Hospital Assessment Workgroup – FFY 2021

May 15, 2020
Overview

• Updated Assessment Amounts
• Financial Parameters
• Key Decisions for Directed Payments
• Timeline of Activities
Base Assessment - Rebase

- Updated estimates due to COVID-19 & economic impacts
- Base assessment amount will increase by $100.1M, from $433.4M to $533.5M for FFY 2021
  - $71.3M for AHCCCS Budget Rebase, assuming 16.5% MM growth
  - $18.1M for orig. estimate of expansion cost for practitioner rates
  - $3.0M for additional cost of practitioner rates due to enrollment
  - $7.7M due to Tobacco MSA shortfall to be backfilled

- Shifting assessment basis from State Fiscal Year to Federal Fiscal Year to align with Directed Payments
New Assessment

• New assessment amount will be $395.3M
  o $316.8M for Directed Payments
  o $4.0M for Directed Payments administration
  o $64.0M for orig. estimate of non-exp. cost for practitioner rates
  o $10.5M for additional cost of practitioner rates due to enrollment

• FFY 21 Total Assessment amount is $928.8M

• Assumes enhanced FMAP does not apply to FFY 21
Financial Parameters

- Ensure sufficient funding available for base assessment to fund expansion population costs
- Implement Direct Payments to result in same net benefit to hospitals as originally anticipated
- Ensure total assessment is within federal limit of 6.0%
## Financial Summary

<table>
<thead>
<tr>
<th>Hospital Assessment</th>
<th>Original</th>
<th>Current</th>
<th>Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>$433.4</td>
<td>$433.4</td>
<td>($0.0)</td>
</tr>
<tr>
<td>Practitioners - Exp.</td>
<td>$18.1</td>
<td>$21.1</td>
<td>$3.0</td>
</tr>
<tr>
<td>Rebase</td>
<td>-</td>
<td>$79.0</td>
<td>$79.0</td>
</tr>
<tr>
<td><strong>Base Assessment</strong></td>
<td>$451.5</td>
<td>$533.5</td>
<td>$82.0</td>
</tr>
<tr>
<td><strong>New Assessment</strong></td>
<td>$352.5</td>
<td>$395.3</td>
<td>$42.8</td>
</tr>
<tr>
<td><strong>Total Assessment</strong></td>
<td>$804.0</td>
<td>$928.8</td>
<td>$124.8</td>
</tr>
<tr>
<td>Directed Payment</td>
<td>$1,119.0</td>
<td>$1,243.8</td>
<td>$124.8</td>
</tr>
<tr>
<td>Less Practioners &amp; Rebase</td>
<td>($18.1)</td>
<td>($100.1)</td>
<td>($82.0)</td>
</tr>
<tr>
<td>Less New Assessment</td>
<td>($352.5)</td>
<td>($395.3)</td>
<td>($42.8)</td>
</tr>
<tr>
<td><strong>Net Benefit</strong></td>
<td>$748.4</td>
<td>$748.4</td>
<td>$0.0</td>
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<tr>
<td><strong>Eff. Rate Increase</strong></td>
<td>28.6%</td>
<td>28.6%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Directed Payments – Key Decisions

• Rate Increase Methodology
• Payment Methodology
• Assessment Considerations
• Quality Criteria and Evaluation Plan

Submit feedback to HospitalAssessmentProject@azahcccs.gov by May 26
Rate Increase Methodology

- Define reimbursement / payment classes or categories of providers
  - Not necessarily the same as assessment categories

- Evaluate basing increase on % of cost, % of Average Commercial Rate (ACR), or other basis
  - Increase applies only to MCO claims

- Will evaluate impact to each hospital system
Payment Methodology

- Outside of base MCO capitation rates
- Quarterly Lump Sum payments based on estimates
- Fixed dollar v. Fixed % options
- Reconciliation to actual utilization
Assessment Considerations

• Use same assessment basis – 2018 data

• Evaluate current variable rates and exclusions

• Ensure total amount is within 6.0% federal limit in current period as well as over the long-term
Quality Criteria & Evaluation Plan

• CMS requires provider performance measures connected to Quality Strategy and Evaluation Plan

• Intend to request simplified approach for Year 1

• Years 2-3 – targeted measures based on input
  o Establish a component of the rate increase that is value based
Tentative Directed Payments Timeline

- 5/26/20: Initial feedback deadline
- 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
- 10/01/20: Implement

Reaching across Arizona to provide comprehensive quality health care for those in need
Questions?

Reaching across Arizona to provide comprehensive quality health care for those in need