

March 7, 2014

Director Thomas J. Betlach
AHCCCS
801 East Jefferson
Phoenix, AZ 85034

Dear Director Betlach,

Thank you for the opportunity to participate in the Statewide Hospital Assessment Workgroup on February 27, 2014. As a follow up to the robust dialogue between your staff and our hospital representatives at the workgroup meeting, please allow me to offer my written comments on your proposed SFY15 provider assessment models. I appreciate your consideration of our perspective.

In January 2013, AHCCCS articulated and documented for all stakeholders a set of guiding principles and goals that would be used to develop the hospital provider assessment. Those same principles and goals were restated at subsequent Hospital Assessment Workgroup meetings. Scottsdale Lincoln Health Network respectfully requests that those same guiding principles and goals be sustained by AHCCCS to review assessment rates and methodologies for SFY15 and beyond. The proposed SFY15 version 2 and 3 models purport to address negative impacts to individual hospitals, which appears to conflict with the adopted guiding principle that AHCCCS would make its best effort to implement an assessment that minimized the negative impact to hospital systems - not individual hospitals. Should the State desire to append its principle and is willing to address negative impacts to individual hospitals within larger systems, we request that AHCCCS consider the development of a draft model assessment that reduces the very significant loss to the Scottsdale Healthcare Shea Medical Center, which is projected to lose nearly \$500K in SFY14 and \$737K in SFY15 baseline.

Scottsdale Lincoln Health Network shares AHCCCS's belief that reliable data is essential to creating a successful and sustainable provider assessment model. To date, the total assessment amount, the total projected coverage payments and estimated net gain/loss that AHCCCS has shared have been, necessarily, based on projection and hypothesis. While AHCCCS obviously is very experienced in planning and budgeting annually for the Medicaid population, never before have Arizona hospitals been assessed on a statewide basis and never before has the State covered individuals up to 138% FPL. Sixty-five days into the provider assessment and increased eligibility, certainly does not provide AHCCCS or hospitals enough reliable data to confidently gauge statewide impact or suggest changes based upon sound data versus projections. Scottsdale Lincoln Health Network and its five hospitals propose that AHCCCS collect a minimum 12 months of data and calculate actual impact versus projected impact for each hospital before making changes to the assessment model including additional rate type adjustments and/or exemptions.

Scottsdale Lincoln Health Network continues to support Governor Brewer's Medicaid Restoration Plan and is committed to working with AHCCCS on an annual provider assessment that is fair, consistent in approach and transparent in process. Thank you, again, for maintaining your policy objectives and for continuing to include Scottsdale Lincoln Health Network in the development of assessment models.

Sincerely,



Todd LaPorte, C.P.A.
Sr. Vice President and Chief Finance and Strategy Officer

cc: Beth Lazare