

October 23, 2017

The Honorable Don Shooter
Chairman, Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

SUBJECT: Arizona Health Care Cost Containment System Report on Proposition 206 and Provider Rate Adjustments

Dear Representative Shooter:

At the June 20, 2017, Joint Legislative Budget Committee (JLBC) meeting, the Committee voted in favor of the following reporting requirement:

AHCCCS shall submit a report notifying the Committee of provider rate adjustments associated with a Proposition 206 requirement that most employers provide paid sick leave beginning July 1, 2017. The report is to be submitted within 10 days of publication of provider rate adjustments and shall indicate if added costs are within budget amounts.

Provider rate adjustments effective July 1, 2017, associated with Proposition 206 relative to paid sick leave, are as follows:

Arizona Long Term Care System (ALTCS) Services	Rate Increase – Sick Leave
ALTCS Elderly and Physical Disability (EPD) Home and Community Based Services (select codes)	0.6%
ALTCS Division of Developmental Disabilities (DDD) Home and Community Based Services (select codes)	0.4%
Nursing Facility Services	0.3%

The variance between the ALTCS EPD and ALTCS DDD HCBS rate change is due to a slight difference in the analysis of the benefit component of the EPD and DDD rates.

Anticipated costs for these rate adjustments in State Fiscal Year 2018 are as follows:

- AHCCCS – approximately \$4.0 million
- Department of Economic Security(DES)/DDD – approximately \$3.6 million

Estimated costs are within budget for both AHCCCS and DES/DDD

The Honorable Don Shooter
October 23, 2017
Page 2

Please direct any questions related to this letter to Victoria Burns, AHCCCS Reimbursement Manager, at victoria.burns@azahcccs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. J. Betlach', with a stylized flourish at the end.

Thomas J. Betlach
Director

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Matt Gress, Director, Governor's Office of Strategic Planning and Budgeting
The Honorable Debbie Lesko, Arizona State Senate
Christina Corieri, Governor's Office, Senior Policy Advisor
Michael Traylor, Director, Department of Economic Security
Beth Kohler, Deputy Director, AHCCCS