

NOTICE OF PUBLIC INFORMATION

1. **Name of the Agency:** Arizona Health Care Cost Containment System (AHCCCS)
2. **The topic of the public information notice:** Final changes to the AHCCCS Section 1115 Demonstration Waiver Project regarding Disproportionate Share Hospital (DSH) payments.
3. **The public information relating to the topic:** The State Fiscal Year 2016 budget made a number of changes to Arizona law regarding supplemental payments made by AHCCCS to hospitals that service a disproportionate number of low income patients with special needs. Specifically, Arizona Laws 2015, Chapter 8, section 13, and Chapter 14, sections 6 and 10, made changes effecting State Fiscal Years (SFYs) 2015 and 2016 including:
 - Increasing the maximum amount of that can be claimed for costs incurred by the Maricopa Integrated Health Care System (MIHS) in SFY 2015 from \$89,877,700 to \$105,945,500. With the exception of \$4,202,300 which will be paid to MIHS, amounts otherwise claimed up to \$68,328,000 will be transferred to the State General Fund.
 - Increasing the maximum amount that can be claimed for costs incurred by MIHS in SFY 2016 to \$113,818,500. With the exception of \$4,202,300 which will be paid to MIHS, amounts otherwise claimed up to \$74,241,400 will be transferred to the State General Fund.
 - Expenditure authority allowing for approximately \$18 million for supplemental payments to qualifying hospitals in SFY 2016 if the non-federal share of those payments is voluntarily provided by political subdivisions, tribal governments, or universities under A.R.S. §36-2903.01(P) ("Pool 5").
 - Providing a priority to qualifying hospitals outside of the Phoenix Metropolitan and Tucson Metropolitan Statistical Areas (outside of Maricopa, Pima, and Pinal Counties) to claim funds from Pool 5 to the extent federal allocation remains for such payments after other supplemental payments for 2015 and 2016.
 - Authorizing MIHS to obtain additional supplemental payments through Pool 5 under A.R.S. §36-2903.01(P) for the SFY's 2015 and 2016.
 - Reducing the state appropriation for supplemental payments to private hospitals from \$9,284,800 to \$884,800 for SFY 2016.

The complete language of the law may be viewed through the Arizona Legislature's website at www.azleg.gov by selecting the pull-down menu for "Bills," then choosing "Session Laws," and selecting Chapters 0008 and/or 0014.

The Centers for Medicare and Medicaid Services (CMS) approved Arizona's Waiver amendment request which contains the following changes to the DSH methodology, effective September 30, 2015:

- Removes duplicative language.
- Clarifies items to be consistent with current protocol.
- Allows adjustments to historical data (used in DSH calculation) to reflect AHCCCS population growth and the expiration of certain supplemental payments.
- Gives hospitals outside of the Phoenix Metropolitan and Tucson Metropolitan Statistical Areas (outside of Maricopa, Pima, and Pinal Counties) priority to obtain "Pool 5" monies.
- Allows public hospitals to access "Pool 5" payments.

Although the proposed amendment made changes to the definition of a "rural" hospital, the approved waiver retains the original definition which is defined in accordance with Section 1923(d)(2)(B) of the Social Security Act.

Amounts allocated to the different DSH pools are made annually through technical changes to the 1115 waiver.

The AHCCCS Administration expects this Notice to be published in the Arizona Administrative Register no later than November 13, 2015.