Hospital Assessment Workgroup – SFY 2021

April 23, 2020

AHCCCS
Arizona Health Care Cost Containment System

Feedback Received

- The approach the AHCCCS administration took to assess hospitals using a combination of inpatient and outpatient activity seemed very fair (AzHHA)

- We remain supportive of the hospital assessment. However, under the preliminary SFY 2021 model, the Alliance hospitals would continue to bear the vast majority (over 70%) of the assessment obligations. We encourage AHCCCS to consider any adjustments to the SFY 2021 assessment model that would more appropriately balance assessment obligations and benefits across all types of providers (HSAA)

Feedback Received – COVID-19

- Due to COVID-19, we request AHCCCS consider developing a unique provider type for rural Level I trauma centers (Northern Arizona)

- AHCCCS does not intend to make structural changes to the assessment, such as adding a new provider type, at this time.

SFY 21 Updated Model

- Minimal changes since last version
- $433 M annual total
- 75%/25% IP/OP split
- Proposed rule expected to be posted mid-May
- Effective 7/1/20-9/30/20
- Additional changes expected 10/1/20 due to implementing Directed Payments

SFY 2021 Forecast - $433 M

- We do not intend to adjust the SFY 2021 estimate for the July-Sept quarter
- A lot of moving pieces:
  - Increased AHCCCS enrollment
  - Decrease in churn
  - Higher FMAP during emergency period
  - Additional potential costs
- Will continue to evaluate forecast and make adjustments for following quarters if appropriate

Laws 2020, Chapter 46

Establishes a second hospital assessment beginning 10/1/2020. The assessment will be used to:

- Make directed payments to hospitals that supplement the base reimbursement level for hospitals services for AHCCCS recipients
- Increase base reimbursement rates for the dental fee schedule and physician fee schedule
- Pay administrative costs up to 1% of the total assessment monies deposited for the fiscal year

Laws 2020, Chapter 46 (con't)

- The assessment is to be based on revenues, discharges, or bed days for IP and/or OP services
- Provides AHCCCS with flexibility in determining the rate or amount of the assessment as well as exemptions
- Allows AHCCCS to determine modifications or exemptions such as the size of the hospital, specialty services at the hospital, or geographic location

Directed Payments Guiding Principles

- Continue to calculate the assessment based on hospital discharges as reported on 2018 MCRs and outpatient revenues as reported on 2018 UARs
- Limit IP assessment to 6% of IP revenues and OP assessment to 6% of revenues as required by federal rule
- Directed payment arrangement to be approved by CMS through 438.6(c) Pre-Print process
- Develop the quantitative details of the assessment and directed payments through a thoughtful and transparent process that involves robust stakeholder participation and engagement

Tentative Directed Payments Timeline

5/15/20	Workgroup meeting
6/4/20	Workgroup meeting
6/24/20	Workgroup meeting
By 6/30/20	Model finalized
7/1/20	438.6(c) Pre-Print due to CMS
August 2020	Post proposed rule
September 2020	Post final rule

Questions?