



Hospital Assessment/HEALTHII Workgroup

May 5, 2023

Feedback/Response – Community Health Serv.

<u>CHS Feedback</u>	<u>AHCCCS Response</u>
<p>Under a fair model, a hospital’s share of the net gain from HEALTHII/HCIF would be roughly proportional to it’s share of Medicaid utilization. A hypothetical model concept was provided to AHCCCS that displays net benefits by hospital, relative to the FFY 23 model.</p>	<p>AHCCCS and Milliman have concerns whether CMS would consider a model that allocated net benefits as conceptualized. Waiver provisions for health care-related taxes (42 CFR 433.72(b)) specify that the “amount of the tax is <u>not directly correlated to Medicaid payments</u>”. We are not aware of CMS approving a similar modeling approach in other states.</p> <p>It is unclear whether a model that levies assessments in proportion to Medicaid utilization could be made to pass CMS B1/B2 tests of being “generally redistributive”.</p> <p>If the proposal was approvable by CMS, it would materially redistribute HEALTHII payments and HCIF assessments across hospitals. AHCCCS would want broad agreement among hospitals prior to discussions with the workgroup.</p>

Feedback/Response – Other Stakeholders

<u>Feedback</u>	<u>AHCCCS Response</u>
<p>Reiterated prior recommendation that AHCCCS maximize base FFY 24 HEALTHII payments, subject to federal limits on assessments. Increasing base payments will help hospitals maintain service levels in the face of labor shortages, high inflation, and rising patient acuity. Public and self reported hospital data indicate staffing costs grew significantly in 2021 and 2022.</p>	<p>AHCCCS maintains the position that HEALTHII payments should be increased by \$50M in FFY 24. We understand, though, that hospitals and stakeholders can advocate for more as part of state budget negotiations.</p> <p>Based on preliminary CMS required analysis for directed payment approval run by Milliman, further increases in HEALTHII payments would require additional changes to the model to ensure CMS approval.</p>
<p>Disagrees with AHCCCS' forecast that the Hospital Assessment Fund need will grow to \$641M in FFY 24 while expansion enrollment will decline. Forecasting too conservatively will have adverse impacts on the budgets of hospitals.</p>	<p>AHCCCS acknowledges hospital concerns over the HAF projection. We've reconfirmed with our budget team that the estimate is the most appropriate given the information we know at the time.</p>

Feedback/Response – Other Stakeholders

<u>Feedback</u>	<u>AHCCCS Response</u>
<p>Recommends that future HEALTHII payments for performance are aligned with other AHCCCS quality initiatives, such as Differential Adjusted Payments (DAP) and MCO Value Based Payment arrangements.</p>	<p>The agency currently doesn't plan on making large changes to the HEALTHII quality measures in FFY 2025. During December 2021 – May 2022, AHCCCS held 4 workgroups with hospitals and stakeholders to choose the current HEALTHII quality measures. Following pay for reporting of those measures in FFY 24, the agency will progress to pay for performance of the measures in FFY 25.</p>

Financial Summary

	FFY 2023 *	FFY 2024	Difference
HAF Assessment	\$ 587.5	\$ 641.8	\$ 54.3
HCIF Assessment for HEALTHII and Administrative Costs	\$ 388.4	\$ 370.9	\$ (17.5)
HCIF Assessment for Practitioner Payments	\$ 61.0	\$ 70.5	\$ 9.5
Total HCIF Assessment	\$ 449.4	\$ 441.4	\$ (8.0)
Total Assessments	\$ 1,036.9	\$ 1,083.2	\$ 46.3
Total modeled HEALTHII payments	\$ 1,882.3	\$ 1,934.5	\$ 52.2
Less HCIF Assessment	\$ (449.4)	\$ (441.4)	\$ 8.0
Estimated HEALTHII Net Gain	\$ 1,432.9	\$ 1,493.2	\$ 60.3

*Due to several hospital closures, FFY 23 amounts are slightly less than in the [FFY 2023 Assessment Model Report](#).

FFY 24 HEALTHII Quality Update

- In May/June, AHCCCS will post documentation of the FFY 24 quality program.
 - Process report of measure descriptions, source documentation, and data submission layouts.
 - Baseline and performance measure rate results at hospital and class level. Actual numerator and denominator values will not be disclosed publicly. Please comment if you have concerns about disclosure of your measure rates.
- Measure data will be transitioned to AHCCCS in June and HealthTech will perform HIPAA compliance data destruction and removal.
- This summer/fall, AHCCCS will solicit feedback from hospitals to potentially incorporate into the FFY 25 HEALTHII Quality process.

Status Updates

- FFY 2022 HEALTHII Reconciliation
 - Preliminary results sent April 20th, based on data as of April 10th.
 - Requests for encounter detail were due May 4th. Okay to send request by COB today (May 5th).
 - AHCCCS will pull final encounter data in August to complete the reconciliation. Payments/(Recoupments) to be performed December 2023.
 - March 8th slides include more detail on the process.
- FFY 2023 Q3 Reminders
 - Assessment Invoices (HCIF due May 10th; HAF due May 15th)
 - HEALTHII payments from MCOs in June.

Tentative Timeline – FFY 24 Model

- 5/5/23 Third workgroup meeting
- 5/12/23 Feedback due
- May 2023 Model finalized; Request rulemaking from GO
- June 2023 Post proposed rule
- 7/1/23 438.6(c) Directed Payment preprint due to CMS
- Sept. 2023 Post Final Rule

*Timing could change if the state budget adopts a different HEALTHII payment model.

Please email comments related to the model to AHCCCS at

HospitalAssessmentProject@azahcccs.gov by **Friday, May 12, 2023**.



Thank You