

POLICY NOTIFICATION

Early Notification Transmittal Date: April 1, 2026

Public Comment Transmittal Date: May 6, 2026

NOTIFICATION

DDD is proposing *changes to the following policy* :

Division Medical Policy Manual - 980 Performance Improvement Projects

This document has been **Revised** to align with AMPM Policy 980 updates and contractual obligations, including:

- New DES logo added.
- Added, removed, and updated definitions in the Definition Section.
- Policy restructured and revised to enhance clarity, flow, and further alignment with language found within the Centers for Medicare and Medicaid Services Performance Improvement Projects.
- Removed outdated and duplicative language.
- "Line of Business" changed to "program."
- Section referring to AHCCCS 980 Attachment A was removed. Attachment A has been reserved.
- Language added and revised to clarify AHCCCS requirements.
- Language revised to reflect that for each newly identified PIP, a Self-Selected PIP Initiation Notification and associated PIP Methodology document for AHCCCS' review and approval must be submitted at least 90 days prior to initiation.
- Minor edits to meet policy requirements.

PUBLIC COMMENT TIMELINE

Dates: Public comment will be open for 30 days beginning May 6, 2026, and closing June 5, 2026, 11:59 pm, Arizona time.

Instructions: (Complete instructions are located on the Division's [webpage](#))

- Comments may be submitted online by clicking [here](#).
- Do not include any information that is confidential, covered under HIPAA, or inappropriate for public disclosure.
- If access to the online form is not available or if you have questions, please email the DDD Policy Unit at DDDpolicy@azdes.gov.

980 Performance Improvement Projects

Revision Dates: (TBD), 4/9/2025, 5/8/2024, 9/6/2023, 12/7/2022,
9/15/2021, 7/29/2020, 11/17/2017

Review Dates: 9/23/2025, 11/18/2024

Effective Date: May 13, 2016

References: 42 CFR 438.320, 42 CFR 438.330; AMPM 980

Purpose

This policy establishes the requirements of the Division of Developmental Disabilities (Division) regarding the management and implementation of AHCCCS-Mandated and Division self-selected Performance Improvement Projects (PIPs) within the Quality Management/Performance Improvement (QM/PI) Program and its responsibilities to monitor, provide oversight, and ongoing evaluation of the Administrative Services Subcontractors' (AdSS) performance.

Definitions

1. "External Quality Review" means the analysis and evaluation by an External Quality Review Organization of aggregated information on Quality, timeliness, and access to the health care services that are furnished to Medicaid Members as specified in 42 CFR 438.320.
2. "Measurable" means the ability to determine definitively whether

or not a quantifiable Objective has been met, or whether progress has been made towards a positive Outcome.

3. "Member" means the same as "Client," a person receiving developmental disabilities services from the Division, as defined in A.R.S. §36-551.
4. "Methodology" means the planned documented process, steps, activities, or actions taken to achieve a goal or Objective, or to progress towards a positive Outcome.
5. "Objective" means a Measurable step, generally one of a series of progressive steps, to achieve a goal.
6. "Outcomes" means changes in Member health, functional status, satisfaction, or goal achievement that result from health care or supportive services.
7. "Performance Improvement Project" or "PIP" means a planned process of data gathering, evaluation and analysis to determine interventions or activities that are projected to have a positive Outcome. A PIP includes measuring the impact of the interventions or activities toward improving the quality of care and service delivery. PIPs are designed to achieve Statistically Significant improvement, sustained over time, in health Outcomes and Member satisfaction, and include the elements

outlined in 42 CFR 438.330(2). A PIP may also be referred to as a Quality Improvement Project (QIP).

8. "Performance Improvement/Quality Improvement" means the approach used to improve services or Outcomes through the continuous improvement of processes to prevent or reduce the likelihood of issues. This is generally accomplished through identifying areas of opportunity and testing new solutions or interventions to address underlying causes of persistent/systemic issues or overcome identified barriers.
9. "Plan Do Study Act Cycle" or "PDSA Cycle" means a scientific method for testing a change designed to result in improvement in a specific area. The cycle is completed by planning the change, trying it, observing the results, and acting on what is learned. When these steps are conducted over a relatively short time period, the approach is known as Rapid Cycle Improvement.
10. "Plan Do Study Act Method" or "PDSA Method" means a four-step model to test a change that is implemented. Going through the prescribed four steps, utilizing one or more PDSA Cycles, guides the thinking process into breaking down the task into steps and then evaluating the outcome, improving on it, and

testing again.

11. "Quality" means, as it pertains to external Quality review, the degree to which a managed care organization increases the likelihood of desired Outcomes of its Members through:
 - a. Its structural and operational characteristics.
 - b. The provision of services that are consistent with current professional, evidence-based knowledge.
 - c. Interventions for performance improvement.

14. "Statistically Significant" means a judgment of whether a result occurred because of chance. When a result is Statistically Significant, it means that it is unlikely that the result occurred because of chance or random fluctuation. There is a cutoff for determining Statistical Significance. This cutoff is the significance level. If the probability of a result is less than the cutoff, the result is judged to be Statistically Significant. Statistical significance is calculated utilizing the chi square Methodology, and a Statistically Significant result is defined as a p value less than or equal to 0.05.

15. "Validation" means the review of information, data, and procedures to determine the extent to which they are accurate, reliable, free from bias, and in accordance with standards for

data collection and analysis.

Policy

A. Performance Improvement Project Requirements

1. The Division shall participate in AHCCCS-Mandated Performance Improvement Projects (PIPs) and conduct Division self-selected PIPs.
2. The Division shall participate in performance measures and PIPs that are mandated by the Centers for Medicare and Medicaid Services (CMS).

B. Performance Improvement Project Design

1. The Division shall conduct PIPs, including any PIPs required by AHCCCS and CMS, that focus on either clinical or non-clinical areas.
2. The Division shall identify and implement clinical and non-clinical focused PIPs that are meaningful to the population served and based on self-identified opportunities for improvement.
3. The Division shall support identified PIPs by using:
 - a. Root cause analyses;
 - b. External and internal data;
 - c. Surveillance of trends; or

- d. Other information available to the Division.
4. The Division shall ensure the volume of the eligible population included within the denominator would account for measurable improvement and allow for the Division to appropriately adhere to the CMS External Quality Review (EQR) PIP protocol.
 5. The Division shall adhere to 42 CFR 438.330 and CMS EQR protocols when developing PIPs.
 6. The Division shall design PIPs to achieve significant improvement of health Outcomes that is sustained over time through:
 - a. Measurement of performance using Objective Quality indicators;
 - b. Implementation of interventions to achieve improvement in the access to and quality of care;
 - c. Evaluation of the effectiveness of the interventions based on indicators collected as part of the PIP; and
 - d. Planning and initiation of activities for increasing or sustaining improvement in accordance with 42 CFR 438.330(d)(2).
 7. The Division shall conduct self-selected PIPs that:
 - a. Focus on both clinical and non-clinical aspects of care; and
 - b. Focus on both Title XIX and Title XXI Members.

8. The Division shall have at least one active PIP in a given year:
 - a. A single PIP that focuses on both clinical and non-clinical aspects of care; or
 - b. Two active PIPs, one focused on clinical and one focused on non-clinical aspects of care
9. The Division shall adhere to the CMS EQR PIP protocols when selecting, designing, developing, implementing, and analyzing performance for self-selected PIPs.
10. The Division shall develop a formal self-selected PIP Methodology document outlining the Methodology that will be used throughout the lifecycle of the PIP, including the identification of the PIP:
 - a. Topic or Purpose;
 - b. Timeline;
 - c. Aim Statement;
 - d. Population(s) including any applicable exclusions;
 - e. Sampling Methodology;
 - f. Variables and Indicators;
 - i. Limit the number of PIP indicators to four or fewer for a single PIP;
 - g. Data Collection and Validation Methodology; and

- h. Data Analysis and Interpretation of Results Plan.
11. The Division shall implement innovative and evidence-based interventions to improve performance based on root cause analysis and an evaluation of barriers. Intervention shall consider unique factors such as:
 - a. Division membership;
 - b. Ensuring fair health care access;
 - c. Provider network; and
 - d. Geographic area served.
 12. The Division shall use the Plan Do Study Act (PDSA) Method to test interventions and refine them as necessary.
 13. The Division shall utilize at least two PDSA Cycles within the PIP lifespan.
 14. The Division shall conduct the PDSA cycle in as short a time frame as practical, based on the PIP topic and associated timeline.
 15. The Division shall include the following steps in the PDSA Cycle:
 - a. Plan: Plan the changes or interventions, including a plan for collecting data. State the Objectives of the interventions.
 - b. Do: Try out the interventions and document any problems

or unexpected results.

- c. Study: Analyze the data and study the results. Compare the data to predictions and summarize what was learned.
 - d. Act: Refine the changes or interventions, based on what was learned, and prepare a plan for retesting the interventions.
 - e. Repeat: Continue the cycle as new data becomes available until improvement is achieved.
16. The Division shall include all PDSA Cycles conducted as part of the PIP within the Division's PIP Report submissions.

C. Performance Improvement Project Timeframes

- 1. The Division shall perform AHCCCS-Mandated PIPs as follows:
 - a. Collect and analyze baseline data at the beginning of the PIP.
 - b. Submit annual measurements to AHCCCS in order to demonstrate the Division meets required criteria for PIP closure.
 - c. Compare annual remeasurements to baseline results and previous remeasurement results.
 - d. Report to AHCCCS at the intervals indicated within the associated PIP Methodologies in cases where AHCCCS

- elects to implement Rapid Cycle PIPs.
- e. Continue to participate in the PIP until the Division demonstrates Statistically Significant and sustained improvement as determined by AHCCCS.
 - f. Continue additional remeasurement year/period(s) if one or more PIP indicator does not demonstrate Statistically Significant and sustained improvement as determined by AHCCCS prior to the end of remeasurement year/period two until Statistically Significant improvement is demonstrated.
2. The Division shall do the following for self-selected PIPs:
- a. Implement Rapid Cycle PIPs where applicable and appropriate;
 - b. PIP Methodology and design remain consistent throughout the PIP life cycle and align within the associated PIP initiation notification submitted to and approved by AHCCCS;
 - c. Continue to participate in the PIP until the Division demonstrates Statistically Significant and sustained improvement for each included PIP indicator or as approved by AHCCCS when Statistically Significant and

sustained improvement has not been demonstrated;

- d. If one or more PIP indicator does not demonstrate Statistically Significant and sustained improvement prior to the end of remeasurement year/period two, the PIP indicator shall be continued for additional remeasurement year(s)/period(s) until Statistically Significant and sustained improvement is demonstrated; and
- e. Identify and implement a separate and distinct self-selected PIP that is active and within a Baseline, Intervention, Remeasurement one, or Remeasurement two measurement period during the same timeframe/reporting period as the additional remeasurement year/period three.

D. Data Collection Methodology

1. The Division shall align the data collection Methodology, including project indicators, procedures, and timelines, with the guidance and direction provided for all AHCCCS-Mandated PIPs.
2. The Division shall evaluate the performance for AHCCCS-Mandated and self-selected PIP indicators based on systematic, ongoing collection and analysis of accurate, valid, and reliable data as collected and reported by AHCCCS or as validated by the AHCCCS External Quality Review Organization

(EQRO) through the Performance Measure Validation process.

3. The Division shall ensure collected data are accurate, valid, and reliable through internal processes for self-selected PIPs that are not based on standardized performance measures.
4. The Division shall align all AHCCCS-Mandated and self-selected PIPs with the associated AHCCCS PIP Methodology.
5. The Division shall adhere to any AHCCCS guidance and direction.

E. Inter-Rater Reliability

1. The Division shall, for PIPs that are not based on standardized performance measures, as well as performance measures not included within the AHCCCS Contract:
 - a. Submit specific documentation to verify that indicator criteria were met in accordance with AHCCCS instruction;
 - b. Have qualified personnel collect the data; and
 - c. Implement inter-rater reliability if more than one person is collecting and entering data.
2. The Division shall verify that data collected from multiple parties or individuals for PIP indicators is consistent and comparable through an implemented inter-rater reliability process.
3. The Division shall include in the documented inter-rater reliability process:

- a. A detailed description of the Division's Methodology for conducting inter-rater reliability including:
 - i. Initial training and retraining, if applicable;
 - ii. Oversight;
 - iii. Validation of data collection; and
 - iv. Other activities deemed applicable.
 - b. The required minimum score that each individual is required to obtain in order to continue participation in the data collection and reporting process;
 - c. A mechanism for evaluating individual accuracy scores and any subsequent accuracy scores, if applicable; and
 - d. The actions taken if an individual does not meet the established accuracy score.
4. The Division shall monitor and track the inter-rater reliability accuracy scores and associated follow-up activities.
 5. The Division shall provide evidence to AHCCCS of implementation of the inter-rater reliability process as well as the associated monitoring upon request.

F. Measurement of Significant Improvement

1. The Division shall implement interventions to achieve and sustain Statistically Significant improvement, followed by

sustained improvement for one consecutive year/period for each PIP indicator.

2. The Division shall provide evidence to AHCCCS of improvement through repeated measurements of the PIP indicators specified for each active PIP in alignment with the requirements outlined within the Data Collection Methodology section of this policy.
3. The Division shall demonstrate Statistically Significant improvement when improvement in the PIP indicator rate(s) from the baseline year/period to the first measurement year/period is Statistically Significant:
 - a. Intervention year/period PIP indicator rate(s) are not considered when determining Statistically Significant improvement.
 - b. When statistically significant improvement between the baseline year/period and the first remeasurement year/period is not demonstrated, significant improvement may be demonstrated when improvement in the PIP indicator rate(s) from the baseline measurement year/period to the second remeasurement year/period is statistically significant.
4. The Division shall demonstrate sustained improvement when it:

- a. Establishes how the Statistically Significant improvement can be attributable to the interventions implemented by the Division due to the efforts occurring as part of the PIP and its associated interventions versus another unrelated reason; and
- b. Maintains or increases the improvements in performance for each PIP indicator for at least one remeasurement year/period after the Statistically Significant improvement in performance is first achieved.

G. Performance Improvement Projects Reporting Requirements

1. The Division shall refer to the Resources, AHCCCS Guides - Manuals - Policies, Quality Management/Performance Improvement (QM/PI) Reporting Templates & Checklists section of the AHCCCS website to locate the associated tools for the Division to utilize when preparing and submitting the required PIP deliverables.
2. The Division shall, for AHCCCS-Mandated and self-selected PIPs, align PIP deliverable submissions with the requirements outlined in the AHCCCS Contract and the PIP deliverable Submission

Overview tool and instructions found on the AHCCCS QM/PI Reporting Templates & Checklists webpage.

3. The Division shall ensure PIP deliverable submissions contain:
 - a. Population-specific data, reflective of the Division's performance during the current and all previous reporting periods;
 - b. Baseline, intervention, and remeasurement year/period rates and results that are utilized as the basis for analysis, both quantitative and qualitative;
 - c. The selection/modification of interventions;
 - d. Measurable Outcomes of established interventions, project Objectives, and results of statistical testing; and
 - e. Assessment of the improvement strategies, including an evaluation of the effectiveness for each intervention.
4. The Division shall use the most current data available at the time of the initial PIP deliverable submission that is used for purposes of the External Quality Review Organization (EQRO) Performance Measure Validation activities.
5. The Division shall include, for final PIP deliverable submissions and subsequent resubmissions, EQRO validated rates, as

described in the Data Collection Methodology section of this policy, for the current and previous reporting periods.

- a. Subpopulation data and disparity analyses with the identification of targeted interventions to be implemented specific to findings.
- b. Subpopulation data analysis of PIP indicator rates that includes Members with special health care needs to include:
 - i. Early and Periodic Screening Diagnosis and Treatment;
 - ii. Maternal (pregnant and postpartum) Members;
 - iii. Behavioral health category and diagnosis; and
 - iv. Children's Rehabilitation Services designated Members.
6. The Division shall utilize the AHCCCS PIP Report Template applicable to the population being reported.
7. The Division may utilize one PIP Report Template throughout the PIP lifecycle.
8. The Division shall complete and submit to AHCCCS a PIP Addendum as part of its PIP Report submission to capture any

checklist items/requirements not included in the PIP Report

Template utilized to report baseline year results to AHCCCS.

9. The Division shall complete and submit to AHCCCS an AHCCCS PIP Intervention & Analysis Template as a companion document to its PIP report submission.
10. The Division shall adhere to the instructions found in the AHCCCS PIP Intervention & Analysis template and ensure the most current template available on the AHCCCS QM/PI Reporting Templates & Checklists webpage is utilized for all submissions.
11. The Division shall submit PIP reports and AHCCCS PIP Intervention & Analysis Templates as specified in the Contract and in alignment with AHCCCS or AHCCCS EQRO instructions. Resubmission may be required if the Division, AHCCCS, or AHCCCS EQRO PIP Checklist requirements are not met.
12. The Division shall, for AHCCCS-Mandated PIPs:
 - a. Submit PIP reports as specified in the AHCCCS contract;
 - b. Report to AHCCCS rates and results in alignment with the AHCCCS PIP Methodology;
 - c. Indicate if the interventions are applicable to Title XIX, Title XXI, or both populations; and
 - d. Keep AHCCCS-Mandated PIPs open until formal notification

of approval for PIP closure from AHCCCS is received.

13. The Division shall, for self-selected PIPs:
 - a. Submit a self-selected PIP Initiation Notification and associated PIP Methodology document 90-days prior to initiation for AHCCCS review and approval, as specified in the AHCCCS contract, for each newly identified PIP.
 - b. Submit PIP reports for each self-selected PIP active during the previous calendar year, as specified in the AHCCCS contract.
 - i. Indicate if the PIP indicator rates and results are reflective of combined Title XIX and Title XXI reporting, as applicable to population and associated PIP topic.
 - ii. Indicate if the interventions are applicable to the Title XIX, Title XXI, or both populations.
 - iii. Self-selected PIP Deliverable submissions may be subject to PIP Validation through an AHCCCS EQRO.
 - c. Submit a PIP Closure Request for each PIP when the criteria related to significant and sustained improvement for each included PIP indicator have been met, for AHCCCS review and approval, as a separate stand-alone

deliverable.

- d. Indicate the rationale for closing a PIP in cases where the Division has not met criteria related to Statistically Significant and sustained improvement to support PIP closure for each included PIP indicator.
- e. Close the PIP when formal notification of approval for PIP closure has been received from AHCCCS or an AHCCCS ERQO.

H. Division Oversight and Monitoring of AdSS

1. The Division shall ensure the AdSS are compliant with Division and AHCCCS Mandated PIPs and the AdSS self-selected PIPs according to Policy and Contract.
2. The Division shall provide oversight and monitoring of the AdSS' PIPs through:
 - a. Monitoring compliance in accordance with AdSS Medical Policy 980.
 - b. Ensure accuracy, timeliness, and completion of PIP submissions in accordance with Policy and Contract Chart of Deliverables.

- c. Elevate non-compliance to the local Chief Medical Officer, QM Medical Director, and Chief Quality Officer for review and remediation:
 - i. Referral to the Performance Improvement Committee and QM/PI Committee for ongoing monitoring; and
 - ii. Implementation of a Corrective Action Plan as applicable and appropriate.

DDD POLICY UNIT DRAFT

Signature of "Title of Document Owner"

Name

Date

DDD POLICY UNIT DRAFT