August 29, 2014

Wakina Scott

Division of State Demonstrations & Waivers

Center for Medicaid and CHIP Services

Centers for Medicare & Medicaid Services (CMS)

7500 Security Boulevard, Mail Stop S2-01-16

Baltimore, MD 21244-1850

**Re: Independent Evaluation and Request for Extension**

**of the Safety Net Care Pool for Phoenix Children’s Hospital**

Dear Ms. Scott:

Pursuant to Special Terms and Conditions (STC) 28(g), enclosed is an independent evaluation for the Safety Net Care Pool (SNCP) for Phoenix Children’s Hospital (PCH) and a formal request to extend SNCP for PCH for one additional year under STC 25.

As the amendment request from August 30, 2013 addresses, the extension of SNCP for PCH was expressly adopted by the Arizona legislature[[1]](#footnote-1) as part of the negotiations to expand Medicaid under the Affordable Care Act (ACA). The legislature authorized the extension of the SNCP to provide much needed support to PCH for uncompensated care and Medicaid shortfalls from January 1, 2014 through December 31, 2017. CMS approved a one-year extension of the SNCP program for PCH through December 31, 2014 and required an independent evaluation of the program. That approval also allowed the State to submit an extension request for one additional year.

The Arizona Health Care Cost Containment Center (AHCCCS) contracted with Public Consulting Group (PCG) to provide an independent analysis of the program. Pursuant to STC 28(g), the report includes: a detailed analysis of the payments before and after the extension period of January 1, 2014; a comparison of the payments that are attributable to uninsured children and Medicaid beneficiaries; an analysis of factors that contribute to the necessity of SNCP payments; a comparison of proposals and strategies to address the Medicaid shortfall; and an analysis of the findings and conclusions drawn from factors that contribute to the necessity of SNCP payments. PCG’s report clearly articulate the important role the SNCP has played in supporting PCH and allowing PCH to continue its vital role as a leading children’s hospital in Arizona and the western region.

**In consideration of the findings contained within the independent evaluation, the AHCCCS Administration hereby formally requests that the SNCP program be extended for one additional year, through December 31, 2015, under STC 25**. Because this is an extension of an existing STC, no change to budget neutrality or to the evaluation is needed.

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This amendment request was discussed during the July 9, 2014 meeting of the State Medicaid Advisory Committee, a public meeting.[[2]](#footnote-2) The amendment was also raised in tribal consultation on August 15, 2013 where the legislative directive for a multiple year request was originally discussed.[[3]](#footnote-3) Finally, the amendment is posted on the AHCCCS website.[[4]](#footnote-4)

Please do not hesitate to contact me if you require additional information.

Sincerely,

/s/

Monica H. Coury

Assistant Director

Office of Intergovernmental Relations

Attachment: *Independent Evaluation for Safety Net Care Pool for Phoenix Children’s Hospital*. Final Report, August 26, 2014.

1. The legislation can be found on the Arizona State Legislature’s website at this link: <http://www.azleg.gov/legtext/51leg/1s/laws/0010.pdf>. [↑](#footnote-ref-1)
2. The summary of that meeting can be found at this link on the AHCCCS website at page 51: <http://www.azahcccs.gov/community/Downloads/SMAC/agendas/SMACMaterialsJuly92014.pdf>. [↑](#footnote-ref-2)
3. See <http://www.azahcccs.gov/tribal/Downloads/consultations/meetings/2013/081513AHCCCSTribalConsultationMeetingSummary.pdf> [↑](#footnote-ref-3)
4. See <http://www.azahcccs.gov/reporting/federal/waiver.aspx> [↑](#footnote-ref-4)