System (PARIS) discontinuance process, which systematically discontinues the majority of individuals who have moved out of state each quarter. For the active cases that must be processed manually by AHCCCS and DES, AHCCCS will monitor the match file by creating an automated report that will be used by the AHCCCS Quality Control team to ensure AHCCCS and DES staff are disenrolling members in a timely manner. AHCCCS will monitor the status of cases appearing on the PARIS match file by reviewing an automated report to ensure AHCCCS and DES are processing cases timely and accurately. For Department of Child Safety (DCS) cases, the AHCCCS Interagency Liaison Team (IALT) is responsible for verifying residency and taking necessary action on these cases. During this review, AHCCCS identified a problem with the email notification process and made necessary corrections to ensure timely and accurate actions ongoing. The email distribution now includes multiple IALT members as opposed to a single recipient.

**Recommendation 9:** AHCCCS should 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.

AHCCCS response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: AHCCCS will pursue an automated monitoring and reporting strategy to track the progress of the match file completion by ADES and AHCCCS staff by October 31,

2022. 2) AHCCCS' Quality Control team will monitor the process by refreshing the automated report every two weeks to ensure AHCCCS and DES have disenrolled the remaining members in a timely manner.