

Executive Summary Form

Agenda Number: HLT

Recommendation:

Approve Amendment #6 to IGA #YH07-0007-04 between Cochise County and AHCCCS for detention inmate inpatient medical care, extending the contract for the period of 1/1/13 – 12/1/14.

Background:

In January 2007, Cochise County entered into an IGA with AHCCCS to enable the county to tap AHCCCS funds for jail inmates who are (i) AHCCCS-eligible and (ii) require inpatient medical treatment. There are two changes in this amendment, as follows:

1. Extend contract to 12/31/14.
2. Reduce per claim processing fee from \$242 to \$140 based on projected patient volumes.

Fiscal Impact & Funding Sources:

This IGA has been an unqualified success at reducing county expenses because it enables the county to tap federal Medicaid funds for approximately two-thirds of eligible inpatient medical bills. Since the inception of the contract, the county has saved a total of \$93,000 net of administrative costs. Even though savings to the county are contingent mostly on the volume of eligible inpatient medical visits (relatively infrequent occurrences), the potential large dollar impact of even one such event makes extension of this IGA crucial. The administrative burden of this program is modest and is ably managed by existing finance and jail medical staff.

Next Steps/Action Items/Follow-up:

Your approval is respectfully requested.

Impact of Not Approving:

Not approving this IGA renewal could materially boost detainee medical expenses paid by the county general fund.

Janice K. Brewer, Governor
Thomas J. Betlach, Director

801 East Jefferson, Phoenix, AZ 85034
PO Box 25520, Phoenix, AZ 85002
Phone: 602-417-4000
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Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

May 24, 2013

Ray Falkenberg
Administrative Services Manager
Cochise County Health Dept.
1415 Melody Lane, Building A
Bisbee, AZ 85603

RE: Contract YH07-0007-04 Inmate Medical Services
Amendment #6

Dear Mr. Falkenberg:

Enclosed are two (2) signed originals of Amendment #6 for the above referenced contract. This amendment extends the term of the agreement from January 1, 2013 through December 31, 2014 and updates the rates.

Please have the amendment signed and date the enclosed original and return one executed original to:

Mark Held, Sr. Procurement Specialist
AHCCCS
701 E. Jefferson Street, MD 5700
Phoenix, AZ 85034

If you have any questions regarding this amendment please contact me at (602) 417-4094 or via e-mail at Mark.Held@azahcccs.gov.

Thank you for your cooperation.

Sincerely,

Mark Held
Sr. Procurement Specialist

Enclosure

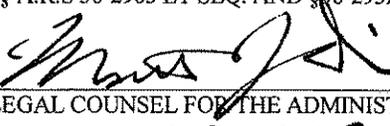
Cc: Contract file

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION
DIVISION OF BUSINESS AND FINANCE
INTERGOVERNMENTAL AGREEMENT AMENDMENT**

1. AMENDMENT NUMBER: 6	2. CONTRACT NUMBER: YH07-0007-04	3. EFFECTIVE DATE OF AMENDMENT: January 1, 2013	4. PROGRAM: DMS
5. CONTRACTOR/PROVIDER NAME AND ADDRESS: Cochise County Health Department 1415 Melody Lane, Building A Bisbee, AZ 85603			
6. PURPOSE: To extend the term of the contract by twenty four (24) months, and change the rates.			

7. The above referenced contract is hereby amended as summarized below and detailed in Attachment A:
- A. Pursuant to paragraph 3.8.3 Contract Term, this contract is hereby extended for an additional twenty-four (24) months through December 31, 2014.
 - B. Change rates and references to the rates as shown in Attachment A.
 - C. Rates for the period of SFY14 will be added in a subsequent amendment.

Please sign, date and return all originals to: Mark Held, Sr. Procurement Specialist
AHCCCS Contracts and Purchasing
701 E. Jefferson, MD 5700
Phoenix, AZ 85034

8. EXCEPT AS PROVIDED FOR HEREIN, ALL TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT NOT HERETOFORE CHANGED AND/OR AMENDED REMAIN UNCHANGED AND IN FULL EFFECT. IN WITNESS WHEREOF THE PARTIES HERETO SIGN THEIR NAMES IN AGREEMENT.	
9. COCHISE COUNTY	10. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
SIGNATURE OF AUTHORIZED INDIVIDUAL: 	SIGNATURE: 
TYPED NAME: MARY GOMEZ	TYPED NAME: MEGGAN HARLEY
TITLE: DIRECTOR	TITLE: PROCUREMENT AND CONTRACTS MANAGER
DATE:	DATE: MAY 24, 2013
11. IN ACCORDANCE WITH § A.R.S. 11-951, THIS AMENDMENT IS IN THE PROPER FORM AND IS WITHIN THE POWERS AND AUTHORITY GRANTED TO THE CONTRACTOR. BY  DEPUTY COCHISE COUNTY ATTORNEY Date 6-11-13	12. IN ACCORDANCE WITH § A.R.S. 11-952, THIS AMENDMENT IS IN PROPER FORM AND IS WITHIN THE POWER AND AUTHORITY GRANTED TO THE ADMINISTRATION UNDER § A.R.S 36-2903 ET SEQ. AND §36-2932 ET SEQ. BY  LEGAL COUNSEL FOR THE ADMINISTRATION Date May 28, 2013

AHCCCS
Administrative Annual Cost Estimates for
Cochise County Medicaid Eligible Inmates FFS Project IGA SFY13

Claims	Electronic 70%	Paper 30%	Total Fund 100%	State Share 50%	Federal Share 50%
Estimated total number of claims:					
Physician & Emergency Transport/Hospital	1	28	12	40	
DFSM Cost per Claim	\$ 0.37	\$ 0.60			
OIG Cost per Claim	\$ 0.10	\$ 0.10			
ISD Cost per Claim	\$ 2.13	\$ 2.13			
Concurrent Review					
	Average Cost				
Estimated cost per case	2	\$ 96.25			
Estimated number of HSAG reviews	3	2			
Claims Processing costs:					
DFSM	\$10.37	\$7.15	\$17.51	\$8.76	\$8.76
OIG	\$2.81	\$1.20	\$4.01	\$2.00	\$2.00
ISD	\$59.52	\$25.57	\$85.07	\$42.54	\$42.54
Total Claims Processing Costs	\$72.69	\$33.91	\$106.60	\$53.30	\$53.30
Direct DFSM Labor for Cochise County Claims Processing			-		
Direct ISD Labor for Cochise County Claims Processing			\$1,750.00	\$875.00	\$875.00
Concurrent Review Estimated costs:					
Cost for 2 reviews			\$192.50	\$96.25	\$96.25
Administrative Costs (see detail)					
DBF Paper Processing Personnel costs			\$8,012.00	\$4,006.00	\$4,006.00
Postage @ \$.09/claim	4		\$3.60	\$1.80	\$1.80
Data Center Charges @ \$.31/claim	5		\$12.40	\$6.20	\$6.20
Indirect at 10%			\$801.20	\$400.60	\$400.60
Total DBF Administrative Costs			\$8,829.20	\$4,414.60	\$4,414.60
Total Claims Processing Costs			\$10,878.30	\$5,439.15	\$5,439.15
DMS Eligibility Costs					
Application Processing Costs - DMS	6		\$490.00	\$245.00	\$245.00
Estimated Total Annual Costs for Program					
			\$11,368.30	\$5,684.15	\$5,684.15
Cost per Claim	7		\$279.40	\$139.70	\$139.70

¹ Actual number of claims may be higher. Number includes original, recoupment and adjustment claims.

² Average rate per contract. Actual costs will be a strict pass-through based on price negotiated on new contract.

³ Actual number may be higher or lower depending on Cochise County Medicaid Inmate requirements.

⁴ Postage based on average cost per claim times number of claims.

⁵ Data Center charges calculated based on average SFY11 costs ⁷ Cost per claim does not include a cost for concurrent reviews

⁶ DMS Eligibility charges calculated at \$98/determination. Estimated 5 annual applications/determinations.