

April 1, 2014

Mr. Thomas Betlach, Director
Arizona Health Care Cost Containment System
801 East Jefferson, MD 4100
Phoenix, AZ 85034

Re: FY 2015 Statewide Hospital Assessment

Director Betlach:

On behalf of IASIS Healthcare, I would like to thank you for continuing to seek the input of the Hospital Assessment Workgroup regarding the fiscal year 2015 Statewide Hospital Assessment.

On February 27, 2014, AHCCCS staff convened the workgroup to present preliminary versions for the FY 2015 assessment. To effectively evaluate the versions presented, it is critically important to consider these assessment methodologies with respect to the initial reasoning behind implementing the hospital assessment - to fund Medicaid restoration and expansion which would in turn reduce uncompensated care and protect Arizona's health care delivery infrastructure. Therefore, the assessment must be consistent with overall volumes and relief from uncompensated care, which is why we feel that the hospitals should be assessed on a level playing field in a manner that is consistent with the spirit of the Medicaid restoration and expansion legislation.

Of the three versions presented for discussion, IASIS Healthcare strongly prefers Version One. Essentially, Version One is a continuation of this year's current assessment model and we believe that it is the most equitable and fair among the three presented. We also feel that it is important to take into account that the current assessment methodology has been in effect for less than 90 days and subsequently is unproven due to lags in eligibility determinations as well as claims data. To change the assessment methodology without data to clearly evaluate the outcomes has the potential to materially damage or harm Arizona's health care delivery infrastructure. Therefore, we believe it is in the best interest of the hospitals and health care industry as well as for the citizens of Arizona, to continue with Version One as it allows for a longer evaluation period.

Version Two as presented excludes high Medicare utilization hospitals from the assessment liability. Adding exemptions to the assessment model deviates from having a fair and equal assessment to those facilities involved.

Version Three excludes Medicare discharges from the assessment which lowers the threshold for hospitals to qualify for the discounted per-discharge assessment amount to 15,000 discharges. This in turn will shift more costs on to the hospitals that would no longer qualify for this discount, which includes IASIS Healthcare's three acute care hospitals, (Mountain Vista Medical Center, St. Luke's Medical Center and Tempe St. Luke's Hospital) and one behavioral health hospital (St. Luke's Behavioral Health Center).

On behalf of IASIS Healthcare, thank you for the opportunity to share our comments and feedback regarding the three preliminary versions presented for the FY 2015 assessment. We would like to again strongly state our preference for Version One. It is clear that all health systems as a whole will benefit from the reduction of uninsured patients, but exempting specific facilities as detailed in Version Two and Version Three will create inequality between the large and small hospital systems in terms of the assessment and its benefits.

We appreciate the collaborative relationship that we have with AHCCCS which we look forward to continuing in the future. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "David M. Covert". The signature is written in a cursive style with a large, looped "D" and "C".

David Covert
Chief Operating Officer, Western Market, Arizona/Nevada
IASIS Healthcare

CC:

Don Hughes, Policy Advisory, Health and Human Services, Office of the Governor
Beth Kohler Lazare, Deputy Director, Arizona Health Care Cost Containment System
Amy Upston, Hospital Finance Administrator, Arizona Health Care Cost Containment System
Carl Whitmer, President and Chief Executive Officer, IASIS Healthcare