

Janice K. Brewer, Governor
Thomas J. Betlach, Director

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Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

May 7, 2010

Craig A. Sullivan
Executive Director
County Supervisors Association of Arizona
1905 W. Washington, Suite 100
Phoenix, AZ 85009

John R. Rivers
President & CEO
Arizona Hospital and Healthcare Association
2901 N. Central Ave., Suite 900
Phoenix, Arizona 85012-2729

Dear Messrs. Sullivan and Rivers:

We are writing to notify you and your members of an opportunity for counties to work with hospitals to fund Graduate Medical Education (GME) and Disproportionate Share Hospital (DSH) payments created by recently signed legislation, HB 2116 (attached). This legislation allows counties to use their own funding to draw down federal dollars and designate those dollars to go to specific hospitals for purposes of supporting costs of both direct and indirect GME programs and DSH. AHCCCS currently has an Inter-Governmental Agreement in place with Pima County and Maricopa Integrated Health Systems where local tax monies are used as the state match in drawing down Medicaid GME payments for three Arizona hospitals. The language in HB 2116, in conjunction with language included in the federal health care reform legislation, expands this ability.

GME

AHCCCS has had preliminary discussions with our federal oversight agency, the Centers for Medicare and Medicaid Services (CMS) as to whether AHCCCS will be able to provide funding for Fiscal Year (FY) 2010 for the GME payments. These were only preliminary discussions and there are several issues that will need to get resolved before funding could be distributed. Thus, if a county or political subdivision is interested in providing the match needed for direct or indirect GME, AHCCCS should be notified by May 31, 2010 so that we can begin the formal review process with CMS.

Below are some estimates of the maximum amounts that each eligible hospital could receive for both direct and indirect GME under Attachment 4.19A of the AHCCCS State Plan. Although we do not yet know the final amount that will be allowable for each hospital, we can provide the amount that cannot be exceeded at this time. Thus, the amounts below are what each participating hospital *may be* eligible to receive for both direct and indirect GME. It should be noted that the IGA established with AHCCCS has strict limits on the flow of the funds. An example of the agreements can be found at:

<http://www.azahcccs.gov/commercial/HospitalSupplements/GMEpayments.aspx>

2010 Maximum Potential Direct and Indirect GME Distribution under State Plan Att. 4-19A

Hospital	Potential Direct GME Amount	Potential Indirect GME Amount
Banner Good Sam	\$3,984,181	\$22,055,966
Kingman Regional	\$596,710	\$1,100,618
Mayo Hospital	\$768,498	\$1,001,136
Maricopa MC	\$10,896,435	\$18,925,952
Phoenix Baptist	\$181,493	\$2,496,665
Phoenix Children's	\$6,604,018	\$1,967,070
Scottsdale Osborn	\$206,759	\$1,437,474
Scottsdale Shea	\$69,168	\$162,459
St Joseph's – Phx	\$5,886,945	\$31,982,873
Sierra Vista Regional	\$187,593	\$309,158
Tucson MC	\$1,149,536	\$7,823,954
University MC	\$7,321,076	\$35,967,675
University Physicians	\$732,887	\$1,967,070
Verde Valley MC	\$290,336	\$1,967,070
Boswell Memorial	\$8,405	\$0

DSH

Conceivably, counties can still provide the non-federal share to draw down additional federal dollars for DSH payments for FY 2010. However, the ability to use local monies as the match for DSH will require a significant waiver change that will take some time to work through with CMS. A listing of those hospitals that have historically received DSH and the amounts by year can be found on the AHCCCS website at:

<http://www.azahcccs.gov/commercial/Downloads/HospitalSupplements/DisproportionatePayments.pdf>.

We hope this information is useful to you and your members as you consider this opportunity. In the meantime, if we can assist in answering any questions, please do not hesitate to contact

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AHCCCS staff: for GME, contact Victoria Burns at (602) 417-4049; for DSH, contact Jean Ellen Schulik at (602) 417-4335. Finally, if you are interested in pursuing either opportunity, please notify us by May 31, 2010 in writing.

Sincerely,

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

Thomas J. Betlach
Director

Cc: Laurie Liles, Arizona Hospital and Healthcare Association
Elizabeth Hegedus-Berthold, CSA