



Hospital Assessment/HEALTHII Workgroup

March 26, 2024

Feedback/Response – HSAA

<u>HSAA Feedback</u>	<u>AHCCCS Response</u>
<p>AHCCCS should increase the HCIF assessment to use at least 5.9% of the hold harmless limit to finance proportional increases in base HEALTHII payments.</p>	<p>In the March 26th proposed model, AHCCCS has increased the HCIF assessment from 5.75% to 5.85% to allow additional HEALTHII payments to be allocated to hospitals.</p>
<p>AHCCCS should rebase the hold harmless limit calculation using 2022 data to increase base HEALTHII payments.</p>	<p>AHCCCS has several concerns regarding rebasing the assessments using 2022 data. While there are administrative and operational considerations, AHCCCS believes rebasing and increasing HEALTHII payments in FFY 2025 will result a significant reduction in HEALTHII payments in FFY 2026.</p>

Feedback/Response – AzHHA

<u>AzHHA Feedback</u>	<u>AHCCCS Response</u>
<p>Consider rebasing to obtain data that more accurately reflects the post-pandemic environment and would allow AHCCCS to further increase the HEALTHII payments to hospitals.</p>	<p>AHCCCS has several concerns regarding rebasing the assessments using 2022 data. While there are administrative and operational considerations, AHCCCS believes rebasing and increasing HEALTHII payments in FFY 2025 will result a significant reduction in HEALTHII payments in FFY 2026.</p>
<p>Request to postpone the pay-for-performance metrics one more year and continue pay-for-reporting for 100% of the quality pool in FFY 2025.</p>	<p>AHCCCS has decided to move forward with the hybrid approach in FFY 2025. Greater than 60% of the quality payment pool is aligned to pay-for-reporting while the remaining quality payment pool will be allocated to pay-for-performance.</p>

Feedback/Response – AzHHA

<u>AzHHA Feedback</u>	<u>AHCCCS Response</u>
<p>AzHHA is concerned that the amount tied to quality metrics is increasing. If AHCCCS insists on basing 15% of HEALTHII payments on quality metrics, we ask AHCCCS to base the amount on net HEALTHII payments.</p> <p>AzHHA reiterates the need for an on-going quality group to ensure quality metrics are meaningful and positively impact healthcare for AHCCCS recipients.</p>	<p>AHCCCS is maintaining the proposed allocation of 85% to the base payment pool and 15% to the quality payment pool. The proposed percentages will still be based on the total HEALTHII payment.</p>

Feedback/Response – Phoenix Children’s

<u>PCH Feedback</u>	<u>AHCCCS Response</u>
<p>Phoenix Children's Hospital will open two new inpatient facilities located on the Dignity Mercy Gilbert Campus and the Abrazo Arrowhead Campus. This expansion will result in a direct shift of existing utilization from the partner hospitals and not a result of market competition.</p> <p>As a result of PCH being in a standalone reimbursement class, the only way to recognize the utilization shift is to reallocate the utilization associated with the expansion. If PCH was part of the private urban acute pool, this utilization shift would be addressed in the annual reconciliation process.</p>	<p>As a result of the current structure of HEALTHII and the reconciliation process, the Freestanding Children's Provider and Public Acute Hospital are in a unique situation regarding utilization shifts. For this very narrowly defined situation, AHCCCS agrees with adjusting PCH's base utilization in the FFY 2025 model.</p>

FFY 2026 Model Example- Concern with Rebasing

Assumptions:

- 5% Net Patient Revenue Growth in HFY 2022 and HFY 2023
- 5% Hospital Assessment Fund (HAF) Growth in FFY 2026
- No available HCIF surplus in FFY 2026 (consistent with workgroup #1 presentation)
- FMAP reduction of 1% in FFY 2026 (unknown at this time)

With the assumptions above, the FFY 2026 HEALTHII payments would be projected to maintain the proposed FFY 2025 HEALTHII payments.

	FFY 25	FFY 26 (est.)
Net Patient Revenue	\$21,003.4	\$23,156.3
Hold Harmless- 6% Limit	\$1,260.2	\$1,389.4
Hospital Assessment Fund (HAF)	\$597.1	\$627.0
Healthcare Investment Fund (HCIF)		
HCIF Assessments for HEALTHII Payments	\$560.6	\$657.2
HCIF Surplus from Prior Periods for HEALTHII Payments	\$70.0	\$-
HCIF Assessments for Physician/Dental Payments	\$70.5	\$70.5
Total HCIF Costs	\$701.1	\$727.7
Modeled HEALTHII Payments	\$2,526.8	\$2,531.8
Current Hold Harmless Limit %	5.85%	5.85%

Tentative Timeline – FFY 24 Model

- 3/26/24 Second workgroup meeting
- 4/16/24 Feedback due
- 5/7/24 Third/Final workgroup meeting (not yet scheduled)
- May 2024 Model Finalized; Post Proposed Rule
- 7/1/24 438.6(c) preprint due to CMS
- Sept. 2024 Post Final Rule

Please email comments related to the model to AHCCCS at HospitalAssessmentProject@azahcccs.gov by **Wednesday, April 16, 2024.**



Thank You