

From: info@northwoodsma.com
Sent: Wednesday, April 01, 2015 4:02 PM
To: accesstocare
Subject: AHCCCS cuts

This email is in response to the proposed cuts starting 10/1/15:

We all already know that AHCCCS is the lowest payer in all of our list of insurance plans and if this decrease in reimbursement is to go through I am afraid that we will inform our patients that they will have 30 days to be seen and that we will transfer their records to the (most likely) only places that will see them, subsidized healthcare facilities such as North Country. As a result this will flood those subsidized facilities with new patients (AHCCCS) and this will severely limit those facilities to 1) see the patient in a timely manner and 2) provide proper care. This will flood the emergency departments across the state because when the patient can't be seen and they perceive their need to be seen as an emergency they will utilize the path to the emergency department. I'm sure you are aware of the costs associated with presenting to the ED.

The cost of being a healthcare provider has not one time decreased in recent memory yet the reimbursement of serving AHCCCS patients has steadily declined and now it's to the point that it's not feasible to see Medicaid patients.

Thanks,
Kim McCasland

Practice Administrator
Northwoods Medical Associates, P.C.
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From: Dinoffria, Chris <Christopher.Dinoffria@avella.com>
Sent: Thursday, April 02, 2015 10:02 AM
To: accesstocare
Subject: Re: AHCCCS Provider Rate Analysis for Rates Effective October 1, 2015

Follow Up Flag: Follow up
Flag Status: Completed

Hello...

In response to notification regarding the Arizona Legislature bill passed on March 12, 2015 regarding rate reduction, is there any specific impact on pharmacy reimbursement included in SB 1475?

Thank you,

-Christopher.

Christopher Dinoffria, PharmD

Director, Regulatory Affairs/PIC

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From: marie@norazrehab.com

Sent: Thursday, April 02, 2015 11:54 AM

To: accesstocare

Subject: Response to Provider Rate Reduction

Follow Up Flag: Follow up

Flag Status: Completed

I work in the billing department and am honestly shocked that we may be facing a 5% reduction when it is already incredibly difficult to receive reimbursement for the services we provide. I have been jumping through hoops for over a year and a half trying to get our claims paid. We pride ourselves on the quality care we provide and yet we must fight tooth and nail to get paid for those services. The reimbursement rates are already incredibly low and to lower them seems unreasonable.

*Thank you,
Marie Hutchins
Front Office Manager
Northern Arizona Rehabilitation & Fitness*

From: manager <manager@acenterforwomenaz.com>
Sent: Thursday, April 02, 2015 2:24 PM
To: accesstocare
Subject: Senate Bill 1475 and 5%

Follow Up Flag: Follow up
Flag Status: Completed

Never in all my years (which by the way are many) working in medicine have I ever seen such disregard for medical providers and have to ask why. How do you put a price on what your health or those of your loved ones are worth? How do you put a price on a life? We in the medical community are asked by our government every day to put a price on it. Then we do and we are told it is worth 5% less????? Two years ago the state cut AHCCCS reimbursement and now 2 years later the state is doing it again? Do you understand that since 2008 doctors have all year after year received less pay for what they do? Do you understand that the cost of goods have gone up? Every consumable in our office costs us more and yet we are paid less.....Malpractice insurance has not gone down and OB/Gynecologists pay more in their specialty (which is what our company is) than any other specialty. That has not gone down over the years. We are mandated by the government to follow guidelines (such as meaningful use) and other laws that cost us money and yet CMS continues to cut reimbursement. Obama care has crippled healthcare and make the delivery of it almost impossible. The only ones benefiting from Obamacare is the insurance companies who seem to be able to charge whatever they deem "reasonable" yet we in the medical community cannot!!! Outrageous, absolutely outrageous! This 5% will result in a loss to my doctor alone in the amount of \$26250.00 for delivery of babies per year. Then you factor in all the surgeries and office visits and other procedures he performs you can see that's a lot of money from one office which will result in at least the loss of 2 employees. How else can the doctor cover it? You see he has financial obligations as well. I think I will just take this information and all my knowledge which is considerable to the newspapers and see what the average "patient" thinks about how our state is asking or picking on one group of individuals (medical providers).....OUTRAGEOUS!!!

*Alice Carlson, Practice Manager
A CENTER FOR WOMEN*

From: Elizabeth Mueller <EMueller@ironwoodcrc.com>
Sent: Friday, April 03, 2015 8:36 AM
To: accesstocare
Cc: Elizabeth Mueller
Subject: Fee Schedule Reduction SB1475
Importance: High

To Whom it May Concern:

Ironwood Cancer & Research Centers is a large, Valley wide, Community based, privately held, physician owned practice for Medical Oncology, Hematology and Radiation Oncology patients. We have faced many challenges with declining reimbursement while attempting to maintain a high quality of service for all patients allow access to services related to the treatment of cancer and hematologic conditions. We employ very skilled and highly compensated support staff in our practice. We have always attempted to keep our practice open to Ahcccs patients and have been a long-time partner with State Ahcccs. That being said our margins too are very thin and the scale which will tilt with a 5% reduction may force us to rethink our participation in this program. Drugs are a huge expense in our practice and we simply cannot take a loss on a fixed cost such as this. Studies have been conducted and Cancer care in the hospital settings are anywhere from 37-45% more expensive in the community office setting. Not only do we deliver more value based care (lower use of generic drug) but we seek to minimize any hospitalization and address symptom management as it arises.

I would implore the State legislature to hold the reimbursement rate steady for all Ahcccs plans.

Elizabeth

Elizabeth Mueller, CMPE
Executive Director



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From: Dafko@aol.com

Sent: Friday, April 03, 2015 8:56 AM

To: accesstocare; dafko@aol.com

Subject: reponse to rate change

Follow Up Flag: Follow up

Flag Status: Completed

I would like to comment on the recent rate notice to drop the reimbursement rates. As the former dental director for AHCCCS, it took myself and the team of dedicated people to get a rate change of plus 3.2 % over two years to implement . It was truly hard work and dedication. Although I understand the recent cut backs in the government I find this again a slap in the face to providers of dental care in to the poor and needy in the state of Arizona. Dentistry has always been, and will always continue to be the step child of this system. A loss lead for the plans who handle this because they have to and it appears to me not because they think this is the right thing to do. We as Pediatric Dentists have been trying to take care of this segment of the population for years with low reimbursement rates. Yes of course they are practitioners who over treat because they will get paid more and there is no excuse for that. We need to police ourselves as well. This decrease with increase the amount of work that gets done in my opinion to compensate for the loss of revenue. I also for see an increase in the sedation cases to get all the work done in one appointment thus generating more income while purporting to make it easier for the child. Pediatric specialists now get reimbursed a small amount for oral sedation's and yet are asked to control the health risks and take precautions that the medical anesthesiology groups do for their cases. These physicians are compensated substantially more that we Dentists. We perform dental work, monitor the vital signs all at the same time for \$40. Every time we sedate a child there is an incurred risk, and with these rates now being lowered and the state asking us to take cuts you will now see that many dentists will not either see these children, or the ones that they see will now be sedated in the hopes that they can do more work so as to cover the overhead expenses of a first class office. What a shame that the state has put all practitioners in this positions.

I feel that more work will be done, whether necessary or not and more pulpotomies, crowns and sedation's as well as other services which will lead to increase costs to the state. I hope the state will reevaluate their decision to cut rates and look at other options to find monies. There are so many undeserved children in the state and we can not afford to lose any practitioners because they simply say we just can not afford anymore to treat this segment.

Lee Weinstein D.M.D., F.A.S.D.C.

From: ROB SCORESBY <rob.scoresby@gmail.com>
Sent: Friday, April 03, 2015 11:44 AM
To: accesstocare
Subject: AHCCCS fee reductions
Follow Up Flag: Follow up
Flag Status: Completed

As a Pediatric specialist, I have been a provider for AHCCCS patients for many years and take great satisfaction in providing top quality service to this high risk population which has many treatment needs. We go out of our way to make sure every child is treated like our own. We do not restrain children for routine care. We do not over treatment plan as so many corporate chains do with this patient population. We provide high quality restorations with appropriate sedation regimens tailored to each patient to give them a positive experience and prevent mental trauma caused by many other providers in the community treating this patient population.

AHCCCS fees have been reduced 10-15% over the past several years and the recent budget cuts further reducing fees was very concerning to me. This level of reimbursement is not sustainable for our practice. When reimbursements are too low high quality offices drop this patient population leaving them to medicaid mills which over treatment plan, and try to complete as much treatment each visit as possible without any thought to the well being of the child. Unnecessary psychological trauma from restraint and unnecessary treatment are common in these types of offices. If the fee reductions go forward I may be forced to drop our AHCCCS patient population which currently represents 40% of our patients. Depending on the procedures required we would barely break even while providing care to our patients, and in some cases we will actually lose money. This is not sustainable as a business. Furthermore, if we have 40% reduction in our patient flow I would be forced to lay off several of my employees.

I understand the need to control costs and as a tax payer I appreciate the effort, but I have seen with my own eyes what happens to these children if they are relegated to the medicaid corporate chains such as Kool Smiles or Small Smiles. Mouthfulls of unneeded crowns and children so scared they are shaking in the dental office from being held down for over an hour to complete the treatment. This is what the AHCCCS population will be left with if these kinds of fee reductions continue.

I greatly desire to continue seeing these patients and providing the high quality care they deserve. Please allow us to continue doing that and do not let these fee reductions go forward.

Dr. Rob Scoresby, DDS
Chandler Pediatric Dental
655 S. Dobson rd. B214
Chandler, AZ 85224

Rob Scoresby
rob.scoresby@gmail.com
480-532-8517

From: Brian Kleinman <briankleinman2@gmail.com>
Sent: Friday, April 03, 2015 12:04 PM
To: accesstocare
Subject: Public input AHCCCS reimbursement reduction

Follow Up Flag: Follow up
Flag Status: Completed

To Whom it may concern,

My name is Dr. Brian Kleinman. My partner Dr. Rodney Brimhall and myself are endodontists. If you have ever had a root canal that may sound familiar to you. We are dental specialists that exclusively do root canals. When I returned to Prescott (my home town) about 5 years ago to work with Dr. Brimhall I was immediately approached by the Pediatric dentists in town. They all asked me to become an AHCCCS provider. They informed me that there is no other Endodontist in Az north of Phoenix that is an AHCCCS provider. What this mean is they had to refer children in need of root canals (due to infection or severe pain) to Phoenix where they often had to wait weeks and even months to be seen. In many instances needing a root canal is a true emergency, needing treatment immediately. I reluctantly contracted with AHCCCS in order to provide needed care for these kids. I say reluctantly because the reimbursement rate is 50% of our usual fee. I treat AHCCCS kids because no one else will for this low rate.

If the current budget with it's 5% cut in provider reimbursement for AHCCCS providers is passed I will no longer be able to provide care for these children. The cuts would drop reimbursement below my break-even line. This means I would be losing money on each child that I treated. As a small business this is not sustainable as you can imagine.

I urge you to carefully consider the implications of this 5% drop in reimbursement. I can tell you first hand children will suffer.

thank you for your consideration,

Brian Kleinman DDS MS

Northern Arizona Endodontics

[\(928\)778-7181](tel:9287787181)

From: Jeanette <drmaclean@juno.com>
Sent: Friday, April 03, 2015 12:28 PM
To: accesstocare
Subject: please oppose AHCCCS pediatric dental care provider cuts
Follow Up Flag: Follow up
Flag Status: Completed

Dear Victoria Burns and the *AHCCCS Division of Health Care Management*,

I am a board certified pediatric dentist, AHCCCS provider, and small private practice owner. I wanted to reach out to you to share my concern for the proposed 5% cuts to AHCCCS providers. Mercy Care plan participants make up 12% of my practice. I am not sure how I can afford as a small private practice owner to continue seeing these patients when the reimbursements have gotten lower and lower, year after year, to the point of not penciling out. What used to be 50 cents on the dollar is now 30 and 40 cents on the dollar of our fees. With 60% office overhead, I have reached my breaking point.

Our practice has already faced a tremendous burden this year when AHCCCS outsourced our claims processing to Dentaquest on January 1, 2015. To be frank, this change has been an administrative nightmare. More red tape, another lower fee schedule, claims being denied for unfounded reasons, receiving improper reimbursements, etc., etc. My office manager, Geri Weaver, has been with our practice for over 25 years and has told me the AHCCCS claims have become a second full time job for her.

My practice, Affiliated Children's Dental Specialists is a good, honest, locally owned business that has been caring for the children of Arizona for over 30 years. This is the kind of quality, personalized care ALL children deserve. Many of my pediatric specialist colleagues have stopped taking any AHCCCS plans due to the low reimbursements. AHCCCS patients have fewer options for providers, particularly pediatric specialist providers. Tooth decay is the number one most common chronic disease of childhood. Each year American children miss 1.6 million days of school because of dental issues. Lack of access to good, quality dental care means these kids are just going to end up in the emergency room. Please do not let this happen to Arizona's children.

Thank you for your time and consideration.

Respectfully,

Jeanette

Jeanette MacLean, DDS
Affiliated Children's Dental Specialists
(623)362-1150
www.kidsteethandbraces.com
www.google.com/+AffiliatedChildrensDentalSpecialists
www.facebook.com/kidsteethandbraces

From: R & L Harris <luzandrob@gmail.com>
Sent: Friday, April 03, 2015 3:51 PM
To: accesstocare
Cc: Kevin@azda.org
Subject: Cuts to Dental Providers
Follow Up Flag: Follow up
Flag Status: Completed

To Those Making the Decisions:

I am a general dentist practicing in Yuma, AZ. I have treated AHCCCS/Medicaid kids since I first came here in 1999. There is a large population of kids who apparently qualify for Government subsidized dental care in Yuma. I have enjoyed treating these kids as most are obviously not going to get dental care any other way. However, I couldn't help but notice over the years, that there is a certain percentage of families who are on the government system that look pretty wealthy--they dress nice, drive better cars than me, etc. I have often thought that these people are cheating the system.

Instead of taking money away from dental providers, who are performing difficult procedures that carry potential risks, have high material costs, pay a well educated staff a decent salary, etc, why not clamp down on fraud. In addition to members of the government plans, there are providers who are over-treating (finding work that does not exist or doing a more expensive procedure to treat a tooth than is really indicated), especially with stainless steel crowns, which sours the pot for the rest of us honest dental providers trying to treat the needy kids and give them a chance and make an honest living doing it.

If you cut reimbursement, dentists will have to adapt in order to make ends meet. Do you want quality cut? Do you want cheaper materials used? Can you afford to pay us to redo failed dental work in a few years because corners had to be cut to do the dental treatment right the first time? Dental work is hard, these kids are scared to death just about every one of them. If my reimbursement is lowered, I will have to evaluate if it is worth the effort to continue providing this care at the lower rates. I won't be the only one. The kids deserve good care. Don't short them.

Sincerely,

Robert Harris, DDS
Yuma, AZ

From: azendo@cox.net
Sent: Saturday, April 04, 2015 3:14 PM
To: accesstocare
Subject: RE: IMPENDING RATE REDUCTIONS 10/2015

Follow Up Flag: Follow up
Flag Status: Completed

The planned rate reduction of 5% is a deathblow to the AHCCCS program.

Even at current rates - which are way below Medicare - it is very difficult for AHCCCS patients to see - a specialist in most fields.

A 5% rate reduction will increase the differential between Medicare and AHCCCS patients - making it even harder if not impossible for AHCCCS patients to find a specialist provider.

It is natural for practices to limit their exposure to ACCCHS patients (even now) to be able to stay viable in an era of increasing - rents, utilities, employee salaries among other things.

Therefore this planned 5% rate reduction is almost a guaranteed way to make access to specialized medicine / specialist care almost impossible for the AHCCCS recipients. It would be a very Unwise step.

SA

From: Christian, David <dchristian@grfdaz.gov>
Sent: Monday, April 06, 2015 8:32 AM
To: accesstocare
Cc: Karrer, Randy
Subject: RE: AHCCCS Provider Rate Reductions -- Provider Input is Requested

Follow Up Flag: Follow up
Flag Status: Completed

AHCCCS,

Golder Ranch Fire District provides ambulatory transport to approximately 455 AHCCCS patients each year. From October 1, 2015 when the new reimbursement rate goes into effect until the end of Fiscal 2016, SB 1475 will have the effect of reducing operating revenues to Golder Ranch Fire District by approximately \$52,000.

Being a political subdivision of the State of Arizona, Golder Ranch Fire District does not operate ambulatory services at a profit. We charge enough for services to cover operational costs. As such, the reduction in the reimbursement rate will be born by subsidy from the other operational charges.

Kindly address any questions you might have to myself or our ambulance billing staff.

Thank you,

Dave Christian, Finance Manager

Golder Ranch Fire District
3885 East Golder Ranch Drive
Tucson, Arizona 85739
(520) 825-9001 office
(520) 270-3257 cell

www.golderranchfire.org

"Proudly serving the Communities of Oro Valley, Catalina and Saddlebrooke"

From: Karrer, Randy
Sent: Friday, April 03, 2015 9:12 AM
To: Christian, David
Subject: FW: AHCCCS Provider Rate Reductions -- Provider Input is Requested

Dave,

On Monday and you provide the impact of our AHCCS reduction on this link. Please include the negative affects it will have on us.

Thanks and have a happy Easter!

Randy Karrer, Fire Chief

Golder Ranch Fire District
3885 East Golder Ranch Drive
Tucson, Arizona 85739
(520) 825-9001 office
(520) 334-0658 cell

www.grfdaz.gov

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From: Arizona Ambulance Association [<mailto:info45657898@azambulance.org>]
Sent: Thursday, April 02, 2015 9:59 PM
To: Arizona Ambulance Association
Subject: FW: AHCCCS Provider Rate Reductions -- Provider Input is Requested



Arizona Ambulance Association members:

AHCCCS is now seeking public comment regarding their reimbursement rate reductions that will go into effect October 1, 2015.

This is an opportunity for each of you to let them know the percentage of your call transport volume that is AHCCCS, as well as the actual projected dollar amounts you expect to lose in revenues due to these cuts.

Many of you submitted your respective agency's impact data to our Legislative Action Committee to help demonstrate to the Legislature why the proposed cuts to ambulance reimbursements were opposed by our Association. Even though our message fell on deaf ears down at the Legislature, we once again have an opportunity to make our voices heard.

Please take a few minutes and share your concerns. Below is the link to contact AHCCCS and leave your comments.

I thank you for taking a few minutes out of your busy schedules to respond to this call for public comment.

This comment link will only be available from now until May 15th.

Regards,

Rebecca Haro

President, AzAA

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Please consider the environment when choosing to print this message. Thank you, Golder Ranch Fire District

From: Ron McArthur - CEO <rmcarthur@summithealthcare.net>
Sent: Monday, April 06, 2015 12:05 PM
To: accesstocare
Subject: Summit Healthcare Provider Input Re: AHCCCS Provider Rate Reductions

Follow Up Flag: Follow up
Flag Status: Completed

As CEO of Summit Healthcare Regional Medical System, I want to provide input on the AHCCCS Provider Rate Reductions.

AHCCCS represents 23% of our payer mix primarily because we serve as an OB Safety Net Provider for the White Mountain communities. In 2014 we had 940 deliveries, 75% (705) of the deliveries were for patients that were on AHCCCS. In addition to the moms, the newborn children are also on AHCCCS.

AHCCCS currently pays 19.5 cents for every dollar charged and the remaining balance is written off. The average payment for other payers is 37 cents for each dollar charged. Simply stated Summit loses money on every AHCCCS patient.

Summit Healthcare's unaudited operating margin for 2014 was a positive .85%. The proposed 5% provider rate reduction would reduce AHCCCS reimbursement by \$820,000 which would result in a negative operating margin.

The lack of AHCCCS provider rate increases since 2008, the provider fee cuts in 2010, 2011 and the proposed cuts in 2015 are not sustainable and will jeopardize Summit Healthcare's ability to continue to serve as an OB Safety Net Provider for the White Mountain communities.

Because Summit Healthcare serves as an OB Safety Net Provider, we request that Summit Healthcare be exempt from the 5% provider fee cut scheduled to be implemented on October 1st, 2015.

Respectfully submitted,

Ron McArthur, CEO
Summit Healthcare

From: Michael LaCorte <peddent8351@gmail.com>
Sent: Monday, April 06, 2015 2:23 PM
To: accesstocare; Kevin Earle
Subject: AHCCCS cuts

Follow Up Flag: Follow up
Flag Status: Completed

I am a Pediatric Dentist and small business in Southern Arizona. I understand on March 12, 2015, the Arizona Legislature passed Senate Bill 1475, which authorizes AHCCCS to reduce rates for providers up to 5% in aggregate for dates of service October 1, 2015 through September 30, 2016.

Provider reimbursement has been frozen for many years and we have already absorbed 3 prior cuts at 5% each. With this cut we now have a total of 20% reduction from a fee schedule that is already less than half of private insurance

This will have devastating effects on my practice, on my employees, and on the children I serve. I may have to lay off employees or drop from AHCCCS altogether. This decision will impact my practice and its ability to keep seeing the AHCCCS population.

This cut will undoubtedly create a barrier to care issue as I am one of the few practitioners in the southern region of Arizona able to see critically ill children in a hospital setting and the only provider able to see children at University of Arizona Medical center. These children are extremely fragile medically with issues such as cardiac and pulmonary concerns they must be seen in a hospital setting

I urge you to carefully consider how this decision will affect this population that is already at high risk for oral disease. This additional barrier will limit access to care for this population.

We need healthy families for a healthy Arizona.

Thank you for your consideration.

From: Christine Wheeland <christinewheeland@gmail.com>
Sent: Tuesday, April 07, 2015 10:32 AM
To: accesstocare
Subject: Provider Rate Reductions

Follow Up Flag: Follow up
Flag Status: Completed

The Family Practice Physician I work for would not be able to absorb any additional reductions to the AHCCCS fee schedule. We would be forced to close our AHCCCS panels and discharge all patients within 30 days.

From: Dale Wheeland <drwheeland@gmail.com>
Sent: Tuesday, April 07, 2015 10:40 AM
To: accesstocare
Subject: AHCCCS Rate Reduction

Follow Up Flag: Follow up
Flag Status: Completed

As a solo Family Practice Physician, I have been providing care to AHCCCS patients through Health Choice of Arizona since 1990. This additional rate reduction would force me to quit. I have enjoyed providing this care for many years and am saddened to have to come to this decision.

Dale Wheeland, DO
Foothills Family Practice
7486 N. La Cholla Blvd.
Tucson, AZ 85741-2306
(520) 544-2622

From: bobhankel@comcast.net
Sent: Tuesday, April 07, 2015 11:19 AM
To: accesstocare
Cc: Kevin Earle
Subject: comments concerning provider fee compensation reduction

Follow Up Flag: Follow up
Flag Status: Completed

Ladies and Gentlemen: Arizona SB1475 calls for compensation rates to certain healthcare providers to be reduced by 5% beginning October 1, 2015. Here are my comments.

1. My dental office provides services to numerous central Pinal County AHCCCS patients, and has done so for many years.
2. On several occasions, AHCCCS has reduced compensation rates in the recent past at this same rate each time. Now another 5%? That would be almost a 15-20% rate decrease on already reduced fees.
3. This will result in our office operating margin to approach zero for AHCCCS patients. Not tolerable!
4. Because the profession of dentistry has seen many third-party payers reduce their rates of compensation, I must be very judicious concerning what I can accept for payment. Soon, I will be unable to continue serving AHCCCS patients.
5. Please do not put these rate reductions into effect.

Robert F. Hankel, Jr., D.D.S.
Casa Grande, AZ 85122

From: Lesueur, Christopher J <Christopher_LeSueur@chs.net>
Sent: Tuesday, April 07, 2015 3:35 PM
To: accesstocare
Subject: Rate reduction

Follow Up Flag: Follow up
Flag Status: Completed

Government intrusion into health care resulted in subsequent mandated changes in the doctor-patient relationship. The physician no longer is primarily concerned with diagnosis and care, documenting the rational for conclusions. Rather, now he is relegated to being the watchdog of public resources. This requires documentation to justify services rendered, supplies ordered, formulary exceptions, continuing needs assessment for supplies, patient compliance reporting, HEDIS score chart extractions and other quality reports. Medicaid patients are particularly challenging. A significant higher percentage of patients with an entitlement mentality leading to secondary gain issues, higher substance abuse, dysfunctional family support and self-destructive life styles.

Previously, my focus was on thoughtful investigative diagnostic evaluation, comfort, treatment planning and encouragement of healthy productive lifestyles. I no longer find the same sense of joy in my professional encounters. With the reduction in reimbursement, I am considering finding a different career. I will not renew my AHCCCS contract this fall.

Best wishes with your socialist agenda, but it is doomed to fail as it has in many countries throughout history. There are better ways to assist the poor and needy without enabling the entitlement mentality.

Christopher J. LeSueur, D.O. | Board Certified Internal Medicine | Payson Healthcare | 122 E. Main Street | Payson, AZ, 85541

Tel: 928-472-3478 | Fax: 928-468-2062 | <http://www.paysondoctors.com>

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From: Alfonso Castellucci <drcastellucci@gmail.com>
Sent: Tuesday, April 07, 2015 4:28 PM
To: accesstocare
Subject: AHCCCS 5% reduction

Follow Up Flag: Follow up
Flag Status: Completed

I am an emergency medicine physician. I am federally obligated to see AHCCCS patients in the emergency department at large Phoenix hospital by the EMTALA law. These patients need to pay for their own care in some way. Cutting the salary of emergency physicians is unfair and will result in a physician shortage. Why not have mandatory community service in exchange for medical care or cut other welfare benefits to offset costs? Some of these patients can exchange their flat screen TVs, food stamps, junk food, designer purses, cars, and smart phones for medical care.

--

Alfonso Castellucci DO FACEP

7148012781

From: 6024596093@vzwpix.com

Sent: Tuesday, April 07, 2015 5:32 PM

To: accesstocare

Follow Up Flag: Follow up

Flag Status: Completed

As a health care provider I have seen and will continue to see declines in health care reimbursements. At the same time I have NOT seen declines in my costs for doing business, including education costs. The legislature continues to decide reductions in health care reimbursements as one of the only ways to balance the budget without considering reductions in state and municipality labor and retirement costs, past and present. In this light, when I have a choice I will always choose a non ahccs case knowing I will be reimbursed 26-30 cents on the dollar with an ahccs case. My costs do not drop.

I have supported my children to choose other careers other than health care knowing the general universal plan to continually decrease reimbursements to health care workers, just to balance state and federal budgets. Not that being a health care provider isn't an honorable career. The value placed on such by the state and federal legislature is clearly indicated in what they want to pay for such services. Good luck providing the mediocre health care that will be provided the next two generations.

Dr. D England

From: Shawn Stevenson <sdsstevenson@me.com>
Sent: Wednesday, April 08, 2015 8:43 AM
To: accesstocare
Subject:Rate reduction

Follow Up Flag: Follow up
Flag Status: Completed

To Whom it may concern,

I am a general surgeon in the Chandler/Phoenix area. I run a very diverse practice encompassing basic general surgery to more complex pancreatic surgery. I have never considered a reduction in the volume of subsidized insurance plans as I empathize with people in need. However, my practice is reaching a point at which I must consider this in the future. With an additional 5% cut as proposed October 1, it will become untenable to continue to care for AHCCCS patients. These plans already represent my worst reimbursing coverages with discrepancies of more than 30% in many cases.

Considering continued rise in overhead costs with mandated EMR, quality improvement measures etc. How could a practitioner continue to provide adequate care at these rates. Also privately held surgery centers etc are already unwilling to have these cases brought there at this time, which further drives up case costs.

I fear these concerns will fall on deaf ears and that the only way to halt the progression of these cuts will be a healthcare crisis. This is already becoming the case with, in many cases (especially surgery) good practitioners are cutting these plan and AHCCCS patients are receiving marginal care. I realize the medical lobby is not that of many other special interest groups; however, what we provide to the population is so much more important. I welcome the opportunity to discuss the matter in detail with anyone who can potentially effect change. Feel free to contact me at any time.

Sincerely,

Dr. Shawn D. Stevenson

Agave Surgical Specialists
Agavesurgery.com
Office 602-582-5233
Cell 520-247-0133

From: Sue Bartoli <sbartoli@retinalconsultantsaz.com>
Sent: Wednesday, April 08, 2015 10:28 AM
To: accesstocare
Cc: Sue Bartoli
Subject: Comment Regarding the 5% Reductions

Follow Up Flag: Follow up
Flag Status: Completed

Injectable drugs (J Codes) themselves are not considered professional services. I would like to request that these codes be excluded from the 5% reduction. The physician is required to purchase the drugs and reducing your current allowance by 5% would lower the reimbursement to far less than our cost. For example, our current cost for Lucentis 0.5 mg for a single dose is \$1903.00. Your current reimbursement is already below our cost at \$1881.25 for 5 units. This is the standard dosage for treatment of Wet Macular Degeneration. Dropping this allowance by 5% would reduce the reimbursement to \$1787.19 making it impossible for us to treat these patients with this very effective drug. Ahcccs does not give us the option of ordering from a specialty pharmacy. The same scenario would apply to all of our injectable drugs.

Thank you for your consideration.

Sue Bartoli

Billing Department Manager
Retinal Consultants of Arizona LTD
Retinal Research Institute LLC
Phone: 602-222-2221 Ext 3107
Fax: 480-497-6467
Email: sbartoli@retinalconsultantsaz.com



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From: Mark Williams <Mark@zrpath.com>
Sent: Thursday, April 09, 2015 11:43 AM
To: accesstocare
Subject: Rate Comment

Dear AHCCCS,

We would ask that the Respite Rates stay the same. Due to the part time nature of respite, it is extremely challenging to maintain the access to facilities, transport etc., in brief, we have 7 days a week of bills and only 2 days to pay for them., our infrastructure, insurance etc., is all based on 7 days a week, but the respite only takes place on a few days.

That is our input as a respite provider, with the cuts year after year, the above has been a challenge.

Thank you for your time, again we are a respite provider so the suggestions above would benefit us.

In Your Service,

Mark A. Williams, CEO

Zarephath Preventative Services
67 S. Higley Road
Suite 103 - 261
Gilbert, Arizona 85296
Phone
Phoenix 480.518.6826 Tucson 855.810.2484
Fax
Phoenix 480.361.9144 Tucson 855.771.1332

24 Hour Availability Line (when clients are in care)

Phoenix 480.510.7013

Tucson 520.668.8791

24 Hour Spanish Line

800.782.2837

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From: Ken Goranson kgoranson@bensonhospital.org
Sent: Thursday, April 09, 2015 4:19 PM
To: accesstocare
Subject: AHCCCS Provider Rate Reductions

Benson Hospital defines their service area as the entire San Pedro Valley Hospital District (SPVHD), and areas within a 25 mile radius of the hospital, some of which extends to the Pima County border. The SPVHD is a geographical area of approximately 1,100 square miles in the northwest corner of Cochise County. It contains the communities of Benson, St. David, Pomerene, Cascabel and Dragoon. Two main areas fall within the 25 mile radius, but outside the boundaries of the District. The J-6/Mescal area extends into Pima County. It is visualized as an area along I-10 going west some 20 miles from the Cochise County line. Another area extends some 5 miles north of Cascabel along the San Pedro River into Pima County. Collectively, the SPVHD and the J-6/Mescal and Cascabel extensions comprise the Benson Hospital service area.

The SPVHD area has been estimated by the Benson Hospital Strategic Planning Committee to contain some 16,500 people. The J-6 and Cascabel extensions are estimated to add 1,500 people for a total of 18,000. Although the U. S. Census gives a population of 12,500 for this area, the Committee's estimate includes winter visitors who are not counted by Census methods. The City of Benson estimates that winter visitors swell the local population by around 30%. Additionally, ephemeral traffic on I-10, SR 90 to Sierra Vista and US 80 to Tombstone and Bisbee comprise an unknown impact on the service area population. Previous proprietary demographic studies have estimated similar service populations to be as high as 22,000 - 25,000. It is assumed that the unknown impact of traffic is responsible for the higher numbers.

The hospital struggles to have favorable operating margins but has seen significant losses in three of the last four years with an average negative margin of -2% for that period. The decreasing reimbursements has helped to create this position. The 2% Medicare cuts caused by sequestration continue and have had a significant impact on margin and continue to depress margins.

The current patient mix is about 50% Medicare, 23% Medicaid (AHCCCS), 23% Commercial, and 4% self-pay. Staffing costs have continue to grow with nominal wage increases to retain staff. Volume has remained at about the same levels over the past three years so the losses are related to decreasing reimbursement

.
The Medicaid reduction of 5% will make operating at breakeven difficult, the impact is expected to be in the \$75,000 – 150,000 and will create significant cash flow concerns and impact the ability to invest in needed infrastructure and long term programs

The AHCCCS cuts will have a disproportionate impact on Benson Hospital due to the high mix of patients who utilize this form of insurance. The reduced reimbursement has the potential to impact the hospital's ability to retain staff and this could create reduced volume

Ken Goranson
CFO
Benson Hospital
520-586-2261 x 223
www.bensonhospital.org

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From: Tim Blanchard <TBlanchard@azkrmc.com>
Sent: Friday, April 10, 2015 10:24 AM
To: accesstocare
Subject: Comments

Follow Up Flag: Follow up
Flag Status: Completed

Thank you for your email asking for feedback regarding the administration of the proposed cuts in AHCCCS. With a five percent cut now being contemplated, the methodology of the cuts is even more important to hospitals.

Clearly, KRMCM is opposed to any type of rate cuts since AHCCCS currently pays significantly below the cost to provide care to the program's patients. However, if a cut is inevitable we feel it is imperative that a hospital's ability to absorb the cuts be taken into account. Hospitals have two ways to deal with these cuts – reduce costs/services or shift the burden on to commercial insurers. I suspect all will attempt to do both. As you know, the playing field is not level...some hospitals have a much larger commercial mix of which to attempt to pass on AHCCCS cuts while other's do not. The chart below shows the disparity of payer mix around the state. The data is from Intellimed (inpatient data) and reflects the first two quarters of 2014 (latest available). Obviously, more recent data including outpatient volumes would be preferable but is not available.

We strongly feel that an institution's/hospital system's ability to absorb the cuts (i.e. commercial mix) should be taken into account, thus reducing unfair cost shifting to businesses simply because of where they are located in the state. One methodology could simply consider the commercial mix in relation to the overall payer mix. Another could consider a ratio of the AHCCCS burden in relationship to the commercial mix. If the cuts indeed become reality, we urge you to consider these options so that already economically challenged institutions aren't penalized further.

Sincerely,

Tim Blanchard Brian Turney
Chief Financial Officer Chief Executive Officer

Name	Medicare	AHCCCS	Commercial	Other	Self	Medicare/AHCCCS/Self
Benson (CAH)	73.66	11.97	9.97	0.00	4.41	90.04
Maricopa	16.46	53.28	10.81	8.03	11.43	81.17
KRMCM	65.61	18.43	11.43	2.02	2.51	86.55
White Mountain (CAH)	74.18	10.23	14.31	0.00	1.28	85.69
Yuma	59.19	19.09	14.41	3.65	3.65	81.93
Lifepoint	67.71	12.75	15.66	2.24	1.64	82.10
LaPaz	49.56	20.41	15.73	2.55	11.74	81.71
Florence Hospital	52.62	21.10	15.85	4.95	5.47	79.19

(Anthem)						
Little Colorado (CAH)	48.94	25.12	16.67	6.44	2.83	76.89
Summit	55.68	14.54	16.74	15.36	2.46	72.68
Wickenburg (CAH)	76.50	3.92	17.56	0.65	1.36	81.78
Copper Queen (CAH)	52.97	26.65	17.78	0.53	2.07	81.69
NAH	43.95	19.43	18.99	6.98	10.64	74.02
Abrazo	42.76	23.88	19.37	1.15	12.84	79.48
Iasis	53.56	21.53	20.54	1.21	3.16	78.25
TMC	48.07	23.91	21.97	4.45	1.61	73.59
Banner Health	50.66	20.22	22.49	3.98	2.65	73.53
Cobre Valley (CAH)	41.95	32.38	23.56	1.15	0.95	75.28
Mt. Graham	44.78	25.10	23.74	3.45	2.92	72.80
Carondelet	50.78	15.97	25.87	3.04	4.34	71.09
CHS	61.05	8.74	26.36	1.38	2.47	72.26
TCL/Scotts	52.18	11.74	29.29	3.46	2.64	66.56
Dignity	43.62	18.19	29.53	4.29	4.38	66.19
Sierra Vista	42.12	16.77	30.55	7.72	2.83	61.72
Yavapai	48.41	11.30	32.87	5.64	1.77	61.48
PCH	0.51	56.48	34.49	7.17	1.34	58.33
Mayo	51.87	3.77	41.16	1.93	1.28	56.92

(CAH) Critical Access Hospital

Tim Blanchard
Chief Financial Officer
Kingman Hospital, Inc.
3269 Stockton Hill Road
Kingman, AZ 86409
928-681-8668

From: sitara kommareddi <sitarakommareddi@hotmail.com>
Sent: Friday, April 10, 2015 12:07 PM
To: accesstocare
Subject: 5 % reduction

Follow Up Flag: Follow up
Flag Status: Completed

To whom It may concern:

It is already difficult to care for incredibly complex acchs patient under current compensation but to decrease further will compromise healthcare as more and more physicians will refuse to take. Bear in mind that our expenses or staff,malpractice, everything to practice increases every year.

There will be a continued shortage of physicans because of continued cuts.

Sitara Kommareddi, MD

From: Drew Ainsworth <drew@bethesdachandler.com>
Sent: Friday, April 10, 2015 1:10 PM
To: accesstocare
Subject: Rate Reduction

Follow Up Flag: Follow up
Flag Status: Completed

Dear AHCCCS team,

Medicaid continues to be the lowest paying insurance for basic medical care. Commercial rates, including Medicaid are 30% higher. Commercial carriers are providing the lowest payments that allow for a varied number of physicians to provide care. The recent payment reduction will force providers to decrease patient time and increase visit frequency.

A direct reduction to access to care will provide the State with even more savings than the direct price cut. For providers who will not limit care, the solution will be to restrict patient visits based on insurance type.

Either way, you have poor limited care, or none at all.

Sincerely,

Drew Ainsworth
Business Manager
Bethesda Pediatrics

From: Irr, Steve - Fire Chief <Steve.Irr@yumaaz.gov>
Sent: Monday, April 13, 2015 8:29 AM
To: accesstocare
Subject: Comments on reduced AHCCCS rates for ambulance transport

To whom it may concern,

The ambulance business in Arizona is a regulated service which is in place to set fair rates and allow financial stability to a critical service to our citizens. To understand how fair rates are determined, a document posted on the azdhs.gov website states "the Statutes and Rules seek to ensure that ambulance services have the financial strength and volume of business to continue operations so that Arizonans have reliable service." This document can be found at: <http://www.azdhs.gov/ops/oacr/rules/documents/guidance/gd-099-phs-ems.pdf>.

The state agency that sets our rates, AZDHS, has taken into account the rate that is needed for our agency to stay viable and allow enough reimbursement to continue to provide the needed equipment, training and personnel to serve our respective areas. After these rates are set it is expected that the State Legislature will not pass a bill to undermine the rate structure put into place by another state agency. The result of this action puts our agency at a deficit in meeting the needs of our community. The City of Yuma Fire Department has a CON for Advanced Life Support transport. The area we serve has a high poverty rate and our transports consist of over 25% AHCCCS patients. With the proposed cuts to AHCCCS reimbursement, our service will lose in excess of \$100,000 annually. Prior to the proposed reimbursement reduction the state reimbursement was already at only 80% of the rate determined by AZDHS. This reduced rate, accompanied with the reduced rate we are obligated to accept from Medicare, puts our operating margins very tight.

I am asking that consideration be taken as this rate reduction is implemented to leave the current, already reduced, rate in effect.

Thanks,

Steve Irr

Fire Chief
City of Yuma Fire Department
One City Plaza
Yuma, AZ. 85364
(928)373-4853
irrs@yumaaz.gov



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From: Fay's House 1,2,3 LLC <fayshouse123@yahoo.com>
Sent: Monday, April 13, 2015 10:57 AM
To: accesstocare
Subject: Rate reduction impact on Behavioral Health facilities

Follow Up Flag: Follow up
Flag Status: Completed

The rate reductions will have a negative impact on Therapeutic Behavioral Health Facilities. Each time there is a rate reduction the non-clinical staff and clinical staff income must be reduced to meet all fixed cost of the company. The 5% reduction continues to eat away at services that we must provide to members to meet their needs. The T/RBHA need facilities that provide in house therapy, stating that AHCCCS does not want to pay for wrap around services, the member should get all services at the placement facility.

By reducing the rate it is making it harder and at times impossible to meet the members needs at the placement facility and in return AHCCCS ends up paying for wrap around services which in the long run cost more federal dollars.

Medicaid Population served= Female youth 12-17

Factors driving provider cost= therapeutic services provided by licensed professionals

impact of rate reductions= offer less services/ therefore T/RBHA have to justify wrap around services to ahcccs

Dee'Anna Smallwood, CAO
Fay's House 1,2,3

From: Gonzales, Theresa
Sent: Monday, April 13, 2015 1:08 PM
To: accesstocare
Cc: Kohler, Beth; Betlach, Tom
Subject: FW: AZ Medicaid 5% Medicaid Rate reduction

Follow Up Flag: Follow up

Flag Status: Completed

This is probably better suited to the e-mail box. I will let her know that I have forwarded it to the e-mail box and direct her to the website.

From: Stephen_Jane [mailto:Stephen_Jane@Allergan.com]
Sent: Monday, April 13, 2015 11:26 AM
To: Gonzales, Theresa
Subject: FW: AZ Medicaid 5% Medicaid Rate reduction

Hi Theresa,

I had the opportunity to introduce myself to you prior to last week's SMAC meeting. Unfortunately I had scheduling issues, and I had to leave the meeting before public comment. Therefore, I wasn't able to ask my question regarding the inclusion of physician administered drugs in the proposed 5% reduction. I don't have either Director Betlach or Deputy Director Kohler's contact information, so I was hoping you could either provide me with their email address, or forward my email below to the right party.

Thank you for your help, and have a wonderful week!

Jane Stephen

Dear Director Betlach & Deputy Director Kohler,

I attended the Medicaid Advisory Committee meeting last week, and I greatly appreciate the information shared during the meeting with regard to key initiative at AHCCCS. I was especially

interested in the proposed rate reduction to providers of up to 5% in aggregate for dates of service October 1, 2015 through September 30, 2016, as authorized by the Legislature.

I am hoping you can clarify for me whether physician administered drugs billed by the physician to AHCCS, on behalf of FFS beneficiaries, will be impacted by the proposed 5% reduction? Information posted by AHCCCS does not specify what items and services will be subject to this adjustment.

Currently, the reimbursement for physician administered drugs can already be at an amount below physician acquisition cost. An additional 5% reduction will cause an even greater financial hardship, placing providers in an untenable position. If they choose to administer the drug to their FFS Medicaid patients, they can only do so at a personal financial loss.

The Department's request for public input encourages stakeholders to submit comment, so that AHCCS has the opportunity to consider all relevant information. However, it is difficult to provide input, without the knowledge of whether all services billed by the physician are subject to the 5% reduction, or only services included in the physicians professional fee schedule.

Thank you in advance for your clarification.

Jane

Jane Stephen

Senior Regional Healthcare Policy Executive | Allergan | Managed Markets

☎(303) 905-7721 📠(303) 374-6107 |✉Stephen_Jane@allergan.com



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From: Barbara Dember <Barbara.Dember@nahealth.com>
Sent: Wednesday, April 15, 2015 12:14 PM
To: accesstocare
Subject: Public Comment RE: AHCCCS Proposed 5% Rate Cut
Follow Up Flag: Follow up
Flag Status: Completed

Dear AHCCCS Administration,

Northern Arizona Healthcare, a 501c3 Not-For-Profit healthcare system serving the vast geography of Northern Arizona, has formed its own Accountable Care Organization (ACO), according to the Affordable Care Act. Our organization, Pathfinder Health, is a clinical integration and ACO network of 405 providers with more than a third of its members, (158), representing primary care physicians and providers (PCPs). The network is structured to provide high value care. The PCPs, however struggle with current Medicaid rates and a further cut would be detrimental to them. This network of providers is closely integrated and very interested in working with payers that treat them fairly and compensate them for the difficult role they play in high value, coordinated care.

As you know, the role of the PCP will be even more critical in the future as we move from volume to value in healthcare. Access to timely primary care is critical to reducing unnecessary and costly emergency room visits and other interventions that occur when primary care is inaccessible. This is counter to the Institute for Healthcare Improvement's plea for "the right care, in the right place, at the right time".

Many providers are telling us that they will likely no longer be able to accept AHCCCS patients into their practices should this rate cut go into effect. This would have a detrimental impact on our entire state's long history and system of caring for the poor and vulnerable. This population would then have no choice but to use the state's already burdened emergency departments. This will actually result in higher costs to taxpayers and the AHCCCS system, not to mention the very real potential of poor health outcomes and the diminished health status of Arizonan's.

Thank you for allowing for public comment on this important issue. I strongly urge you to not reduce payments to the physician network that AHCCCS has worked hard to create over the two decades.

Sincerely,

Barbara S. Dember, MHA, FACHE

President and Chief Executive Officer Verde Valley Medical Center
Executive Vice-President Northern Arizona Healthcare
Governing Board Member, Arizona Hospital and Healthcare Association
Barbara.dember@nahealth.com
(928) 639-6042 (office)
(928) 310-8250 (cell)

From: Benji Park <benji@hubrichdental.com>
Sent: Thursday, April 16, 2015 8:05 AM
To: accesstocare
Subject: Senate Bill 1475

Follow Up Flag: Follow up
Flag Status: Completed

Hi, I just wanted to voice my offices concern that we will not be able to continue contracting with AHCCCS any more.

Our costs continue to go up with supplies, site maintenance, utilities, employee wages, taxes, etc. The only thing going down is our rates with AHCCCS. We are very close to the point where it is going to cost us more to see an AHCCCS patient than we receive. At that point we will have to drop our contracts with AHCCCS, because we refuse to adapt our level of care to try and make up any financial shortfalls.

Thank you for your time,

Benji Park

Financial Coordinator

From: Lola Gray <lola@saatucson.com>
Sent: Friday, April 17, 2015 2:20 PM
To: accesstocare
Subject: Rate decrease

Follow Up Flag: Follow up
Flag Status: Completed

This message was sent securely using ZixCorp.

I ask that you please consider the rate for anesthesia not being changed. We are the lowest paying provider and it would be hard to take another cut.

Thank you,

Lola Gray

Billing Coordinator

Southern Arizona Anesthesia, P.C.

lola@saatucson.com

Phone: 520-784-2245

Fax 520-325-1622

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From: timtolson@comcast.net

Sent: Monday, April 20, 2015 8:56 AM

To: accesstocare

Subject: Comments on rate reduction

Follow Up Flag: Follow up

Flag Status: Completed

The upcoming 5% reduction scheduled for 10-1-15 is a mistake. Our operating costs continue to increase, so how can we continue in business and provide care if reimbursements are reduced.

This step will require us to reduce the number of AHCCCS patients that we serve.

Reimbursements should be tied to inflation, not reduced.

Tim Tolson

Business Manager

Skyline Pediatrics

From: Terry Keller <TKeller@CampVerdeFire.org>
Sent: Tuesday, April 21, 2015 4:17 PM
To: accesstocare
Cc: Robyn Cook
Subject: Public Input for Provider Rate Analysis

As the Fire Chief of both the Camp Verde Fire District and the Montezuma Rimrock Fire District under a shared services agreement to preserve revenues, I am very aware of the plight of rural fire districts, such as ours. We continue to struggle to develop and maintain balanced budgets following the loss of revenues precipitated by the drop in home values due to the great recession of 2008. Since both Camp Verde, and Montezuma Rimrock provide ambulance services to their respective communities, we are fortunate to have ambulance revenues to help augment our dwindling tax base.

However, now it appears we are going to lose a portion of our ambulance revenue as a result of the decision to reduce the AHCCCS reimbursement rates with the passage of SB 1475, which permanently drops the AHCCCS rate for ambulance reimbursement.

As a result of this change Camp Verde Fire District is expecting to lose up to \$30,000 as a result of this change, or about 3.62% of our ambulance revenue. For Montezuma Rimrock, we are forecasting a loss of \$15,000, or about 4.56% of our ambulance revenue. Both districts can ill afford to lose this revenue, as other costs (health care, pensions, commodities) continue to climb at rates faster than what we anticipate our revenues will increase.

With no tax relief in sight from our current legislature, additional losses in revenue, such as AHCCCS funding is only making what has become a dismal situation even worse. There are many fire districts across Arizona that are teetering on the brink of collapse. Hopefully, those who rely on AHCCCS will not be so unfortunate as to need one of these soon-to-be-defunct districts in order to receive emergency medical services during their emergency. If so, they may be compelled to wait for a unit to respond from a neighboring community, or worse.

Thank you for your consideration of these comments.

Terry Keller
Fire Chief
Camp Verde Fire District
(928) 567-9401 Office
(928) 567-2444 Fax
9928) 300-1263 Cell



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To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to members of the Board of Directors for the Camp Verde Fire District. Members of the Board may reply to this message, but they should not send a copy of the reply to other Board members.



Improving Life Through Empowerment

February 27, 2015

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

RE: Proposed Cuts to Medicaid Coverage

Dear Director Betlach,

As America's largest patient-led organization representing over 28,000 members, Dialysis Patient Citizens (DPC) works to improve the quality of life of all dialysis patients through education and advocacy. Dialysis is a life-sustaining care delivered to over 12,400 patients in Arizona who have End-Stage Renal Disease (ESRD), also known as kidney failure. For those with ESRD, receiving regular dialysis or a kidney transplant are the only treatments that allow patients to continue living.

The number of individuals with kidney failure continues to grow as incidences of diabetes and hypertension, the two leading causes of kidney failure, continue to rise. Arizona has seen a 42% increase in the number of dialysis patients since 2002, which is higher than the national increase of 32%. Each year, over 2,200 people are newly diagnosed with kidney failure in Arizona (United States Renal Data System, 2014).

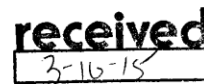
In addition, because dialysis cost account for only one-third of the expenses incurred by patients, we believe it is necessary for the state to maintain Medicaid reimbursement for dialysis care at current levels which enables providers to increase intervention and avoid much more costly hospital visits. Reimbursement reductions to dialysis facilities put additional strains on many facilities that are already providing a great deal of uncompensated care to patients and are now receiving restricted Medicare reimbursement through a bundled payment system.

Further reductions in reimbursement could cause many facilities, particularly smaller ones, to close. The facilities in rural areas are typically operating in a negative margin, forcing them to close will greatly hinder access to care for many patients in Arizona. Cuts also make it more difficult for facilities to retain and recruit the best nurses and primary care technicians to deliver this life-sustaining care. Without access to high quality dialysis care, patients' health will suffer requiring more frequent hospitalization. This will lead to increased overall state spending as well as poorer health outcomes for patients.

1012 14th St. NW, Suite 905 • Washington, D.C. 20005 • Toll Free Number 1.866.877.4242 • Fax 1.888.423.5002

www.dialysispatients.org • Email: dpc@dialysispatients.org

DPC is a 501(c)(4) non-profit organization governed by dialysis patients.



Thank you for your consideration of our views. If you have any questions, please contact our Government Affairs Manager, Kristy Lukaszewski, who can be reached at klukaszewski@dialysispatients.org

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Hrant Jamgochian". The signature is fluid and cursive, with the first name "Hrant" being more prominent and the last name "Jamgochian" following in a similar style.

Hrant Jamgochian J.D., LL.M
Executive Director



February 27, 2015

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

Dear Mr. Director Betlach,

I am writing to express concern about the proposed Medicaid provider reduction for the state budget. Over 12,400 people in Arizona rely on dialysis to treat their kidney failure. This is a 42% increase since 2002 which is higher than the national increase of 32%. Each year, over 2,200 people are newly diagnosed with kidney failure in Arizona (United States Renal Data System, 2014).

Fresenius Medical Care North America (FMCNA) operates 53 outpatient dialysis facilities in Arizona which serve over 4,300 people with kidney failure who rely on life-sustaining dialysis treatments at a minimum of three times a week. Over 35% of people with kidney failure who receive dialysis at FMCNA dialysis facilities in Arizona have Medicaid as their primary or secondary insurance.

Of our 53 outpatient facilities, 8 are currently operating in a negative margin (see attached map). These facilities are already vulnerable. Additional reductions in provider rates will place these facilities in an even more precarious position. In San Carlos, Winslow, Show Low, and Lake Havasu, we are the only dialysis provider. Access to care would become an issue without facilities in rural areas. Additional reductions may also hinder our company's ability to expand current facilities or open new facilities to meet the growing demand for dialysis.

Thank you for keeping our concerns in mind as the state legislature works with the budget.

Sincerely,

Chris P. Smith
Regional Vice President - Arizona Region
Fresenius Medical Care North America
cell (480) 294-3427
chris.p.smith@fmc-na.com

received
3-3-15



FMCNA facilities operating in a negative margin:

San Carlos
US Hwy 70 and State Hwy 170, Peridot, AZ 85542

Winslow
721 Mike's Pike St., Winslow, AZ 86047

Show Low
1500 S. White Mountain Rd. #204, Show Low, AZ 85901

Flagstaff
5200 E. Cortland #A-4, Flagstaff, AZ 86004

Prescott Valley
3605 Ranch Drive, Prescott, AZ 86303

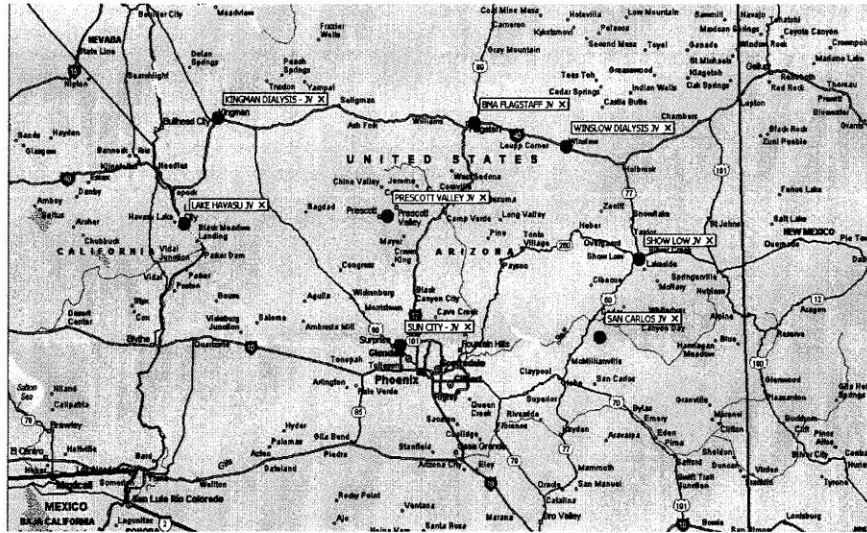
Lake Havasu
2145 Mesquite Ave, Lake Havasu, AZ 86403

Sun City
10050 W. Bell Road #29-31, Sun City, AZ 85351

Kingman
1721 Airway Avenue, Kingman, AZ 86409



**FRESENIUS
MEDICAL CARE**



From: evecshapiro@gmail.com on behalf of Dr.Eve Shapiro <shapiroe@email.arizona.edu>
Sent: Wednesday, April 22, 2015 6:27 PM
To: accesstocare
Subject: potential AHCCCS reimbursement cuts

Follow Up Flag: Follow up
Flag Status: Completed

I am a pediatrician in Tucson and currently have approximately 10% of my patients covered by AHCCCS. I accept AHCCCS patients purely because I feel it is my ethical obligation as a physician to care for patients at all socioeconomic strata. Except for the 2 year period when AHCCCS rates were increased to Medicare rates, my reimbursement is generally about 30% lower than in the commercial plans. Once the enhanced reimbursement ended last December, I stopped accepting new AHCCCS patients, because I can no longer afford to care for them. As a primary care physician, my operating margin is slim, with 70% of my gross income going to overhead, primarily staff. Can I tell my staff to accept a 30% lower salary for that portion of our practice that reimburses at that level? If there is an additional 5% cut in reimbursement, more physicians will no longer accept AHCCCS patients and there will be a crisis like there is in other states where rates are low. It is inappropriate to cut reimbursements to physicians for providing care when most of our costs are fixed. Thank you for your consideration, Eve Shapiro MD, MPH



Arizona Association of Health Plans

c/o Gallagher & Kennedy, P.A.
2575 E. Camelback Rd.
Phoenix, AZ 85016
602-530-8160

April 23, 2015

VIA ELECTRONIC MAIL – Thomas.Betlach@azahcccs.gov

Thomas J. Betlach, Director
AHCCCS
801 E. Jefferson St., MD 4100
Phoenix, AZ 85034

Re: *Provider Rate Reductions*

Dear Director Betlach:

I write on behalf of the companies in the Arizona Association of Health Plans (AzAHP), who contract with the Arizona Health Care Cost Containment System (AHCCCS) to provide health care to the state's Medicaid beneficiaries. Together, our 13 member companies serve the entire Medicaid population, including acute care, behavioral health and integrated care, care for those in the Arizona Long Term Care System (ALTCs) and those receiving home- and community-based services.

We appreciate the deliberative way you are gathering the public's input regarding the recently enacted provider rate cuts and are grateful to have the opportunity to share with you our views about the upcoming implementation. From the outset, we have said that we acknowledge the severity of the state budget shortfall and the short-term needs associated with achieving a balanced budget. We also, however, believe that these short-term solutions have consequences that cannot go unrecognized. With respect to provider rate reductions, the reimbursement cuts will have an impact on the state's healthcare workforce far beyond what the state will realize in savings.

Arizona boasts an active and engaged healthcare workforce that provides quality care to Arizonans across the state. Each one of our health plans boasts a robust network of providers, and our overriding interest is in keeping it that way. Our patients see the same providers that commercially insured people see and receive the same high level of care. We are hopeful this fact will influence your rate setting decision making.

As we said during the legislative discussions about the budget, the loss of federal matching money associated with this cut to providers carries with it economic pitfalls. The state general fund will save roughly \$37 million by implementing a nearly

Bridgeway | Care1st | Health Choice Arizona | Health Choice Integrated Care | Health Net | Mercy Care
MIHS | MMIC | Phoenix Health Plan | The UA Health Plans | UnitedHealthcare Community Plan

Thomas J. Betlach, Director
April 23, 2015
Page 2

\$200 million reimbursement reduction to health care providers of virtually every stripe – doctors, nurses, hospitals, dentists, community health centers – all the people on the front lines treating and caring for Arizona's most vulnerable citizens.

Today, we have a seamless and transparent healthcare delivery system, with no difference in the quality of care reflected in the claims submitted to the various payers that any given provider might accept, government and commercial alike. This mix of payers is a critical element to the success of our plans as well as the AHCCCS program itself, yet the net effect of the cut may be a reduction in the number of providers who will accept Medicaid as payment.

Recognizing that the Legislature has given you some flexibility, we write to encourage you to use it to mitigate the impact of the cuts. We would welcome the opportunity to talk with you about how pharmacy savings, for example, might be used to offset the full impact of the cuts.

We realize this is not a doomsday situation today, but unchecked, it can kick off a troubling trajectory: providers will quit seeing Medicaid patients; robust networks will be diminished; Medicaid providers will be harder to come by; plans will be required to pay more to keep their networks intact; patients who can't get in to see a doctor will go to the emergency department instead; the cost of care goes up and the quality of care goes down.

Mindful that the decision has been made and the implementation getting ready to commence, we appreciate having this opportunity to share with you our thoughts on how it will impact the delivery of healthcare among Medicaid beneficiaries. Each plan will also provide the plan-specific information AHCCCS is seeking.

Very truly yours,

ARIZONA ASSOCIATION OF HEALTH PLANS, INC.

By: 
Deb Gullett
Executive Director

DAG/plp
23585-1/4758024v2

From: ashaugh326@yahoo.com
Sent: Friday, April 24, 2015 11:18 AM
To: accesstocare
Cc: Loretta Nahkai
Subject: Rate Reduction

Dear Mr. Escobedo,

Non-Emergency medical ground transportation(NEMT) is a vital component to the Health Care Continuum of the patient population that Navajo Transport Service, Inc.(NTS) serves as an AHCCCS Provider.

NTS has been an AHCCCS Provider for over 24 years. The cost of operation has increased substantial over the years. Commercial Auto Insurance is written by only two companies in the U.S. with an average cost of \$5000.00 per vehicle. Liability Insurance is mandatory. Workers Compensation is required by law. Fuel costs are variable and deadhead miles add up quickly for AHCCCS clients living on or around the periphery of the Navajo Nation.

The rates for NEMT have not kept up with the economic downfall experienced over the last decade. The current rate per mile is marginal for a NEMT that is due diligent in there operations and demand fiduciary responsible: the current rate, much less a reduction, does not support the growing cost of insurance, vehicle cost and repairs, fuel expenses or employee raises.

Nursing Facilities, Home Based Services, and Hospice do not experience the volatile fluctuations in fuel cost, products driven by crude oil prices, or tensions in the Middle East as directly as Non-emergency Medical Ground Transportation.

I ask the Arizona Legislature; Why is the rate for the care of a client in a Nursing Facility, Home Based Services and Hospice more valuable than the rate for NEMT which is care for the life of a Navajo living in a rural area of the Navajo Nation, dependent on NEMT to take them to their dialysis treatment? A large majority of NEMT patients are Native Americans. Reducing rates for NEMT is a direct assault on the access to the health care and well being of Native Americans. Native American lives matter!

The Arizona Legislature Senate Bill 1475 will have a negative impact on NEMT companies that serve Native American clients. I strongly urge the Legislature to rescind Senate Bill 1475.

Respectfully Submitted,

Alice Begay, MA RN
Vice President
Navajo Transport Service Inc.

From: John O'Connor <oconnormd@cableone.net>
Sent: Friday, April 24, 2015 4:29 PM
To: accesstocare
Subject: physician fee cuts

Follow Up Flag: Follow up
Flag Status: Completed

Categories: Misc

I am the only neurologist in the area (Prescott) that is still seeing AHCCCS patients. Because of low reimbursement, my colleagues dropped out a couple of years ago. With the cut scheduled this autumn, I as well as other providers may drop out. I have plenty of volume and don't need to see AHCCCS patients but do it as a service to the community...and now you want to cut me another 5%!! These patients may be taking taxis on your tab to see providers in Phoenix. John O'Connor, MD

From: Amy Shoptaugh <amyshoptaugh@gmail.com>
Sent: Tuesday, April 28, 2015 9:29 AM
To: accesstocare
Subject: AHCCCS Provider Cuts

Dear Director Betlach,

I am a Pediatrician who has practiced in the east valley for the last 18 years. I am aware that the Arizona Legislature passed Senate Bill 1475 which authorizes AHCCCS to reduce rates for providers up to 5%, beginning after October 1, 2015 through September 30, 2016.

I am very concerned about this as AHCCCS payments to pediatricians in Arizona have already been reduced by 12.9 percent to help balance previous year budgets. We already had a further reduction at the beginning of the year as Congress did not carry over the improved rates from the previous 2 years.

We are a 2 physician practice that sees between 30-34% AHCCCS patients. An additional 5% decrease in payments, which would make a >20% reduction in 6 years, would make it almost impossible to continue to see this percentage of AHCCCS patients in our clinic. If there is a another reduction in payment, I know it will not just be my practice that will have to stop or decrease the amount of AHCCCS patients they see, but a vast majority of pediatric practices as well. Furthermore, children on AHCCCS are at risk for parents overuse of the emergency rooms, having more serious illnesses, more complications from untreated illnesses etc. If they do not have a medical home with a primary care provider this will be even more costly to the state.

I know you have been put to a task to cut 5% of costs but I hope you understand that to cut costs to the primary care providers only increase costs other places.

Thanks for your time

--

Amy Shoptaugh M.D., F.A.A.P.
All About Kids Pediatrics

From: Susan Novalis <info@retinacenterspc.com>
Sent: Tuesday, April 28, 2015 6:22 PM
To: accesstocare
Subject: Rate cuts

To Whom It May Concern,

We are a Retina Specialist Group in Southern Arizona and have served the community by providing sight saving medical and surgical services for the last forty years. We are able to provide to our patients Consultation, Diagnostic Studies and Treatment in one visit with the prior approval of AHCCS. Our offices are all located within walking distance from a bus stop for the convenience of patients without personal transportation.

We understand that there is a shortfall in the AHCCS budget which as of today represents a 18-20% reduction from Medicare allowable reimbursement rates (AHCCS fee schedule for our specialty is 85-87% of Medicare allowable rates and AHCCS pays 94% of their already reduced fee schedule).

An additional reduction creates an excessive burden. We have been placed in a dangerous situation because of cuts in reimbursement that were made effective January 1st, 2015 of 15-20% for our specialty by CMS coupled with the reduced reimbursement by AHCCS. The total effective reduction so far is an unsurvivable 39%.

Moreover, the cost of Medications used in the treatment of our patients has increased 20% per year in the last two years.

Our Specialists have no fat to cut, we don't sell glasses or contacts, we don't sell vitamins, we don't perform any cosmetic or elective surgery, and we provide essential sight saving services that keep the city from having to care for a blind person which may cost far more than the savings realized from further cuts.

Retina Specialists have to retain costly high-tech equipment in order to provide diagnostic and treatment services. We currently provide the most cost effective services with excellent outcomes which substantially reduces the cost of care for your patients.

Retina Specialists are the patient's only recourse when afflicted with sight threatening diseases. Patients cannot go to emergency rooms at any Hospital because they don't staff Retina Specialists and end up being sent to a Retina Specialist who is on call 24H/365.

We have been obligated under Federal Law and under the threat of stiff financial penalties to acquire Electronic Medical Records and demonstrate Meaningful Use. The expense associated with EHR compliance has far exceeded the Government incentives and resulted in a 30% overhead increase for additional staffing requirements. Other

undesirable side-effects from the use of EHR are longer waiting times for patients, less Doctor-patient interaction, and as more and more time is dedicated to data input, the number of patients a Doctor can see has been drastically reduced.

20% of our patients are in various AHCCC plans. If we have further reductions we might have to take ourselves out of the market as we can't continue to provide these services at a loss.

We are currently renegotiating our present contracts for a higher rate due to the reasons here cited. We appreciate the opportunity to express our concerns to the rate reviewing committee and hope that no further cuts are imposed.

If I can be of any service regarding payments to our Specialty please feel free to contact me at 520-742-7444

Thank you for your time and consideration,

Susan Novalis

RETINA CENTERS, PC | CFO/Administrator

p: 520.742.7422, f: 520.229.9169

From: George Deckey <veloyuma@aol.com>
Sent: Wednesday, April 29, 2015 10:43 AM
To: accesstocare
Subject: proposed 5% cut

To whom it may concern,

I am writing to express my serious concerns regarding the legislature's proposed 5% cut to the AHCCCS fee schedule. I am a surgeon practicing in Yuma which is a federally designated Health Provider Shortage Area (HPSA). The federal government has recognized that many smaller rural communities have a difficult time attracting and retaining physicians especially specialists like myself. As a result CMS has chosen to offer a 10% premium to those services rendered in a HPSA area. I believe this program has been especially effective. If the legislature imposes this 5% cut, I believe it will have a deleterious effect on physician recruitment to rural communities and Arizona in general since a large percentage of my practice in Yuma County is composed of AHCCCS patients. Physicians practicing in rural communities are typically in solo or small practices. Physicians in these small rural practices are already experiencing considerable financial and regulatory stress from the federal government through increasing regulatory requirements including electronic medical record implementation with increasingly cumbersome requirements for meaningful use, the looming implementation of ICD-10, as well as privacy regulations such as HIPAA.

I would propose that the legislature look at considering imposing a differential in the implemented cuts to acknowledge the difficulties that rural and especially border communities like Yuma face in rendering health care in the current environment. I would propose that HPSA communities such as Yuma be exempted from the proposed cut to acknowledge those difficulties and maintain access to health care to those patients at most jeopardy in these communities.

Thank you for your consideration,
George Deckey MD



2600 N. Central Ave., Suite 1860
Phoenix, AZ 85004
602.532.0137 office
602.532.0139 fax
www.AzAAP.org
TAX ID 86-0917603

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sandy@azaap.org

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Chair

Tuesday April 28, 2015

Thomas J. Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson Street, MD 4100
Phoenix, AZ 85034

RE: AHCCCS Provider Cuts

Dear Director Betlach,

In Arizona, more than 600,000 children rely on Medicaid for their health care coverage. Maintaining access to vital preventive services, including well-visits and immunizations, for kids in the Medicaid program is the priority of pediatricians in the state. However, when payment rates for Medicaid drop well below Medicare and private insurance rates, it is difficult for pediatricians to care for this vulnerable population.

Since 2009, Arizona Health Care Cost Containment System (AHCCCS) payments to pediatricians have been reduced by 12.9 percent to help balance the state budget. On January 1, 2015, AHCCCS payments to pediatricians providing primary care services were further reduced by another 27 percent as Congress failed to renew federal funding of Medicaid payment parity. An additional 5 percent reduction, on top of the cuts already absorbed, will seriously hinder the ability of pediatricians to continue seeing AHCCCS patients.

If further cuts are implemented as proposed, pediatricians may have to stop accepting new AHCCCS patients or decline participation in AHCCCS altogether. In rural areas and inner cities, where the need is greatest, Arizona pediatric practices cannot survive without adequate payments from AHCCCS because so many of their patients are insured by AHCCCS. This loss of practice revenue further reduces their already small operating margins. For these pediatricians, the only option may be to close their practices and move out of state or to another Arizona community where they would have more private pay patients. Either way, the Arizona children living in the communities they serve will lose access to high quality pediatric primary care and will rely on more expensive, acute care facilities which do not provide preventive care. One of our pediatricians has told us that he is the only pediatrician in his community and there will be limited access to care if these cuts are enacted. Appointment schedules will need to be changed by the percentage decrease because overhead has already been reduced as much as possible.

The Arizona Chapter of the American Academy of Pediatrics, which represents over 900 Arizona pediatricians, participated in a survey to better understand and appreciate the impact that cumulative AHCCCS provider reimbursement reductions will have on Arizona medical practices. Survey results revealed that over 40% of physicians would consider either ending their participation in the AHCCCS program or refusing new AHCCCS patients if there is an additional 3-5% cut in their AHCCCS payments.



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Executive Director
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sandy@azaap.org

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There is already a shortage of pediatricians in Arizona. In another recent workforce survey of over 200 Arizona pediatricians, approximately 70% of all Arizona pediatricians surveyed reported a lack of pediatric specialists in their community and 90% reported long wait times to schedule appointments. The shortage is worse among rural pediatricians where 90% reported a lack of pediatric specialists and 100% reported long wait times for appointments. Further reductions in payments by AHCCCS will exacerbate these shortages and impede children's access to vital health care services.

As pediatricians, we know how important AHCCCS is to children. We know how important it is for this vulnerable population to be able to receive the care they need. We therefore strongly urge you not impose any additional cuts to physician payment in AHCCCS.

Sincerely,

Delphis Richardson, MD
President, Arizona Chapter American Academy of Pediatrics

From: Angie Chambers <AngieC@associatedretina.com>
Sent: Wednesday, April 29, 2015 1:12 PM
To: accesstocare
Subject: AHCCCS Fee Reductions

To Whom It May Concern

This email is in response to the proposed cuts starting 10-1-2015. Associated Retina Consultants Ltd has supported Arizona since 1974 as a practice that treats retina disease. Our group of 10 Vitreoretinal Surgeons and two Vitreoretinal Fellows take great pride in providing quality care to patients from infancy to 106 years of age. We supported the decision when the State asked us to reduce fees by 5% and then that grew to a continual decrease each year till we now are at a point that it is no longer sustainable. Not only were professional fees reduced but you have reduced drug reimbursement below our cost for the drug. Not only have you decreased our professional fees but we now are subsidizing the drugs used to treat patients. We are at a point where our cost are not being covered for the treatment of patients under the present fee schedule. I believe you are being short sighted in your goal to reduce cost. Every person classified as legally blind will cost the State \$600,000. If you do not have quality providers treating these patients and stopping the progression of retina disease you will have a significantly higher deficit because more patients will go blind. Our group will no longer be able to provide services going forward should this proposal be implemented and AHCCCS needs to start covering the cost of drugs used to treat patients with retina disease. It is a sad day for the people of Arizona when we look to balance the budget at the cost of someone's eyesight!

Angela Chambers RN, MBA
Executive Director
Associated Retina Consultants Ltd

From: robziltzer <robziltzer@yahoo.com>
Sent: Wednesday, April 29, 2015 1:31 PM
To: accesstocare
Subject: AHCCCS RATES

The already low provider reimbursement rates have prevented our practice from accepting AHCCCS patients. Further cuts to providers will further limit access of patients to necessary medical treatment.

Robert Ziltzer, MD, FACP, FAAP
Obesity Medicine, Board Certified
scottsdaleweightloss.com
480-366-4400 Scottsdale
480-265-9099 Chandler
602-265-0945 Phoenix

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Thank you.

From: drgering@drgering.org
Sent: Wednesday, April 29, 2015 1:35 PM
To: accesstocare
Subject: Proposed reduction of payment to primary care providers

1. If reimbursement to primary care providers is reduced, new patients will find it difficult to find a physician who will accept them. This will probably motivate them to go to ER's which are much more expensive.

Conversely, if reimbursement to primary care providers was increased, physicians would be eager to serve more patients and reach out to them. This could decrease ER useage and associated costs.

It could help attract more physicians to Arizona and encourage more to participate in AHCCCS.

Stanley Gering, MD

From: slademd@aol.com
Sent: Wednesday, April 29, 2015 2:37 PM
To: accesstocare
Subject: Cuts

We have been loyal providers of health care for over 30 years and have been on your panels because we believe providing preventive care is so important. However the proposed 5 percent cuts are detrimental to our cause. You are making it very difficult to continue to provide care to those who need it most Joseph a Wells MD

Sent from AOL Mobile Mail

From: Louis Iorio <Llorio@qwest.net>
Sent: Wednesday, April 29, 2015 3:16 PM
To: accesstocare
Cc: 'Louis Iorio'
Subject: ahcccs reimbursement cuts

AHCCCS presently does not reimburse for many recognized CPT codes that are recognized by regular indemnity insurance companies, and reimburses at rates substantially lower than the private sector insurance plans.

We are expected to care for patients after hours and in emergencies without recognition of the after-hours code 99050, emergency code 99058.

The enhanced reimbursements for providing well care were recently discontinued!

AHCCCS only recognizes one developmental screen for reimbursement at a single well visit. CPT 96110

AHCCCS only allows one vision screen per lifetime! How ridiculous.

The reimbursement for vaccine administration has not been increased since 1997, and presently the reimbursement for vaccine administration is less than that recommended by the AAP.

At some point, particularly for providers who have been caring for Arizona AHCCCS patients for numerous years, continue to accept new patients, it will be in the provider's best interest to stop accepting AHCCCS patients, decreasing their work load, not to mention decreasing their PAPERWORK!, and simultaneously improve their life style.

Pediatricians are not plastic surgeons, orthopedic surgeons, or other high paying subspecialists. We care for our future, we should be paid accordingly.

Louis Iorio, M.D.

From: hbianchi@comcast.net
Sent: Wednesday, April 29, 2015 6:25 PM
To: accesstocare
Subject: Pay cuts

Dear Sir or Madam,
Our group will stop taking AHCCCS patients if there more cuts.
Sincerely,
H Bianchi MD
Tucson, AZ

Sent from Xfinity Connect Mobile App

From: William Stipp <williamstipp@gmail.com>
Sent: Wednesday, April 29, 2015 10:38 PM
To: accesstocare
Cc: Mike Duran
Subject: AHCCCS Provider Rate Reduction

In accordance with the Public Comment Process, the Buckeye Valley Rural Volunteer Fire District would like to formally object to the proposed rate changes. As a Super-Rural Ambulance Provider, changes to the provider rates will significantly affect our future ability to provide services to those outside of the Metropolitan areas. The Buckeye Valley Rural Volunteer Fire District currently holds CON #8 providing service to over 2200 square miles, over 100 miles of state and federal highways and a population of more than 75,000 combined within Maricopa, Yuma and Pima Counties. Currently, AHCCCS comprises 23% of our calls for service. The proposed rate reduction will equal an operating loss of approximately \$114,000.

Prior to 2008, the greater Phoenix area experienced the nation's highest growth rates which benefited the District. In 2009, the District's assessed valuation was just over \$242 million with annual tax revenue of \$6,082,116. The housing market collapse affected the region in the same fashion, as property values plummeted in the District to a total assessed valuation of just over \$104 million in 2013 with tax revenue of \$3,240,016. This change represents a 47% decrease in tax revenue despite the property tax rate being raised to its legal limit over the same period. Today, the tax rate is at the state's legal limit of \$3.25/mil.

In 2012, Arizona voters passed Proposition 117 that limits tax increases for rebounding property values to 5 percent per year. In addition, the Arizona legislature has changed the funding formula that Fire Districts use to calculate tax revenues by switching to the limited cash value when determining assessed valuations. For the next fiscal year, the District is projecting a further reduction of tax revenues before the recovering property values stabilize.

These repeated budget short falls have forced the Governing Board to utilize \$1.03 million Capital funds for operational costs causing the elimination of past capital improvement project expenditures.

We urge the members of the Commission and the Administrator to reconsider this reduction in rates overall but to give special consideration to the Super Rural providers who have a large share of AHCCCS patients, many of which are transient.

Thank you for your time and consideration.

Respectfully,

William Stipp, Administrator
Buckeye Valley Fire District
25206 W HWY 85 Buckeye AZ 85326
623-693-0032 mobile
williamstipp@gmail.com

From: David Hirsch <dhirschmd@gmail.com>

Sent: Thursday, April 30, 2015 7:56 AM

To: accesstocare

Subject: Proposed reimbursement cuts per Senate Bill 1475

As a pediatrician I am concerned that the proposed cuts to reimbursement in Senate Bill 1475 will cause more AHCCCS members to have less ability to obtain care. The rates currently are inadequate to allow Pediatric Primary Care practitioners to keep their doors open if they have a significant amount of AHCCCS members in their practice.

I believe further reimbursement cuts will prevent children covered by AHCCCS to obtain the primary care they need.

Thank you,

David Hirsch, MD

dhirschmd@gmail.com

From: mnomaan <mnomaan@comcast.net>
Sent: Thursday, April 30, 2015 9:59 AM
To: accesstocare; KOLLEEN
Subject: Rate cut

Sir/madam

If rates are cut most of the providers of care will have to stop seeing access patients in our case Medicaid patients.already we are cut to the bone.

Our OFFICE will be certainly be one of the offices that will strongly consider this and with 10 providers we are one of the biggest providers of care for children.

We also have extended hours to 9 p.m. I would urge strongly to reinstate parity payment for primary care physicians as we might not be able to provide these services at the end we all loose out especially our patients.We might not have anyone left to do primary care as 9 out of 10 new doctors are choosing specialty instead of primary care.

I hope you make a sensible decision

Sincerely doctor Mohammed Nomaan from children medical center of Tucson

From: Parra-Roide, Lilia - SJHMC <Lilia.Parra-Roide@DignityHealth.org>
Sent: Thursday, April 30, 2015 2:03 PM
To: accesstocare
Subject: AHCCCS Provider cuts

Dear Mr Betlach,

I am a pediatrician practicing at St Joseph's Hospital and Medical Center for over 20 years. The majority of the patients we serve (over 60%) at our ambulatory practice, St Joseph's Pediatrics (based on the campus of St Joseph's) are on AHCCCS.

I wish to comment of the proposed 5% cuts to AHCCCS providers. AHCCCS payments to pediatricians have already been cut by 12.9 percent to help balance previous year budgets. In January, the payments by AHCCCS were reduced even further for pediatricians providing primary care by Congress. The additional 5% proposed now would constitute a sum reduction in payment of over 20% in the past 6 years. These proposed cuts would have a significant negative impact to our practice and could actually threaten our viability and thus our ability to serve patients. If these cuts become a reality, I also know that many pediatricians in our community would be forced to make difficult decisions to maintain their practice. Children insured by AHCCCS would have decreased access to care in this community. Thank you for the work you do.

Sincerely,

Lilia Parra-Roide, MD

Chair, Department of Pediatrics
St. Joseph's Hospital & Medical Center

Academic Chair, Pediatrics
Dignity Health Medical Group

Medical Director, St Joseph's Pediatrics

Associate Professor of Pediatrics
Creighton University School of Medicine

Clinical Assistant Professor of Pediatrics
University of Arizona College of Medicine

500 W Thomas Rd
Suite 250
Phoenix, AZ 85013

Office Main 602-406-3520
Office/Voicemail 602-406-3519
Mobile 480-262-3254

FAX: 602-406-6162

From: Tom Brousseau MD <majrtom@hotmail.com>
Sent: Thursday, April 30, 2015 3:59 PM
To: accesstocare
Subject: Proposed rate reduction

My name is Thomas Brousseau. I am a general pediatrician practicing in Phoenix. We are a private practice with four pediatricians. 70 – 80% of our patient population is insured by AHCCCS. I went to medical school in inner city Philadelphia and did pediatric residency in inner city Detroit. I prefer working with this patient population. However, the proposed 5% rate reduction may eliminate our ability to continue to serve this patient population. If this rate reduction goes into effect, it will mean that reimbursement to physicians providing care to AHCCCS patients will have dropped almost 23% in the last 6 years. However, operating costs have continued to increase. We are currently at the breaking point with AHCCCS reimbursement. We have already been forced to close our rosters to new patients for some of the AHCCCS plans, due to absurdly low reimbursement. ALL of the AHCCCS plans are currently paying us LESS than overhead per patient seen. We are seeing approximately 25-35 patients per day, each, and are just meeting minimum overhead. If the already (absurdly) low AHCCCS reimbursement rates are decreased by 5%, it will likely force our hand to take drastic measures. We will likely have to close our rosters to all new AHCCCS patients, and may have to stop accepting AHCCCS patients altogether. This is very problematic, since the vast majority of our patients are insured by AHCCCS plans. I'm not sure those who voted on this bill are aware of just how expensive it is to run a pediatric practice, but there is no further margin for rate reduction.

PS I have read the comments submitted so far on the website. It is obvious from the correspondence that many sectors of health care will be affected by any cuts – including dentists, primary care physicians, and hospitals. These letters should serve as a wakeup call for those making these financial decisions.

If this reduction goes into effect, it will almost certainly reduce access to quality pediatric care in my neighborhood, and quality pediatric care is something I care very much about. We do not want to turn our AHCCCS patients away, but if the rates drop, we may be forced, against our will, to do so.

Thomas Brousseau MD



April 30, 2015

Thomas J. Betlach, Director
Arizona Health Care Cost Containment System 801
E. Jefferson Street, MD 4100
Phoenix, AZ 85034

RE: AHCCCS Provider Cuts Dear

Director Betlach,

I am an Arizona pediatrician who practices in Prescott Valley, AZ and wish to comment on the 5% cuts to AHCCCS providers. AHCCCS payments to pediatricians have already been reduced by 12.9 percent to help balance previous year budgets. This past January, AHCCCS payments were further reduced for pediatricians providing primary care by Congress. Thus an additional 5 percent would mean that payments will have been reduced almost 23% over the past 6 years. My practice has a very narrow operating margin and approximately 45-50 percent of my patients are insured by AHCCCS. If these cuts occur I will need to significantly limit and even stop accepting new patients insured by AHCCCS in order to maintain my practice. By doing this children insured by AHCCCS will have decreased access to care in my community. Care in our community is already significantly limited because of a small amount of pediatric practices. Please consider this and reconsider cuts to the pediatric providers in our community.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Clarisa'.

Clarisa I. Smith, MD

A handwritten signature in dark ink, appearing to read 'Christen M. Glennan'.

Christen M. Glennan, CPNP

Cultivating Healthy Lives!

Clarisa I. Smith, MD & Christen M. Glennan, CPNP

3001 Main St. Suite 1C | Prescott Valley, AZ 86314

o. 928.458.5470 | f. 928.458.5979

YavapaiPediatrics.com

Arizona Asthma & Allergy Institute

5605 W. Eugie Avenue, Suite 200

Glendale, Arizona 85304

Telephone 602-734-0400

Fax 602-978-1226

April 28, 2015

Thomas J. Betlach

Director

Arizona Healthcare Cost Containment System

801 E. Jefferson

Phoenix, Arizona 85304

RE: Payment Cuts to Providers Authorized by SB 1475

Dear Mr. Betlach:

This letter is to express our concern, as physicians practicing in the specialty of Asthma / Allergy and Immunology Medicine, about the distribution of Medicaid funding cuts as authorized by the recently passed SB 1475.

We believe the mandated five percent (5%) state budget cuts should be applied equally over all sectors of the provider community, including hospitals, nursing homes, pharmaceutical, and DME suppliers (to name but a few) as well as physicians.

In past rate cuts, the physician community was singled out to bear a disproportional amount of funding losses, resulting in financial hardship for many independent medical practices and a justified unwillingness to contract with AHCCCS health plans.

This can not continue to happen; all cuts must be applied equally, and no further cuts in excess of the five percent (5%) mandated by SB 1475 should be enacted.

Adequate funding for physician services is particularly critical for physicians practicing in the specialty of Asthma and Allergy Medicine. In Arizona, these medical problems affect approximately 10% of the AHCCCS population, and treatment is primarily delivered in an outpatient setting in physician offices.

Timely and effective treatment for Asthma is proven to keep patients out of costly emergency rooms inpatient hospitals. However, in order to provide such treatment, there must be a delivery network of physicians who are willing and financially able to see these patients.

As of the date of this letter, AHCCCS fees for the most commonly billed medical services (Evaluation and Management Services) have dropped to 65% of the current Medicare fee schedule, which is a full 35% lower than the fees paid for the same services by other providers.


Physician practices do not have the financial ability to continue to absorb rate cuts in federally funded programs such as AHCCCS. Our administrative overhead is now running at 65% of collected revenue; AHCCCS reimbursement is now at the breakeven point, and cuts in excess of the proposed five percent (5%) will mean that our direct variable costs will exceed the marginal revenue generated by each AHCCCS patient.

Historically physician practice costs rise 3.5% per year, and we see this trend continuing for the next several years. Most of this cost is fueled by labor (the average wage increase in the Phoenix Metropolitan area last year was 3.0%) and occupancy costs (our rental contracts increase 3.0% per year, and can not be renegotiated).

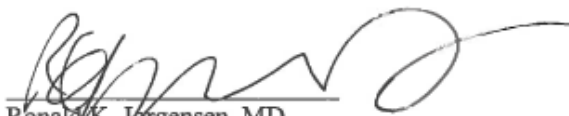
You may be aware of what happened to the "Tencare" program run by the state of Tennessee a few years ago. This program was modeled (loosely) after the AHCCCS program. When the payment rates dropped below the marginal costs of providing services, providers refused to participate in this program, patients were not able to access services in a timely manner, and emergency room and inpatient costs soared. The program failed for lack of adequate funding.

We eight physicians of the Arizona Asthma & Allergy Institute have been supporters and willing participants in AHCCCS health plans over the past several years. We hope to continue this, but like other physicians in this state, may not be financially able to do so if rates continue to fall, and we are singled out for a disproportionate share of the SB 1475 cuts.

Sincerely,

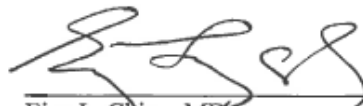

Mark E. Rose, MD, President


Ryan M. Casper, MD


Ronald K. Jorgensen, MD


Levente E. Erdos, MD


Kevin M. Boesel, MD


Eiza L. Chang, MD


William F. Morgan, MD


R. Joseph Mittel, MD

From: Henri Carter <healconsteel@yahoo.com>
Sent: Saturday, May 02, 2015 11:22 AM
To: accesstocare
Subject: provider rate reduction

Follow Up Flag: Follow up
Flag Status: Completed

This is a comment on the currently proposed AHCCCS rate cut to providers. This proposal has provided an impetus to evaluate my contractual relationship with the AHCCCS program. My patient volume is 30% AHCCCS, I qualified for and have received incentive payments for EMR implementation. I work in an under served area - Medicare recognizes the absolute need for physicians in under served areas with a 10% bonus payment. Simple math on the current AHCCCS fee schedule for some of the procedural services I provide indicate at present rates I will receive 72% reimbursement for equivalent work on AHCCCS patients vs Medicare. If the bonus payment is considered the reimbursement is less than 65%. 3 Medicare patients = 4 AHCCCS patients. I would add that Medicare reimbursement is so marginal for many procedures that the payment (80% of allowable) provides a physician \$25-\$40/hr after practice costs.

I have provided services to AHCCCS patients since 1988. After a rough start AHCCCS was able to "turn it around" and had been considered an outstanding Medicaid model where this patient population had reliable access to physicians and hospitals. AHCCCS reimbursement was functionally equal to Medicare and a strong incentive for physician recruitment. I now realize that I have no choice but to begin limiting services to AHCCCS patients especially for elective procedures. A further rate reduction will strengthen this resolve. Incentive payments for EMR are no longer applicable as the regulatory burden - devoid of ANY value - has now far exceeded the benefits of the effort required.

Henri R Carter, MD



Consultants in Gastroenterology, P.C. Fadi Deeb, MD,

FACG

5190 E. Farness Dr., Suite 112, Tucson, AZ 85712
(520) 795-3537

(520) 795-3090

Fax

April 27, 2015

RE AHCCCS RATE CUTS

ATT: Tom Betlach, AHCCCS Director

At least 40% of practice is Medicaid based

Operating costs continue to rise, payroll, rent utilities, supplies etc.

Provider costs continue to rise and the amount of time the physician needs to comply with Meaningful use, PQRS and other documentation takes away from patient care, causing the physician to hire more staff.

The impact of rate reduction is impacting the practice by having to schedule more patients to keep up with the rising costs of operation.

With the number of Medicaid plans being offered it is becoming more difficult to project the impact of the forthcoming reductions, each patient although signed up with the same Medicaid program has different level of reimbursement.

A 5% reduction may cause disastrous results within the practice.

Sincerely

Fadi Deeb

From: Steven B. Hollander, DPM <dutch46@aol.com>
Sent: Monday, May 04, 2015 4:18 PM
To: accesstocare
Subject: Cut in AHCCCS Reimbursement to Physicians

I urge representatives of the Arizona legislature to carefully consider the proposed cuts in AHCCCS physician reimbursement. While reimbursement to physicians continues to decrease the costs of running a medical practice continues to climb. This is not a healthy business policy moving forward for any of the parties involved. I believe reimbursement should at least keep pace with the current growth rate. Just my point of view.

Steven B. Hollander, DPM
Sent from my iPhone

From: Sanjay Shah <sanjayshahmd1@gmail.com>
Sent: Monday, May 04, 2015 10:12 PM
To: accesstocare
Subject: 5% proposed cut in AHCCCS payment

To CMS director,

I am a solo pediatrician in a suburban community and provide excellent care to both private and AHCCCS patients. AHCCCS patients are about 30% of my patient population.

Beginning with January 2015 with expiration of Obamacare mandate for enhanced PCP payment our payment rates for AHCCS office visits have gone down from about \$73 to \$46-50. almost 40% reduction. In the meanwhile cost of doing business from EMR and computer cost, supplies cost, utilities and insurance cost, cost of hiring employees and providing adequate benefits to stay competitive with major hospital chains (which have separately negotiated contracted rates with insurances) keeps on increasing.

We are at our wits end. Any further reduction will mean that I will have to select the AHCCCS plans to be dropped first from my panel even if that means losing some of my mostly needy and beloved patients.

Thank you!!!

From: Patricia Nock <tricity21@live.com>
Sent: Tuesday, May 05, 2015 8:47 AM
To: accesstocare
Subject: Rate reduction

To Whom It May Concern:

As the Administrative Finance Manager for Tri-City Fire District in Southern Gila County, I would like to address the recent rate reduction for AHCCCS reimbursements for ambulance services.

Tri-City Fire District is located in an area classified as super rural community by CMS.

The majority of our citizens are elderly or low income, thus making the annual percentage of transports for AHCCCS members 27.32% for our agency.

Projected AHCCCS revenue loss should rates drop back to 68.59% would be \$66,319 projected loss to our annual budget.

We are asking you to please reconsider this rate reduction, as you can see this would hurt many of the ambulance agencies in the rural communities as well as the patients we transport.

Thank you for your time and attention.

Patricia Nock
Admin/Finance Manager

Tri-City Fire District
P.O. Box 83
Claypool, AZ 85532
928-425-0815 (Office)
928-425-5392 (fax)
928-719-5025 (cell)
visit our web site: www.tricityfiredistrict.com

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To ensure compliance with the open meeting law, recipients of the message should not forward it to other Members of the Board. Members of the Board may reply to this message, but they should not send a copy of their reply to other members of the Board

From: Catherine Gioannetti <cgioannetti@azacp.com>
Sent: Tuesday, May 05, 2015 9:11 AM
To: accesstocare
Cc: cgioannetti@azacp.com
Subject: Laws 2015,Chapter 14 (SB 1475)

To whom it may concern,

I am writing this in response to the proposed 5% AHCCCS rate reduction.

I am a General Pediatrician in private practice in Tucson and have been practicing in Tucson for the past 15 years. There are five Pediatricians in my practice. We serve a large AHCCCS population in our practice. Our contracts with the various AHCCCS plans currently reimburses us at 75-80% of Medicare. Our current reimbursement is barely sustainable and any further cuts will prohibit us from seeing AHCCCS patients.

The choice the state is asking AHCCCS providers to make is 1) increase patient volume with a resulting decrease in quality (this is unprofessional and I will not do this) or 2) stop taking AHCCCS patients.

It is inappropriate to ask physicians to care for patients and not provide them with the resources to do so. With the current reimbursement and proposed cuts, my income will essentially be decreased by 40% this coming year.

Our business costs rise annually by about 3-5% and the cost of living increases by 2-3% per year.

However the state legislature chooses to continue to decrease the AHCCCS reimbursements to providers. We need an **increase** in reimbursement to keep up with the costs of running our practice. It has reached the point where it is no longer feasible for physicians in private practice to accept this level of compensation.

Primary care physicians are critical to the efficient functioning of the health care system. We provide preventative services, see patients and treat them before their diseases cause permanent injury, and head off visits to emergency rooms and admissions to hospitals. Cutting reimbursement to primary care physicians is short-sighted. The cuts proposed will decrease the number of primary care physicians available resulting in increased disease burden in AHCCCS patients, a sicker work force, more missed days from work and school, and costly hospitalizations.

What the Arizona legislature needs to do is to restore the compensation to physicians to 100% of Medicare.

Sincerely,
Catherine Gioannetti, MD

Clara Vista Pediatrics
7340 E Speedway, Ste 104
Tucson, AZ 85710

From: Action Ambulance Billing <actionambulance@yahoo.com>
Sent: Tuesday, May 05, 2015 9:19 AM
To: accesstocare
Subject: AHCCCS Provider Rate Reductions

The following provides you with our analysis of the impact the AHCCCS rate reduction will have on our department:

Camp Verde Fire District

Percentage of annual transports for AHCCCS members: 19.83%
Projected AHCCCS revenue loss should rates drop back to 68.59%: \$19,464 projected loss
CVFD is classified as Super Rural by CMS

The following provides you with our analysis of the impact the AHCCCS rate reduction will have on our department:

From: Action Ambulance Billing <actionambulance@yahoo.com>
Sent: Tuesday, May 05, 2015 9:23 AM
To: accesstocare
Subject: AHCCCS Provider Rate Reductions

The following provides you with our analysis of the impact the AHCCCS rate reduction will have on our department:

Montezuma Rimrock Fire District

Percentage of annual transports for AHCCCS members: **23.4%**
Projected AHCCCS revenue loss should rates drop back to **68.59%: \$9,892 projected loss**
MRFD (86335) is classified as Super Rural by CMS

From: Action Ambulance Billing <actionambulance@yahoo.com>
Sent: Tuesday, May 05, 2015 9:28 AM
To: accesstocare
Subject: AHCCCS Provider Rate Reductions

The following provides you with our analysis of the impact the AHCCCS rate reduction will have on our department:

Tri City Fire District

Percentage of annual transports for AHCCCS members: **27.32%**
Projected AHCCCS revenue loss should rates drop back to 68.59%: **\$66,319 projected loss**
TCFD is classified as Super Rural by CMS

From: Rhonda Bodfield <Rhonda.Bodfield@tmcaz.com>
Sent: Tuesday, May 05, 2015 9:38 AM
To: accesstocare
Subject: Comments: Provider Rate Reductions

May 5, 2015
Thomas J. Betlach, Director
AHCCCS
801 E. Jefferson St., MD 4100
Phoenix, AZ 85034

Dear Director Betlach:

As a nonprofit community hospital that provides care throughout Southern Arizona, Tucson Medical Center has long considered it an integral part of our mission to care for the most vulnerable among us. At the same time, we also have a responsibility to ensure that this organization, which has served this region for more than 70 years, will continue to be viable over the long-term.

TMC has not passively absorbed ongoing state budget cuts. As an active member of an accountable care organization, and through our Lean management process improvements, we've managed them, along with other reimbursement challenges, by taking proactive steps to increase efficiencies, reduce costs, improve care and generate additional revenue.

At a time of significant disruption in health care and when other local hospitals have been faced with significant budget challenges, Tucson Medical Center has been able to maintain a positive operating margin for the past eight years. That margin, already modest, nevertheless is becoming increasingly thin. Tucson Medical Center's operating margin in 2013 was 3 percent, at a time when our community benefit equaled 12.6 percent of our net revenues, including roughly \$45 million in charity care, bad debt and unpaid costs.

In 2014, however, despite the fact TMC served more patients, fostered an expansion in a number of key service lines and saw a reduction in uncompensated care costs, our operating margin dropped to 1.4 percent.

Tucson Medical Center understands the difficult fiscal situation the state finds itself in, but a program financed on rate cuts is not viable over the long term. If the 5 percent cut is considered in isolation, it would not be particularly devastating. But that cut becomes harder to tolerate when you consider that the last inflation-based increase occurred in 2008, with three separate 5 percent cuts since then, compounded by other policy-based reductions, including changes in state-based DSH and GME payments, along with increases in the hospital assessment for Medicaid expansion.

Tucson Medical Center has the state's busiest emergency department, with more than 91,000 visits annually, but 45 percent of those visitors were on a Medicaid plan in 2014.

There are core, fixed costs associated with meeting those patient needs - and in particular, those related to staffing and technology – that are not scaled up or down based on revenue support from the state.

Cutting AHCCCS rates by 5 percent means an additional \$3.4 million in lost revenue. Given that AHCCCS already pays providers, including our hospital, less than 70 percent of the cost to provide care to AHCCCS patients, the system is not sustainable.

Tucson Medical Center does not want to be in a position in which we might have to cancel one or more of the contracts.

Even as we work to strengthen our own financial position through effective, efficient, collaborative care, we are facing hard choices about how to mitigate these cuts that continue to undermine our financial health. We encourage you, to the degree possible, to protect the hospital safety net that our community relies upon.

Judy Rich
President and Chief Executive Officer
Tucson Medical Center

From: John Welsch <jwelsch@pinewoodfire.org>
Sent: Tuesday, May 05, 2015 1:17 PM
To: accesstocare
Subject: Medicaid/AHCCCS proposed rate reductions

The Pinewood Fire District provides fire, rescue, EMS, and ambulance services to the community of Munds Park and an additional 125 square miles of rural Arizona along the I-17 corridor south of Flagstaff under our ambulance certificate of necessity (CON). This ambulance service area is one that has been mandated in the conditions of our CON so that unincorporated and rural areas of Arizona receive proper and prompt EMS care and medical transport. In order for our service to operate at the regulated rates imposed by DHS oversight, the taxpayers of Munds Park MUST underwrite this service to non-taxpaying citizens traveling through and recreating within the boundaries of our CON.

As a special use district funded almost exclusively by tax dollars, our fire district bills for transport services in order to offset the costs associated with maintaining our ambulance fleet, purchasing the necessary EMS equipment (we provide 100% ALS care and the necessary expensive equipment to meet that care standard), and provide a greater per-capita paramedic staffing level through the use of cross-trained firefighter/paramedics than any other municipal agency because of the extreme response conditions and expectations in our CON area.

Currently, due to the large number of freeway responses for medical care in traumatic injury accidents (111 in 2013 out of the 525 total calls for assistance), we see better than 35% medicaid or uninsured patients in our day-to-day responses. As stated above, our taxpayers have underwritten the cost reductions that have been foisted upon our district through AHCCCS cuts with the promise that these reductions would be removed this fiscal year. However, if these previous cuts are not lifted, and/or further cuts are enacted, our district will not be able to fund the positions needed to staff our ambulances to cover the areas outside of our taxpayer's coverage area (Munds park proper). This will mean that another service provider will be required to cover this area which would leave 23 miles of Interstate 17 unprotected. This stretch of Interstate 17 is currently listed as having the highest number of Car versus Elk strikes in Arizona as well as a stretch of roadway with rapid and radical weather changes, and therefore a stretch with many serious injury accidents requiring rapid response, ALS treatment, and transport. There are no other ambulance services within 20 or more miles of this stretch of highway...

As a public safety entity that is already stretched to its limits financially due to declining property tax revenues, draconian caps regarding the ability to increase operating revenue, the passage of Proposition 17, and an ever-increasing operational cost structure that is out of our control (healthcare, fuel, retirement plans, operating insurance, and equipment costs), there may be no option beyond decreasing our service level to the travelers and visitors outside of our community.

Restore our Medicaid rates and help us continue to provide emergency medical services to the citizens of Arizona, travelers from around the globe, and the transportation vital to the economy of Northern Arizona along the only north-south corridor in our state. If we go out of business, there will be no one left to respond.

Yours in life safety,

John W. Welsch

Fire Chief

Pinewood Fire Department

PO Box 18638

Munds Park, AZ 86017

jwelsch@pinewoodfire.org

Office: 928-286-9885

Fax: 928-286-2595

Website: www.pinewoodfire.org

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From: jacobbrock@sacredmountainmedical.com

Sent: Tuesday, May 05, 2015 4:38 PM

To: accesstocare

Subject: SB1475

Sir/Ma'am

Arizona SB1475 calls for compensation rates to certain healthcare providers to be reduced by 5% beginning October 1, 2015. Here are my comments.

I am fairly new to the private ambulance industry, but I do know that AHCCCS is our primary payer for emergency ambulance transportation, which is barely enough considering the cost of operation and the [lack of] call volumes we receive. I am trying to leave emotions out of this email, however the rate reduction will significantly impact our revenue and our small ambulance operation. We are located on an Indian reservation and AHCCCS is the predominate payer and if these cuts take place it will negatively impact our business, which in turn impacts the care the people receive and jobs we provide in place where unemployment exceeds 60%. We continue to see supplies, equipment and fuel costs go up as well as the cost of living, however reimbursement rates continually go down. Where is the sense in that? I strongly urge SB1475 be rescinded to protect businesses, jobs and the patients and communities we serve.

Jacob Brock, COO

Sacred Mountain Medical Services, Inc.

From: Stefanie Frank <sf@stateside.com>
Sent: Wednesday, May 06, 2015 12:05 PM
To: accesstocare
Subject: Question about rate changes due to SB1475

Good afternoon,

I am Regulatory Counsel at Stateside Associates, and I do regulatory monitoring. I came across on the AHCCCS website a request for public comment on the rate changes due to SB1475. I was wondering if this is only available through the website, or was notice of the changes and request for public comment published in the Arizona State Register. Also, if there is a copy of the proposed changes, I would be interested. Any information and clarification on these changes would be greatly appreciated.

Website: <http://www.azahcccs.gov/AHCCCSProviderRateAnalysis.aspx>

Thank you for your time and help,

Stefanie Frank

Regulatory Counsel

Stateside Associates

2300 Clarendon Boulevard, 4th Floor

Arlington, Virginia 22201

(703) 525-7466 ext. 244

www.stateside.com



ARIZONA ACADEMY OF
FAMILY PHYSICIANS
STRONG MEDICINE FOR ARIZONA

May 1, 2015

VIA EMAIL TRANSMISSION: accesstocare@azahcccs.gov.

Mr. Tom Betlach

801 E. Jefferson Street, MD 4100

Phoenix, AZ 85034

Dear Mr. Betlach,

We are writing to express our concern regarding the upcoming 5% provider rate cuts. Based upon a recent survey, 81% of all who completed the survey do provide AHCCCS care. The impact of these rate reductions are worrisome to us and our members. Family Physicians are not ones to want to STOP seeing patients but with the numerous cuts over the past few years it may not be possible for them to continue.

The AHCCCS providers feel providing these services is important and necessary to the community. Medical supply costs continue to rise, the cost of vaccines continue to rise, real estate also continues to increase. It is important that AHCCCS providers continue to receive adequate payment for services that they provide.

Please feel free to contact us with questions or for more information.

Thanks,

Chris Shearer, MD, President

Arizona Academy of Family Physicians

From: sananda2472@comcast.net
Sent: Wednesday, May 06, 2015 5:28 PM
To: accesstocare
Cc: weber, kollen
Subject: AHCCCS Provider cuts

Dear Sir / Madam,

We as Pediatricians are dedicated to the care of children. We are not currently reimbursed adequately for the care we provide for the children as Primary Care Providers (well below Medicare rates). Further reducing the reimbursement rate will result in our inability to care for the vulnerable children who depend on the AHCCCS for their medical care and fewer doctors participating with AHCCCS. This will also result in shortage of Primary Care Providers in the near future as new graduating doctors are choosing other specialties with better reimbursement rate than primary care.

Ultimately innocent children health will be affected with these changes. We urge to reevaluate the situation and make a sensible decision in this matter..

Thank you.

Sincerely

Sivaneswary S Ananda MD

Pediatrician ,Childrens Medical Center of Tucson

From: Chris Reynolds <chrisreyn@aol.com>
Sent: Thursday, May 07, 2015 12:34 AM
To: accesstocare
Subject: Physical Therapy 5% reductions AHCCCS reimbursement

To Whom It May Concern

I have been a physical therapist/ hand therapist practicing in Arizona since 1980 (35 years) and have thoroughly enjoyed taking care of hand and arm injured patients of all kinds, those with household mishaps, recreational accidents, work injuries and post operative care of patients with joint replacements for rheumatoid arthritis and other difficult medical conditions.

As we all know there is a growing population of patients using AHCCCS health insurance (I believe almost 2 million of the 6 million living in the state) While this number continues to grow, my practice of 11 Valley clinics is seeing larger and larger numbers of patients using AHCCCS insurance for their rehabilitation needs (currently 20% -30% of our patient population).

Hand therapists are rare but vital in taking care of complex hand injuries such as amputations, burns, fractures from falls on outstretched hands and gunshot wounds to name a few.

AHCCCS has, already, completely cut off payment for vital, protective, custom splints and braces .. and we can no longer charge for clean bandages/ dressings for patients' post operative wounds (unless we give them free splints or free dressings) NOW you are going to cut our reimbursement for the treatment of these patients? Where and when do the cuts stop coming??

Isn't it absurd to think that our services continue to be devalued in this manner?

Reimbursement reductions of any kind are incomprehensible when we consider the cuts that medical providers have already incurred, while expenses in our private practices continue to rise 3%, on average, per year.

Please consider finding an alternative to cutting rehabilitation reimbursement for this large population of patients. Most therapists would welcome a return to the 15 visit cap vs cutting reimbursement. Please examine this alternative before making your final decision.

Sincerely,

Chris Reynolds PT, MHS,
Certified Hand Therapist
Director Desert Hand Therapy
Deserthandtherapy.com

From: Kathy Shaw <KShaw@havenllc.com>
Sent: Friday, May 08, 2015 7:42 AM
To: accesstocare
Cc: Kathy Shaw
Subject: Reducing rates on AHCCCS

As the CEO of an inpatient behavioral health unit and a long time resident of AZ, I must say this is a terrible idea to reduce payments to any healthcare providers.

I have been involved with behavioral health in this State for over 20 years and we need to ensure there are providers for our AHCCCS customers. Often these people are facing severe medical and/or mental health issues along with financial issues.

If you cut rates for providers who take care of AHCCCS patients, I fear we will see less providers and care will be severely compromised. We will see more patients in the ED and longer stays in the hospital that AHCCCS will have to pay for. Where is the savings?

It is difficult enough to find on going care providers to take care of our inpatients (mental health) after discharge. I anticipate that these patients will end up in the hospitals longer awaiting a safe discharge plan. This will cause a greater cost to AHCCCS than they are budgeting for with the terrible idea.

Also, AHCCCS is not known for being a good partner to work with when it come to paying the bill. We have to have billers and collectors that jump through hoops to ensure that we are being paid accurately and timely.

I strongly urge you to reconsider this plan to reduce costs to providers.

I understand the need to reduce costs and it is a responsibility that we all take seriously. I am sure that if the State (Not just AHCCCS) looks a little harder at their expenses and staffing matrix, other ways to save money could be found.

Please feel free to contact me if you wish to discuss my ideas.

Kathy

Kathy Shaw RN, BA, CLNC
CEO Haven Senior Horizons



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From: Lorie McKellar <LMcKellar@amsurg.com>
Sent: Friday, May 08, 2015 11:05 AM
To: accesstocare
Subject: AHCCCS rate reduction

Importance: High

This is in response to the rate reduction for AHCCCS 10.1.15 - 9.30.16. This is a tragedy the way we reduce those in need from benefits they should be eligible for. The state of AZ lacks funding for education and health benefits, for those not able to do better for themselves. AZ lawmakers continue to get top of the line benefits, for themselves and family members, that continue through their retirement. NOT FAIR!! We tend to treat animals with more compassion? Time for AZ to wake up and smell the coffee, not tease those less fortunate with it!

Sincerely,

Lorie McKellar

Administrative Manager

lmckellar@amsurg.com

North Valley Endoscopy Center 2230

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From: Ruth Letizia <RLetizia@sspmesa.com>
Sent: Friday, May 08, 2015 3:47 PM
To: accesstocare
Subject: Medicaid cuts

To whom it may concern-

I am a pediatrician in the east valley, with three additional employed providers. I have a special interest in treating children with developmental problems, and I have many children with autism in my practice. My practice cares for approximately 3000-3500 Medicaid patients, and I feel passionately about treating this underserved community. I have employed three full time staff to help manage the extra administrative burden these patients bring: a referral coordinator, a triage nurse and a care coordinator. Frequently we will get calls from patients for renewals of their therapies with DDD and long term care. We coordinate and communicate with other specialists, other community supports like SARCC, parent support groups, and many other agencies. Our goal is to support our families accessing early intervention, provide warm handoffs to other agencies, and followup on referrals to other agencies to make sure the parents don't need extra support. I am not able to bill for the services of these employees, but they are a part of the care we provide. Typically AHCCCS patients require more coordination of care, assistance with filling out applications to other agencies, and tend to become lost to follow-up unless we diligently track them and initiate support calls.

An AHCCCS cut of 5% to my practice is about \$40,000. We just had a cut of 5% earlier this year. I am a rapidly growing practice with a good referral base. I don't need to take AHCCCS, but I do it because it is what a good citizen should do. The last cut put us just a little into the red for 2015's expected income. With another round of cuts, I will either have to fire support staff or stop taking the AHCCCS plans that pay the least. Or both. I am a pediatrician, we are the lowest paid specialty in the nation, and I do NOT make a grand salary. We are facing a shortage of primary care doctors in the future. When medical students see how much primary care struggles just to keep the lights on, they decide to become a surgeon or some other sub-specialty.

How does the state or AHCCCS save money this way? It is a temporary savings that will cost more in the long run. I will have to reduce the percentage of my practice that is Medicaid. My former patients will have to go to emergency rooms for their care. Children with developmental delays will not be connected with therapy. Chronic medical problem won't be managed and asthma admissions will go up.

A 5% AHCCCS cut to primary care providers is penny-wise and pound foolish. If this ill-advised cut comes to pass, we will collectively pay the price in the future, and to the detriment of Arizona's children. Find the money somewhere else.

Sincerely,

Ruth E. Letizia, MD



ARIZONA AMBULANCE TRANSPORT

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www.azambulance.com



May 11, 2015

Mr. Thomas Betlach, Director
Arizona Health Care Cost Containment System
Phoenix, Arizona

by e-mail

Dear Mr. Betlach:

Arizona Ambulance Transport serves southern Cochise County from stations in Douglas, Bisbee, Sierra Vista and on Ft. Huachuca. The bulk of our business is caring for and transporting patients from Cochise County to the Tucson area for higher level of care. Approximately 24% of our patients are on AHCCCS.

As you are aware, the Department of Health Services sets our rates after intensive analysis. The purpose of this is to insure that "Arizonans have reliable service."

There is a tremendous cost in maintaining 24 x 7 service. Our patients don't call for appointments; they need care and transportation immediately on demand. This readiness cost is particularly burdensome in rural areas where our call volume is low. In 2014 we ran only 2,800 transports yet staff five units 24 x 7. Our average transport time is four hours.

If we were to have to down staff due to decreased AHCCCS revenue there would be two negative impacts to AHCCCS: (1) because we could not respond as timely as we do now, patients would have longer ED stays in Cochise County and (2) some patients who otherwise would go by ground would be flown at a cost approximately ten times our cost.

Continued AHCCCS reimbursement reductions will impact our ability to provide the services our hospitals expect which would result in significantly more air transports from Cochise County and increased costs to AHCCCS.

Medicare recognizes the difficulty rural ambulance services face. Medicare classifies us as "super rural" which provides for higher reimbursements than urban providers receive.

I strongly urge you to reconsider cuts to ambulance services in general and rural services in particular.

Sincerely,

Paul A. Pedersen Jr.
Managing Partner

From: Vicki Farmer <vfarmeratwork@hotmail.com>
Sent: Monday, May 11, 2015 12:41 PM
To: accesstocare
Subject: Rate cuts

I represent a large Pulmonary/Critical Care practice in the Phoenix Metro area.

I am sympathetic to the budget shortfall, but you cannot reduce our payment by 5% and expect us (or anyone else) to stay in any AHCCCS plans. We are hanging by a thread as it is.

*Vicki Berk Farmer
Practice Administrator
Arizona Pulmonary Specialists, Ltd
Voice: (602) 265-8965*

From: Cindy Leonard <CLeonard@aasaz.com>
Sent: Monday, May 11, 2015 12:51 PM
To: accesstocare
Subject: 5% Reduction

Our group of 16 PRIVATE PRACTICE surgeons with diverse specialties (general, trauma, colon rectal, vascular, breast and endocrine) and diverse geographic locations have contracted with AHCCCS since 2007, accepting all the plans in order to serve this population. The population is higher acuity with co-morbidities, less compliant (no show/cancellations) and in general require far more resources for the authorization, referrals, and verifications and requirements for AHCCCS patients. Often these are the patients that threaten to sue when unreasonable expectations are not met.

The 5% will result in limiting referrals and scheduling to offset the continued loss of income necessary to provide services to all our patients. Medicare reimbursement is a lost leader for physicians, and not the threshold that allows for these surgeons to employ staff, and meet all other overhead expenses.

AHCCCS should be commended for a highly functioning and low cost solution however physicians lack the lobbying savvy that the hospitals have and only represent a very small % of the overall dollars. We believe this needs to be a reduction in the hospital reimbursements, and Banner in particular that recently moved their ASC status to OPS which is a much higher facility fee.

As discussed with Dr. Salek, we are interested in providing Office Based Surgery which is high quality at LOWEST cost and a growing trend across the country. However AHCCCS is not well tooled to even pay for simple office procedures correctly, causing us to take these patients to facilities – again at a significantly HIGHER cost.

I look forward to the good work of Tom Betlach and Dr. Salek.

LovelAM.org

Cindy Leonard
Director Practice Development
Arizona Associated Surgeons
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From: Wendy McDow <wendy@phent.net>
Sent: Monday, May 11, 2015 1:02 PM
To: accesstocare

I'm not sure what we will do in the future, but most likely will have to terminate our contract with ACHHS. A 5% reduction in addition to an already very, very low reimbursement does not make seeing your clients affordable for us.

WENDY L. MCDOW
PRACTICE MANAGER
PINON HILLS EAR, NOSE, AND THROAT ASSOCIATES, PA
2300 E 30TH STREET, BLDG D-102
FARMINGTON, NM 87401

505-327-4429

From: Sarah Ruane <SarahR@rmbhs.com>
Sent: Monday, May 11, 2015 2:54 PM
To: accesstocare
Subject: 5% Rate Cut

Importance: High

To Whom it May Concern-

Red Mountain Behavioral Health Services (RMBHS) would like to offer feedback on the proposed rate reductions in October 2015. As indicated several codes that RMBHS bills for would be reduced causing our agency financial hardship.

Two billing codes of special concern to us are the **Transpiration codes**, and the **Respite code**. These codes offer us the ability to provide transportation services to the Native American communities we serve, who for the majority struggle to have transportation to access services. With the cost of doing business continually on the rise, it makes it challenging to continue to provide exceptional services for our clients. Specifically when we see the increased cost in gas, vehicle care, and facility maintenance going up and rates possibly going down.

I would ask you to consider the mental health of the state as a whole, and understand that this rate cut will adversely effect our company and other providers in the community thus the clients we all serve. Please feel free to contact me if you would like to discuss this further.

Thank you for your time and consideration.

Sarah Ruane

Chief Executive Officer



Red Mountain Behavioral Health Services

2915 E. Baseline Rd., Ste. 115

Gilbert, AZ 85234

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Mobile: 704-942-1646

www.rmbhs.com

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From: Linda E <lindaekdahl@cvmcaz.com>
Sent: Monday, May 11, 2015 2:58 PM
To: accesstocare
Subject: Further Reductions in AHCCCS Rates

We are located in a semi-rural area of the State and have a large number of AHCCCS patients. The impact on our practice revenues from the initial rate drop has been substantial and will cause us to take further action such as either reducing staff, reducing the numbers of patients to be assigned to us, freezing wages, etc. Adding another rate reduction in October will only force us to apply more of those actions listed above and perhaps other measures.

Linda Ekdahl, Administrator
Chino Valley Medical Center
474 N. Highway 89
Chino Valley, AZ 86323
928-636-3551 (direct line)
928-710-9487 (cell)

From: Miriam Anand, M.D. <miriamanandmd@cox.net>
Sent: Monday, May 11, 2015 3:06 PM
To: accesstocare
Subject: AHCCCS provider cuts

To Whom it May Concern:

I am writing to express my concern about further proposed cuts to provider reimbursement. AHCCCS made the decision to discontinue coverage for skin tests and allergen immunotherapy for patients 21 years old and older a number of years ago. As an Allergist/Immunologist, this has significantly hampered the care that we can provide to these patients. Many times these patients have severe allergies and asthma, requiring emergency visits to their PCP, us, or to the ER, despite taking all of the appropriate controller medications. I had one patient visit me monthly because he was frustrated that his allergy symptoms persisted despite the appropriate medicines. He was an adult, but developmentally disabled, so he would take AHCCCS sponsored transportation from Casa Grande to see me. When he wasn't seeing me, he was going to urgent care. He would have benefitted greatly from immunotherapy, which would have reduced his symptoms and, in turn, his office and urgent care visits. I was prepared to try to find a location for him to get allergy injections in Casa Grande. AHCCCS repeatedly denied immunotherapy for him, however. In some cases, we can start the patient on omalizumab, a monoclonal antibody for IgE to better control their asthma. This is a much more costly alternative to allergen immunotherapy and, unlike immunotherapy, there is no finite time period for therapy with omalizumab.

In the meantime, we are paid less to see AHCCCS patients than by other plans and often have to fight for that payment. Many Allergists/Immunologists have stopped taking AHCCCS patients, leaving only a few of us to care for these patients. Some patients in the Phoenix area are now having to drive over an hour to find someone on their plan. Our practice is being forced to evaluate whether or not it is in our best business interest to continue taking AHCCCS patients. Further cuts in provider reimbursement will likely force us to follow suit with our colleagues.

While treating asthma, allergies, eczema, food allergies and the like make up the bulk of our services, we also evaluate for and treat immunodeficiency diseases. Patients with immunodeficiency are susceptible to frequent and severe infections. If all the Allergists/Immunologists find that seeing AHCCCS patients is economically infeasible, that means that patients with immunodeficiency will also be left without proper specialist care.

It seems from the examples above that there are a number of inefficiencies in the AHCCCS system that should be reviewed before continuously cutting provider reimbursement. While it may appear that only the providers are affected, in the long run, it will be the patients that suffer.

Best regards,

Miriam Anand, M.D., FACP, FAAAAI, FACAAI

Allergy Associates & Asthma., Ltd.

1006 E. Guadalupe Rd.

Tempe, AZ 85283

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From: Rosanna Acosta <RAcosta@asaz.com>
Sent: Monday, May 11, 2015 3:15 PM
To: accesstocare
Subject: 5% Reduction Rate

As a large private physician practice with offices throughout the valley, some with a higher AHCCCS population than others, a 5% reduction in rates is highly unreasonable. As a contracted provider to all AHCCCS plans, this comes with a greater risk to the providers and their office staff. Our physicians and staff are working harder to accommodate and treat AHCCCS patients while the benefit is of a lesser return.

Several key points as to why my group is opposed to the rate reduction:

- Patients have a higher acuity of co-morbidities, lack of compliance, and overall the resources available to staff to obtain authorizations, referrals, benefits, etc. are far more difficult.
- Physician practice overhead costs continue to increase while payer reimbursement declines.
- The illogical reasoning of AHCCCS not paying for surgical services rendered in an office setting but an out-patient facility, which incurs more costs to AHCCCS by paying out not only the physician but the facility and anesthesia.

There are other shortcuts that can be made in order to reduce spending and physician reimbursement rate reduction is not one of them.

Thank you,

Rosanna Acosta, CPC

Revenue Coding & Compliance Director
Arizona Associated Surgeons
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From: Craig Jones <Craig_Jones@dmgaz.org>
Sent: Monday, May 11, 2015 3:44 PM
To: accesstocare
Subject: SB 1475 - 5% AHCCCS Rate Reduction

Arizona Health Care Cost Containment System
Public Comments from District Medical Group (DMG)
Regarding Impact of 5% Rate Reduction

Summary:

A five percent rate reduction for AHCCCS services would negatively affect DMG more austere than any other physician group in Maricopa County, since DMG treats far more Medicaid patients as a percentage of its total patient population than any other physician group.

Medicaid population(s) served:

DMG serves as faculty for Maricopa Medical Center, the teaching hospital of Maricopa Integrated Health System (MIHS), and serves a larger number of Medicaid patients as a percentage of its total patient population than any other hospital in Maricopa County.

- ✓ Based on discharge data submitted to the Arizona Department of Health Services (ADHS) for acute inpatient discharges, excluding normal newborns and behavioral health, nearly two-thirds, or 63%, are Medicaid enrollees.
- ✓ Additionally, more than 15% of the patients at Maricopa Medical Center are uninsured or “self-pay”, compared to 4.7% on average as reported by ADHS.

Operating margins:

As a not-for-profit faculty practice plan, DMG’s operating margin is low and will be weakened beyond sustainability by a further five percent reduction in fee-for-service income for the AHCCCS population. As sole providers for the community’s only public teaching hospital and safety net health system, we will be unable to continue this mission in an appropriate manner with the proposed cut in reimbursement.

Factors driving provider costs:

A highly competitive environment exists for physician recruitment because of the national shortage of physicians. As the teaching physician group at a public hospital, we cannot effectively compete with private sector recruitment benefits including the higher salaries offered with other health systems.

Impacts of rate reductions:

- ✓ The annual impact of a five percent AHCCCS rate reduction to DMG is over \$2.0M. This amount includes payments from the AHCCCS health plans as well as payments by other payers that utilize the AHCCCS fee schedule for payment determination.
- ✓ A five percent AHCCCS rate decrease would unreasonably harm DMG's ability to recruit and retain faculty to serve MIHS and teach future doctors of Arizona.
- ✓ As the teaching faculty for the only public teaching hospital and safety net health system in Arizona, DMG must be exempt from a rate reduction in order to avoid further compromising the mission of MIHS and DMG.

Thank you for the opportunity to provide feedback.

Craig Jones

Chief Financial Officer
District Medical Group, Inc
dba DMG
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From: Mike Boylan <michaelboylan@cox.net>

Sent: Monday, May 11, 2015 7:23 PM

To: accesstocare

Subject:Comments

Please consider maintaining or increasing rates for providers that have committed to serving dual eligible members (Medicare/TPL and AHCCCS). This would incentivize behavioral health provider agencies to hire, retain and recruit Medicare approved providers for treatment services. Increasing payment rates for 90000 codes for example for independent provider types and decreasing HCPS would be positive reinforcement mechanism.

Thanks

Mike

From: Robert Libberton <rllibberton@lapazhospital.org>
Sent: Tuesday, May 12, 2015 7:01 AM
To: accesstocare
Subject: REQUESTED RESPONSE TO THE PROPOSED 5% RATE REDUCTION

La Paz Regional Hospital is a Critical Access Hospital and Rural Health Clinic located in La Paz County, and is the only hospital in a 4,500 square mile county. The rural health clinics the hospital operates in Salome and Bouse are the only local access to care in those communities. The hospital and community spent five years challenging our right to become a critical access hospital; those years produced some significant losses. Our county is best described as a frontier area of the state and as such presents a particularly challenging area to provide medical services to the underserved population of our county.

19.4% of La Paz County's population is below poverty level (The state's average is 17.9%), this presents a particularly difficult challenge to develop services for the AHCCCS eligible population with the proposed rate cut in mind. Our population of AHCCCS eligible participants is growing and the burden of financial management for service development is challenging in the current state of reimbursement.

La Paz Regional Hospital has one of the highest self-pay populations in the state, giving us a combined Medicare/AHCCCS/Self-Pay percentage of 81.71% in 2014 (Inpatient Intellimed data). Our ability to shift costs to commercial payers is very limited. The largest, by far, commercial payer in La Paz County is Blue Cross, and they are historically not interested in working with small hospital rates. We have no ability to pass along this rate reduction to a commercial payer.

For the past two years, the only reason the hospital did not show a second and third year of losses was the Safety Net Care funds and the Meaningful Use payments we were able to secure. Operating losses occurred in all years, and we have no option in the future for either of these special payments. Our safety net of services is eroding rapidly, our facilities net income without the non-operating revenue of Save Pool funds or Meaningful Use monies has been in a steady state of decline. An additional 5% will result in a reduction of over \$140,000 to our facility annually. The hospital cannot sustain these losses.

In light of the challenges that safety net providers face, we request that the state reconsider the rate reduction and evaluate the needs of our population and costs associated with the provision of care for them.

Respectfully,

Robert S. Libberton, MBA FACHE CMPE
CEO | La Paz Regional Hospital
1200 W Mohave Road, Parker AZ 85344
P: (928) 669-7300 | C: (928) 210-6820



Your Health, Our Commitment

From: Romualdo Munoz <romualdom@4directionsllc.com>
Sent: Tuesday, May 12, 2015 7:16 AM
To: accesstocare
Subject: AHCCCS Rate Cuts - 10/1/15

To Whom It May Concern,

Four Directions LLC is a provider of out-patient behavioral health services for the Gila River Indian Community. We specialize in behavioral health support services including but not limited to: Skills training, family support, peer support, respite, home-base counseling, case management, transportation.

During the past 7+ years, we have partnered with the Gila River TRBHA to develop and sustain much needed services for community members, services that were lacking or did not exist within the community. Due to this partnership, Four Directions, as well as other providers in the Gila TRBHA, have been able to increase the array of services for the community.

We experience similar difficulties as other providers throughout the state in sustaining our programs: staff turn-over and retention, increases in operational costs, transportation costs, etc. The nominal rate increase the past two years allowed us to maintain within our annual budgets, sustain growth, and enabled us to provide our staff with competitive salaries, benefits, and cost of living raises. The latter outcome definitely helped with our staff retention and staff morale. Sustainability of the current level of services may prove to be difficulty if we lose our ability to maintain competitive with retaining quality staff. The proposed decrease in rates would essentially prevent any growth and enhancement of services for a community that is already far behind most other Arizona communities in regards to available services and resources.

We respectfully request consideration to the negative affect the rate decrease would have for the service providers of the Gila River Indian Community. Thank you for your time and efforts with this very important matter.

Romualdo (R.J.) Munoz
Program Administrator
Four Directions LLC
Mobile: 480.332.9276
Work: 480.699.2344
Fax: 480.699.3035

From: Lauret <drlauret@littlesmilesofsurprise.com>
Sent: Tuesday, May 12, 2015 8:17 AM
To: accesstocare
Subject: Reduction in Fees Effective 10-1-15

Dental offices have already been severely negatively impacted due to the cuts in fees since 2010 - effectively 12.5% reduction in fees with another 5% on the way?! Dental offices are small businesses here to help the Medicaid population with their dental needs but are already grossly underpaid according to the market. Remember when the number of providers for AHCCCS were few and far between? That is where we are headed again. Do not be surprised when more of these providers decide that they cannot see Medicaid patients anymore, not because of lack of interest in helping this population but because the reimbursement rates do not cover costs in seeing these patients.

From: John Coomer <jcoomer@azdermgroupp.com>
Sent: Tuesday, May 12, 2015 8:44 AM
To: accesstocare
Subject: Arizona Dermatology Group input on reduced AHCCCS fees

The Arizona Dermatology Group, in many cases one of the very few, if not only dermatology group in some markets that accepts AHCCCS members, will more than likely no longer accept members effective this Fall when the reductions go into effect. This is a very high demand specialty, and with a shortage of qualified dermatologists and mid level providers, we are forced to evaluate the plans we accept as it is difficult to increase capacity. Our baseline for fees is based on Medicare rates, and we cannot afford to accept any insurance that cannot at least match Medicare.

It is sad for your members, as they may have to go out of market for services, which takes them away from poor paying jobs for longer periods of time and costs the State of AZ additional money to transport them more than likely to Phoenix for services. We currently serve the Prescott, Verde Valley and Lake Havasu City areas, all high demand with limited AHCCCS providers. If we cannot be paid adequately, we simply will be forced to no longer accept patients.

We understand that budgets need to be trimmed, but AHCCCS already pays significantly below market rates. There must be another way to save. Healthcare and schools should not carry the brunt.

Respectfully,

John Coomer, Administrative Director

Arizona Associates in Dermatology and Cosmetic Surgery, LLC

Direct: (928) 777-5803

Office: (928) 776-0325

Fax: (928) 776-0405

jcoomer@azdermgroupp.com

www.arizonadermatologygroupp.com



From: Penny Mauller <swp.penny@yahoo.com>
Sent: Tuesday, May 12, 2015 8:57 AM
To: accesstocare
Subject: AHCCCS Provider Cuts

Sultan Y. Ayoub FNP PLLC
Pediatrics
21300 N John Wayne Pkwy #112
Maricopa, AZ 85139

May 12, 2015

Thomas J Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson Street, MD4100
Phoenix, AZ 85034

RE: AHCCCS Provider Cuts

Dear Director Betlach,

I am an Arizona provider who practices in Maricopa, Arizona and wish to comment on the 5% cuts to AHCCCS providers. AHCCCS payments to pediatric providers have already been reduced by 12.9% to help balance previous year budgets. This past January Congress further reduced payments for pediatric providers providing primary care. Thus an additional 5% would mean that payments will have been reduced almost 23% over the past 6 years. My practice has a 7.74% operating margin and approximately 58.8% of my patients are insured by AHCCCS. This rate decrease will cause reimbursement to drop to 4.5% which is below the actual cost of providing care to our patients. If these cuts occur I will need to cut staff and hours of operation in order to maintain my practice and the children insured by AHCCCS will have decreased access to care in my community. If these cuts continue I will have no choice but to close my doors which jeopardizes this rural community. If appointments are not easily accessed by patients they will seek care in hospital emergency departments. Patients may also skip preventive and early care. Patients being seen in a primary care facility are seen at a fraction of the costs of emergency care.

Sincerely,

Sultan Y. Ayoub, FNP-BC

MEDSTAT ACCOUNTS RECEIVABLE MANAGEMENT INC.

4022 E PRESIDIO STREET

MESA, ARIZONA 85215-1113

(480) 985-1093

May 11, 2015

Victoria Burns, Reimbursement Administrator

AHCCCS Division of Health Care Management

(602) 417-4049

The State of Arizona has asked for comments regarding the proposed rate reduction of up to 5% for fiscal year 2016 (July 1, 2015 – 06/30/2016) for providers of service to AHCCCS patients. As an Accounts Receivable Management Company for medical providers, I am writing this letter of comment to voice my concerns.

The Medicaid population is growing and providers are already being paid at a lower rate for these patients than for patients insured with other carriers. As the Medicaid rolls enlarge, providers have a larger percentage of their patient base insured by the State of Arizona. This is a down-ward spiral which does little to encourage providers to treat Medicaid patients. If you are treating a larger percentage of your practice for fewer dollars, your practice revenues shrink while your operating expense per patient rises. The Medicaid population is for the most part, the sicker people of our society. Therefore, they require more time and resources to treat. This coupled with lower payments, causes concern for the viability of a practice if their Medicaid ratio is too large.

Medicaid recipients are also the most non-compliant, and least responsible portion of their patient population. They have a higher percentage of no-shows, late appointments, and many non-compliance issues. All of these factors drive up operating costs for the provider.

In addition to reducing payment, the state has now set out the requirement that The State of Arizona must be named as the certificate holder on all Malpractice and Property Liability policies. While the

state continues to take steps to reduce their liability to state insured patients, they expect the providers to take more financial responsibility as well as reduced payment for the services they provide.

I am in the process of evaluating my physician practices to determine what financial impact the proposed 5% reduction will mean to their practice. When they receive that information, they must determine if they want to dis-enroll in some AHCCCS plans or whether they want to reduce their AHCCCS patient load by 5%. If they choose to reduce their AHCCCS patient load by 5%, they will simply not take new AHCCCS patients until they have a manageable number of AHCCCS patients. If they choose to dis-enroll in some plans, those patients will have to find new providers.

In any event, the reduction of payment to providers will result in a reduction of services to the indigent population. It is not a fair proposal to balance the shortfall of money to provide indigent care by reducing payments to the people who provide that care. Perhaps, the requirements to be on AHCCCS should be the first consideration.

Marilynn J Peters, CPC

President



May 12, 2015

Thomas J. Betlach, Director
AHCCCS
801 E. Jefferson St., MD 4100
Phoenix, AZ 85034

Re: *Provider Rate Reductions*

Dear Director Betlach:

On behalf of the Arizona Hospital and Healthcare Association (AzHHA) and our 71 hospital members, thank you for the opportunity to offer preliminary comments on the provider rate reductions authorized by Laws 2015, Ch. 14.

AzHHA is a statewide association of primarily hospitals and health systems. Our members provide a mix of short-term acute care, behavioral health, rehabilitation, long-term acute care and specialty medical services. They are located throughout the state, providing care to both rural and urban communities.

According to the AHCCCS website, the Administration is requesting information relating to the following factors, which will be used to assist the agency in developing rate changes:

- Medicaid population(s) served;
- Operating margins;
- Factors driving provider costs;
- Impacts of rate reductions.

Before addressing these specific factors, I would like to offer some general comments reflective of AzHHA's overall position on the budget cuts as proposed this past legislative session. First and foremost, our members continue to tell us that the trajectory the state is on—relying on provider rate cuts to “finance” the AHCCCS program and/or balance the state budget—is simply not sustainable over the long run. As you know, hospital, physician and other provider rates have been frozen and/or cut on a regular basis over the past seven years. For hospitals, the cumulative impact since 2008 of rate freezes, cuts and other reductions to AHCCCS reimbursement is \$911 million—a 38 percent reduction.¹ While AzHHA's Board of Directors was prepared to

¹ See the attached table for a breakout of these cuts.

reluctantly accept a 3 percent rate cut as proposed by Gov. Ducey, this was coupled with a position that the Legislature must find a way to start restoring funding in the near future. To continue to rely on hospitals and other providers to finance the Medicaid system and/or to pay for other state programs cannot continue, or at some point the provider network will begin to crumble.

Second, as the Administration looks to shift risk to providers through value-based purchasing, providers will justifiably expect some predictability around their actual risk exposure. Rate cuts enacted to simply balance the budget are not sound public policy around which to build a value-based system.

Having said this, we understand the AHCCCS Administration must function within their appropriated budget. With this in mind, we urge the Administration to build flexibility into the rate changes to allow rates to increase based on lower than expected utilization or other factors or data that become known down the road. And, it appears the Administration may be considering this—through a value-based incentive payment. We wholeheartedly support tying payment to value as a strategy for achieving the Triple Aim. However, before performance metrics and incentive payments are developed, data should be vetted and there should be some broader policy dialogue and consensus regarding the specific quality, health status or patient experience goals, the desired outcomes and appropriate interventions. This can be a very labor intensive and time consuming process. We are concerned that the time frame for enacting the FY 2016 rates may be too short to develop an optimum program. However, we look forward to having the dialogue with the Administration and other stakeholders.

Medicaid Populations Served

The payer mix at Arizona hospitals varies based primarily on location and services offered. Based on third quarter 2013 through second quarter 2014 inpatient encounter data, the AHCCCS payer mix at Arizona hospitals ranged from a high of 95.5 percent to a low of .04 percent. The mean was 23 percent. Seven hospitals or healthcare systems had AHCCCS caseloads of more than 40 percent. These included: two critical access hospitals; two behavioral health hospitals; two children's hospitals and one urban safety net hospital. Eighteen hospitals or healthcare systems had an AHCCCS payer mix greater or equal to 25 percent. In addition to the types of hospitals listed above, this group included larger urban facilities and sole community hospitals.

Based on the encounter data reported to the Department of Health Services, hospitals tend to have a higher AHCCCS payer mix for emergency department (ED) utilization. The range was 71.4 percent to 4.2 percent, with a mean of 33.9 percent. While not all hospitals provide ED services, of those that do, ten had AHCCCS caseloads exceeding

40 percent. Twenty-seven hospitals had an AHCCCS payer mix greater than 25 percent.

While Medicaid caseload is a significant factor in evaluating a healthcare providers' or group of providers' financial exposure, it should not be viewed in a vacuum. Other public payers, such as Medicare, also set reimbursement rates. The higher the public payer mix, the more difficult it is to cost shift Medicaid losses to other payers. For the quarter listed above, the public payer mix for Arizona hospital inpatient services ranged from 95.5 percent to 4.3 percent, with a mean of 71.4 percent. All hospitals, but one, had a public payer mix exceeding 40 percent. For ED services, the range was 92.1 percent to 51.4 percent, with a mean of 73.3 percent. Clearly, Arizona hospitals have a very substantial public payer mix. On the one hand, this makes them a valuable community asset. On the other, it makes them very vulnerable to rate cuts by government payers—more so than ambulatory care providers, who may have a larger commercial payer mix.

Operating Margins

The AHCCCS Administration reports annually on “Uncompensated Care and Hospital Profitability.” The most recent report filed in October 2014 includes information on Arizona hospital operating margins for 2012 and 2013. According to this report, the average operating margin for 2013 was 4.9 percent, with a range of 39.6 percent to negative 28.7 percent. Nearly one-quarter of hospitals had a negative operating margin in 2013.

As noted in the AHCCCS report, it is ‘important to understand the role that [the Safety Net Care Pool] SNCP played’ in 2012 and 2013. In 2012, the SNCP provided \$185 million in funding for three hospitals. This amount grew to \$510 million for 12 hospitals in 2013. With the elimination of SNCP for all hospitals except Phoenix Children’s Hospital, margins began to decrease in 2014. While publicly reported financial data for 2014 will not be available for several weeks, AzHHA’s monthly financial survey of hospitals shows a statewide margin of 2.2 percent in 2014. This is based on survey data collected from 79 percent of hospitals based on inpatient cases. For the 12 months ending February 2015, the statewide margin dipped to 1.9 percent. Over a quarter of hospitals continue to report a negative operating margin.

Uncompensated care has clearly decreased as a result of the restoration of Prop. 204 and further expansion of insurance coverage under the *Affordable Care Act*. However, underpayment by AHCCCS and other government payers—which make up a significant portion of hospital payers—continues to put downward pressure on hospital margins. Hospitals tell us that these underpayments are a key factor that threatens to destabilize their financial security. Reflecting this concern, it is noteworthy that eight Arizona hospitals filed for bankruptcy in 2013 and 2014, and

eleven either merged or entered into agreements to merge with other organizations. Moving forward, the legislative proposal to sweep additional federal disproportionate share hospital (DSH) funds into the state general fund will have a further destabilizing impact on safety net hospitals.

Factors Driving Costs

Based on 2013 Medicare Cost Reports, salary and benefits account for approximately 47 percent of Arizona hospital costs. For several hospitals this amount exceeds 60, even 70 percent. A significant portion of salary expenditures comes from nursing staff, which comprise the backbone of the hospital workforce. This is not an area where hospitals can simply cut back and reduce “production” as other industries can. Hospitals must meet strict acuity staffing requirements under state licensure requirements and patient safety requirements under Medicare Conditions of Participation. If staff is reduced, it generally means a loss of service to the community—especially if the cuts are in clinical areas. On the other hand, if the workforce continues to constrict as is anticipated, labor costs will undoubtedly increase—a cost that is not being recognized in the AHCCCS rates.

Moreover, a patient who enters a hospital with an emergency medical condition must be screened, treated and stabilized under Federal EMTALA requirements. Under state and federal law, the patient may only be discharged once it is “safe” to do so. While hospitals have developed sophisticated and efficient staffing models, safe patient care is of paramount importance. And, it is a significant cost for an enterprise that must be open to all 24 hours a day, seven days a week—in comparison to ambulatory care centers.

Complicated federal and state regulatory and payer requirements also drive up the cost of care. Hospitals must invest significant resources in back office operations to comply with coding, billing, licensure, and myriad other legal and payer requirements. The transition to electronic health records has cost hospitals millions of dollars more than was funded through Meaningful Use incentive payments. And not least of all, hospitals must continue to invest in medical technology, replace surgical and diagnostic equipment, and purchase pharmaceuticals and other patient supplies—the cost of which continues to go up despite what AHCCCS reimburses hospitals.

Impact of Rate Reductions

Cuts to AHCCCS reimbursement will impact hospitals and patients they serve differently, depending on the hospital’s payer mix, the services they deliver, and whether the hospital is a sole community provider. I am confident that individual hospitals can and will communicate specific impacts themselves. Having said this, the following are options that hospitals will likely consider:

- Hospitals with a diverse payer mix will attempt to shift additional losses to commercial insurers and businesses—a “hidden healthcare tax.”
- Hospitals with high Medicaid utilization or a high concentration of Medicaid, Medicare, and self-pay patients will certainly not be able to shift all these unpaid costs to other payers. They will absorb the losses by reducing services and ultimately staff, further exacerbating Arizona’s slow economic recovery. The community’s access to certain services may suffer.
- Sole community hospitals, many of which also cannot shift unpaid AHCCCS costs to other payers, will evaluate high-cost services such as obstetrics and pediatrics, and whether they can continue to offer these services at a loss. If these services are discontinued at a sole community hospital, all patients lose access to these services, not just AHCCCS members.
- All hospitals will have fewer resources to invest in innovative practices that are improving quality and driving down the long-term cost of care.

In closing, I would like to thank the AHCCCS Administration for the opportunity to provide preliminary comments on pending rate cuts. We believe Arizona’s hospitals and the caregivers they employ provide high quality, cost-effective healthcare. Our members are always striving to improve—to create better health and more value for the communities they serve. However, this is becoming an increasingly difficult endeavor given the state budget trajectory and penchant for cutting rates again and again. This situation creates a lack of predictability, which undermines the strategic planning and investments that are necessary to transition to the second cost curve.

We urge the Administration to build as much flexibility into the rate structure as possible in order to restore funding if changes to utilization or other factors make this possible. We look forward to collaborating in the future on ways we can drive additional efficiencies through prevention or other mechanisms so as to place less pressure on provider rates during budget crises and economic downturns. Thank you again for the opportunity to comment. If you have any questions, please feel free to contact me at 602-445-4300.

Sincerely,



Debbie Johnston
Senior Vice President, Policy Development

Historical Impact of AHCCCS Rate Cuts on Hospitals

Note	Description	Dollar Amount	Percentage
(1)	AHCCCS FFY 2011 Inpatient and Outpatient Payments	2,398,147,831	
(2)	Estimated 2010 impact of Outlier Model Change	82,700,000	
(3)	Rate Increases that were eliminated:		
(a)	10/1/2008		3.6%
(b)	10/1/2009		2.1%
(c)	10/1/2010		2.6%
(d)	10/1/2011		3.0%
(e)	10/1/2012		2.6%
(f)	10/1/2013		2.5%
(g)	10/1/2014		2.9%
(g)	Cumulative Lost Rate Increases		21.0%
(4)	Impact of eliminating rate increases on hospital payments	502,751,348	
(5)	October 2010 5 percent rate cut impact	119,907,392	
(5)	April 2011, 5 percent rate cut impact	119,907,392	
(6)	Impact of imposing 25 day limit effective 10/1/2011	77,817,532	
(7)	State Funded DSH reduction	16,862,200	
(8)	CAH Payment Increase	(8,800,000)	
(9)	Total Reductions	911,145,864	
(10)	Percentage impact on 2014 payments		38%
(11)	State General fund saving	287,275,405	

Table Notes

- (1) Figure is the sum of *AHCCCS Inpatient and Outpatient Payments 2011* located on the AHCCCS website on 2/9/15: <http://www.azahcccs.gov/commercial/HospitalSupplements/HospitalSupplements.aspx>.
- (2) *AHCCCS Outlier Report to JLBC (November 2006)* projects 2010 expenditures at \$253.4M without the Outlier change, and \$170.7M with the Outlier change, resulting in the \$82.7M reported in the schedule.
- (3) The rate increases that the hospitals have foregone is from the CMS website on 2/10/15, the section titled actual regulation market basket updates. Hospitals used to receive these until 10/1/2008 when they were eliminated because of state budget issues.
- (4) The figure is the product of (2) and (3)(g)
- (5) The figure is the product of 5% and (1)
- (6) Figures provided by AHCCCS in personal correspondence with AzHHHA
- (7) AHCCCS provides historical DSH payments at the hospital level. In 2009, DSH payments from AHCCCS were 26.1M. In 2011, DSH payments from AHCCCS dropped to \$9.3M.
- (8) AHCCCS estimate of the impact of the 2015 increase in CAH payments to hospitals
- (9) This figure is the sum of (4) - (7)
- (10) This figure is the ratio of (8) divided by (1)
- (11) The state federal assistance Medicaid Percentage (FMAP) for 2015 is 68.46%. Accordingly the state match is 31.54%. This figure is multiplied by the total reductions to estimate the annual state impact

I am requesting that Select Specialty Hospital Phoenix, Inc. (AHCCCS ID #459835) and Select Specialty Hospital Arizona, Inc (Phoenix Downtown Campus – AHCCCS ID #707721) and (Scottsdale Campus – AHCCCS ID# 707739) are exempted from the rate reduction scheduled for dates of service October 1, 2015 through September 30, 2016.

Select Specialty Hospitals have participated in the provider assessment since January 1, 2014; however due to the 25 day acute bed day limit we were not able to accept AHCCCS members until October 1, 2014. Rehabilitation Hospitals are not participating in the provider assessment even though they are able to admit AHCCCS members. Select Specialty Hospital has already met with Shelli Silvers, Assistant Director, AHCCCS, Division of Health Care Management and Victoria Burns, Reimbursement Administrator, AHCCCS, Division of Health Care Management to discuss disparities in Intensive Care Services reimbursement for the 3 Select Specialty Hospitals compared to other long term acute care providers in Arizona. Select Specialty Hospital receives \$462.50 less per day for Intensive Care Services reimbursement (see attachment AHCCCS LTAC and Rehab Hospitals – Per Diem Rates Effective October 1, 2014). All 3 Select Specialty Hospitals provide care to higher acuity patients than the other long term acute care hospitals (see attachment CMS CMI data) and receive a much lower reimbursement for the Intensive Care Services.

The reimbursement for either level of service does not cover the costs to take care of this critically ill patient population (see attached Medicare Cost Reports).

Our patients are admitted from short term acute care hospitals throughout the state of Arizona. All 3 of our hospitals reside within Teaching and Trauma Hospitals. Ninety-five percent of patients are admitted directly from an Intensive Care Unit with Chronic Critical Illness Syndrome and Post Intensive Care Syndrome (see attachment typical LTAC Appropriate Conditions).

We care for the most fragile patients in our state and provide an opportunity for them to regain their functionality and life. A rate reduction would exacerbate our ability to continue to provide care for the Medicaid members in Arizona.

Thank you for your consideration.

Sharon Anthony, RN, MBA

Chief Executive Officer

Select Specialty Hospital, Phoenix



**Arizona Health Care Cost Containment System
Public Comments from Maricopa Integrated Health System
Regarding Impact of 5% Rate Reduction
May 14, 2015**

Summary:

A 5% rate reduction for AHCCCS services would negatively affect MIHS more severely than any hospital in Arizona. MIHS treats far more Medicaid patients as a percentage of its total patient population than any other hospital. MIHS is voter-approved and statutorily mandated to provide safety-net services. A 5% rate cut, combined with the State's continued policy decision to retain the vast majority of Disproportionate Share Hospital federal funds, would further cripple the institution and be at cross-purposes with its public mission.

Medicaid population(s) served:

Maricopa Medical Center, the teaching hospital of Maricopa Integrated Health System (MIHS), serves a larger number of Medicaid patients as a percentage of its total patient population than any other general acute care hospital in Arizona.

- Based on discharge data submitted to the Arizona Department of Health Services (ADHS) for acute inpatient discharges, excluding normal newborns and behavioral health, nearly two-thirds, or 63%, of MIHS patients are Medicaid enrollees. Phoenix Children's Hospital has the second largest percentage of Medicaid population at 58.7%. In aggregate, the next two health systems closest to MIHS in Medicaid utilization are Abrazo Health Care at 31.1% and IASIS Healthcare at 27.5%.
- Additionally, more than 15% of the patients at Maricopa Medical Center are uninsured or self-pay compared to 4.7% on average as reported by ADHS. This means that nearly 80% of MIHS patients have either no payor source or a significantly reduced government payor.
- Similarly, nearly half of the patients served at the MIHS Federally Qualified Health Center Look-Alikes for the first nine months of fiscal year 2015 were Medicaid enrollees (45%). The annualized number of Medicaid patient visits is 152,000.

Operating margins:

MIHS' operating margin is essentially nonexistent. The community's only public teaching hospital and safety-net health system is currently recording a negative and unsustainable operating margin. Revenues are grossly insufficient to cover the cost of care, a natural result of the payor mix as outlined above.

- MIHS' operating margin before property tax subsidies is a negative \$96.1M for the first nine months of the current fiscal year.
- The projected annual operating margin before property tax subsidies and based on last quarter's operating results is a negative \$121M for the current fiscal year.
- MIHS' net income after property tax subsidies is a negative \$39.4M for the first nine months of the current fiscal year.
- The projected annual net income after property tax subsidies is estimated at a negative \$52.6M for the current fiscal year.

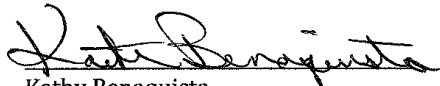
Factors driving provider costs:

For more than 140 years, MIHS has served as the community's only public teaching hospital and safety-net healthcare system. MIHS has historically been the first place that the community turns to for disaster management (such as the recent Ebola outbreak), public health safety, advanced care, and clinical training. As such, MIHS requires substantial operating infrastructure to perform at this level of preparedness when expected.

- MIHS is the largest provider of care for the seriously mentally ill; is the only behavioral health hospital conducting court-ordered psychiatric evaluations in Maricopa County; and serves as the medical provider for Arizona State Hospital patients.
- MIHS has Arizona's largest clinical training program, serving more than 400 physicians and offering 2,000 clinical rotations each year for nurses, allied health professionals and the military.
- The MIHS voter-mandated mission to serve as the safety-net healthcare system, caring for those most vulnerable regardless of their ability to pay requires substantial clinical and behavioral health infrastructure. MIHS serves disadvantaged populations that present with complex medical conditions and significant socio-economic challenges.
- Maricopa Medical Center is a Level 1 Trauma Center, the only hospital with trauma designations for both adult and pediatric patients, and it has Arizona's only Burn Center, the second largest in the country.
- MIHS serves as the Valley's only CDC-designated Ebola treatment center, equipped to handle any emergencies or epidemics.

Impacts of rate reductions:

- The annual impact of a 5% AHCCCS rate reduction to MIHS is approximately \$7M. This amount includes payments from the AHCCCS health plans, as well as payments MIHS receives for Federal Emergency Services (FES), KidsCare, and other payers that utilize the AHCCCS fee schedule for payment determination.
- A 5% AHCCCS rate decrease would disproportionately harm MIHS as compared to other hospitals. Reducing payment by 5% for 20% - 30% of a hospital's total patients is not comparable to a 5% reduction in reimbursement for more than 60% of a hospital's patients. As the only public teaching hospital and safety-net health system in Arizona, MIHS must be exempt from a rate reduction in order to avoid further crippling a unique and vital public institution. MIHS is already serving a large population with no ability to pay and struggling to survive without the needed and appropriate federal funds currently allocated to MIHS. Instead, these funds are being used in the State's General Fund.



Kathy Benaquista
Interim Chief Financial Officer

From: Lisa Frias <wmcprescott@cableone.net>
Sent: Tuesday, May 12, 2015 2:21 PM
To: accesstocare
Subject: rate reductions

AHCCCS Division of Health Care Management

accesstocare@azahcccs.gov

The State of Arizona has asked for comments regarding the proposed rate reduction of up to 5% for fiscal year 2016 for providers of service to AHCCCS patients. As an OB/GYN physician and provider for AHCCCS patients for almost 20 years, I am writing this letter of comment to voice my concerns.

The Medicaid population is growing and providers are already being paid at a lower rate for these patients than for patients insured with other carriers. As the Medicaid rolls increase, providers have a larger percentage of their patient base insured by the State of Arizona. This is a down-ward spiral which does little to encourage our practice to continue to treat Medicaid patients. As we are treating a larger percentage of our practice for fewer dollars, our practice revenues shrink while our operating expense per patient rises. The Medicaid population is for the most part, the sicker people of our society. Therefore, they require more time and resources to treat. This coupled with lower payments, causes concern for the viability of our practice if our Medicaid ratio is too large. The current AHCCCS population in our practice is approximately 60%.

Medicaid recipients are also the most non-compliant, and least responsible portion of the patient population. They have a higher percentage of no-shows, late appointments, and many non-compliance issues. All of these factors will drive up operating costs for our practice.

In addition to reducing payment, the state has now sent out the requirement that The State of Arizona must be named as the certificate holder on all Malpractice and Property Liability policies. While the state continues to take steps to reduce their liability to state insured patients, they expect the providers to take more financial responsibility as well as reduced payment for the services they provide.

I am in the process of evaluating my practice to determine what financial impact the proposed 5% reduction will mean. I will determine if I want to dis-enroll in some AHCCCS plans or whether I want to reduce our AHCCCS patient load by 5%. If we choose to reduce our AHCCCS patient load by 5%, we will simply not take new AHCCCS patients until we have a manageable number of AHCCCS patients. If I choose to dis-enroll in some plans, those patients will have to find new providers. This would be detrimental to the rural counties in the State of Arizona.

In any event, the reduction of payment to providers will result in a reduction of services to the indigent population. It is not a fair proposal to balance the shortfall of money to provide indigent care by reducing payments to the people who provide that care. Perhaps, the requirements to be on AHCCCS as well as the covered services to the Medicaid population should be the first considerations.

Respectfully,

Adam F. Feingold, M.D., FACOG

Women's Medical Care, PC

1005 Division Street

Prescott, AZ 86301

928.776.8428

From: Lisa Frias <wmcprescott@cableone.net>
Sent: Tuesday, May 12, 2015 2:22 PM
To: accesstocare
Subject: rate reductions

AHCCCS Division of Health Care Management

accesstocare@azahcccs.gov

The State of Arizona has asked for comments regarding the proposed rate reduction of up to 5% for fiscal year 2016 for providers of service to AHCCCS patients. As an OB/GYN physician and provider for AHCCCS patients for over 5 years, I am writing this letter of comment to voice my concerns.

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Respectfully,

Luis A. Fernandez, M.D., FACOG

Women's Medical Care, PC

1005 Division Street

Prescott, AZ 86301

928.776.8428

From: Kathy Kelley <accounting@seekarizona.org>
Sent: Tuesday, May 12, 2015 3:44 PM
To: accesstocare
Subject: Proposed rate reduction

We are concerned about the proposed rate reduction planned for October 1, 2015 going down by 5%. For the populations we serve (primarily those with disabilities), the services we provide to AHCCCS members are a bit more intensive in nature due to their special needs. It is usually due to the complexity that comes with a case where the member is dually diagnosed with a behavioral health and medical need and only certified/licensed providers may be used to assess and run treatment plans for these children and teens on our case load. AHCCCS patients are typically the ones most in need of our assistance as the severity of the behaviors and symptoms they are exhibiting are often a threat to their safety or to the safety of those where they reside.

For the services we provide in behavioral health, there are only 148 master's level behavior analysts licensed in the state of Arizona, 1/3 of which reside out of state and do not provide treatment to clients locally. Only a portion of the remaining professionals reside in the greater Maricopa area that have the experience required to ethically and effectively treat behaviors of this severity and intensity. This creates a highly competitive recruitment cost and annual compensation to staff the services provided. Also, we currently are only able to get reimbursement from AHCCCS at rates of 50% of what we bill on our other contract sources. The current AHCCCS rates do not fully cover our salary and ERE costs associated with the appropriate licensed behavior analyst's direct treatment. These licensed providers must also provide clinical supervision to the behavior technicians that are providing the ongoing services. Our licensed providers are required by law to supervise no less than 5% of an associate's treatment time and this intensive level of treatment oversight is currently not a reimbursable service. It therefore compounds our concerns about reducing existing non-competitive rates.

Additionally, our administrative/quality claims staff also must engage in nearly 4 times the work and adjudication work to recoup a single unit of service for an AHCCCS member over our other RBHA, DDD and private insurance members we serve. We understand the issues at hand causing the considerations to address a shortfall with rate reductions – but we are concerned that providers will not accept new referrals going forward because of the losses. Sadly, the AHCCCS families we serve seem to be the most grateful for the support – but we cannot provide the service at a loss.

Kathy Kelley, Controller

S.E.E.K. Arizona

480-902-0771 x106

480-967-0804 Fax

accounting@seekarizona.org



For more information visit:

www.SEEKArizona.org

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From: John Cole <jcole@genesisobgyn.net>
Sent: Tuesday, May 12, 2015 3:50 PM
To: accesstocare
Subject: Proposed AHCCCS reimbursement reduction

Dear AHCCCS Administration:

Genesis OB/GYN, PC is a practice of 45 providers in and around Tucson, Arizona. We pride ourselves in providing excellent care to the women of southern Arizona, regardless of the payor. To propose or implement an across the board 5% reduction in reimbursement is devastating to this practice as I am sure to all practices. We continually face higher staffing costs, device costs, escalating rents (built in 2.5 to 3% annual escalators), utilities, taxes, insurance, etc. while at the same time being saddled with a reduction in reimbursement of up to 5%? AHCCCS rates are already at or below Medicare, both of which are well below commercial reimbursement. Hopefully, AHCCCS will recognize the hardship this reduction will place on all providers and consider not enacting such an onerous reimbursement change.

Respectfully,

John H. Cole, Chief Executive Officer

2424 North Wyatt Drive

Tucson, AZ 85712

jcole@genesisobgyn.net

Cell: (520) 490-4200

PH: (520) 382-0555

FAX: (520) 795-0354



From: manager <manager@acenterforwomenaz.com>
Sent: Tuesday, May 12, 2015 3:52 PM
To: accesstocare
Subject: Rate reduction to medical providers

This is an outrage!!!! Are they taking a 5% cut? I think every provider needs to quite contracting with AHCCCS....they barely pay now and we have to fight for every dime we do receive. This is just more BS as a result of OBAMA and his corruption of insurance and AHCCCS is in collusion with him!

Alice Carlson, Practice Manager
A CENTER FOR WOMEN

MCAP

Maricopa County Consumers Advocates and Providers
1406 N. 2nd Street
Phoenix, AZ 85004

May 12, 2015

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

Maricopa Consumer Advocates and Providers (MCAP), as a behavioral health provider group, met to discuss the concerns that provider members have regarding Senate Bill 1475 which authorizes AHCCCS to reduce rates for providers up to 5% in aggregate for dates of service October 1, 2015 through September 30, 2016. First, we acknowledge receipt of your letter regarding the merger of AHCCCS and DBHS, and appreciate the statement that "...no services will be cut and how members access services will remain the same." While we interpret this to mean that cuts to the behavioral health system will be minimal, MCAP respectfully presents the following positions regarding the impact of funding reductions.

Fee for Service Rates

MCAP has serious concerns about any reduction to the current AHCCCS fee for services rates. Currently, the AHCCCS fee for service rates for behavioral health services are not cost-based, have been arbitrarily set by provider type/population served and do not reflect the true place of service where most of the services are provided.

1. Not Cost Based – The current AHCCCS fee for service rates are not cost based. In most cases these rates do not cover the cost of providing the services. The RBHA fee schedules generally have much higher rates as a result of their historical experience related to the actual cost of the service delivery, especially in rural areas. However, many of the current RBHA rates still are not reflective of the true cost of service delivery. The current market is requiring behavioral health providers to increase staff compensation rates due to the shortage of licensed, qualified staff (at all levels) required to meet not only the need, but also the contractual requirements for access to care. As a result, increased staffing costs (the main expense item for service providers) have driven up the overall cost of delivering services. A reduction of the rates that is already lower than the cost of providing services would jeopardize the ability to meet AHCCCS/ADHS/RBHA contractual requirements and will also lead to a reduction in the system capacity to provide services to the expanded AHCCCS population.

2. Arbitrary FFS Rate Setting – The last comprehensive fee for service rate increase that was done for behavioral health services was set along with the issuance of the ADHS/DBHS Covered Services Guide in 2001. Since that time, there has been no comprehensive cost-based rate review or update conducted. The original rates were based on a cost analysis of the amount of encounter time that could realistically be achieved by staff members given the other job requirements. During the 14-year period since the last rate review, ADHS/DBHS has added significant increases in paperwork and training requirements, making the original cost calculations obsolete. This imbalance continues to put a strain on providers' abilities to retain staff, keep clinics open and see clients in the settings that they prefer to and expect to be able to be seen and treated in a timely and effective manner. MCAP recommends that a formal rate study be done in order to develop a true cost baseline. Therefore, any across the board reduction to these rates will exacerbate providers' abilities to keep clinics open and operating while leaving the out-of-office rate differential in place.
3. Inequitable Rates – Over the past several years, RBHAs have set reimbursement rates for different providers. They granted some providers substantially different rates for the same codes, provider types, places of service and populations. This has led to a current unfair and inequitable series of fee for service rates in the behavioral health system. Many providers are at an unfair competitive advantage that has led to an inability to hire staff at all levels since some providers simply cannot afford to pay what other providers can pay. Therefore, any across the board cut to the current fee for service rates will leave this imbalance in place and put an even greater financial burden on those providers who must operate with lower rates.

Funding Levels - While Medicaid Expansion increased funding to a newly eligible population, other factors leave providers struggling to break even. In FY2013, most Maricopa County block funded community providers absorbed contract reductions from the RBHA in excess of 20% as more than \$70 million of Title 19 SMI funding was cut out of the service system due to the contraction of childless adults in the AHCCCS system. These cuts were not restored. In addition, the RBHA currently recoups all profits generated from the spending of Non-Title 19 funding and any profit that exceeds 4% of revenues from Title 19 funding based upon audited financial statements. Secondly, as stated above, current rates already make it difficult for both block and fee-for-service providers to cover the costs of service delivery based on contractual scope of work expectations. This is not the case with the hospitals, that not only have the tiered per diem rates that are very prescriptive in how they are set, but also have benefited greatly from the expanded AHCCCS eligibility coverage.

System Transformation As required by the state's contract with the Maricopa County RBHA, MMIC and community providers are in the beginning stages of significant system transformation including, but not limited to the following:

- Payment reform which shifts risks to providers and delays the timing of provider reimbursements and, according to RBHA leadership, will require higher levels of cash reserves;
- Pay-for-performance incentive contract structures that require the RBHA to withhold a portion of budgeted service costs until certain outcomes are delivered;
- Virtual and actual integration of long-term behavioral health services with acute care requiring the investments in new technology, physical facilities and care coordination positions and protocols;
- The Arnold v Sarn settlement program implementation with fidelity to plaintiff expectations.

It is obvious that Maricopa County and the state continue to be leaders in healthcare innovation, but it is also clear that funding cuts and dramatic system transformation cannot coexist without significant and unwanted consequences. This is not the time to reduce behavioral health funding.

In summary, based on the collective input of our members, it is MCAP's recommendation to AHCCCS that if there needs to be a reduction in some form or fashion related to behavioral health services that it not be a flat, arbitrary fee for service rate reduction, but rather a study of collective options that will not reduce access to care, eliminate critical services to a vulnerable population or jeopardize the viability of the community system of care.

Again, thank you for your continued partnership and collaboration with the behavioral health provider community. Please let me know if you have any questions or if you need any additional information.

Sincerely yours,



Ted Williams

MCAP Chair

From: bgconn@aol.com
Sent: Tuesday, May 12, 2015 5:39 PM
To: accesstocare
Subject: 5% rate reduction

To Whom It May Concern:

I am writing in response to the proposed AHCCCS budget cuts for fiscal year 2016.

I am 1 of 8 Perinatologists in Obstetrix Medical Group of Arizona that serves pregnant women throughout Southern Arizona.

We provide obstetrical care, prenatal ultrasound, consultation, physician and hospital support for the most complicated pregnancies not only in the greater Tucson area but also the rural communities of Safford, Sierra Vista, Willcox, Nogales, San Xavier, Sells, and Casa Grande. Many patients in these communities would not have to access this high level of care without our commitment to this population. We take great pride in this work and are committed to providing the best care for underserved populations.

We ask that you do not lower physician compensation for obstetrical care. We have already endured a 5% rate cut in 2009 and 2011. Lower compensation would make it difficult, if not impossible to maintain satellite offices and clinics, especially in the most rural areas. Physician reimbursement is critical to retaining and recruiting the best physicians and staff to serve these patients. In addition, the Affordable Care Act and requirements for electronic medical record and ongoing connection and maintenance fees have increased overhead costs. Pregnant women and their providers in Southern Arizona depend on us 24/7 to help them achieve the best outcomes for their pregnancy. Delaying access to care can result in poor outcomes and further increases in medical costs.

Please help us to continue to provide the best care to the pregnant women of Southern Arizona by exempting Obstetrical providers from the 2016 budget cuts.

Respectfully,

Mary "Gina" Connelly

Medical Director

Obstetrix Medical Group of Arizona

520-795-8188

Gina_Connelly@pediatrix.com

From: Judy Pendleton <jpendleton1962@gmail.com>
Sent: Tuesday, May 12, 2015 6:33 PM
To: accesstocare
Subject: Reducing reimbursement

To Whom It May Concern:

I was dismayed to here of the planned cuts in reimbursements to providers planned for this October. I love my patients and practice and strive to deliver excellent care to meet their individual needs, regardless of insurance. However, the majority of my AHCCCS patients are much more complex, either medically, socially, developmentally, behind in well care, dental care, immunizations, unsafe living conditions, poor diet and nutrition, poor exercise, behind in school, etc. I take extra time to try to provide for these needs and/or refer them to the proper resources. And to follow up on those actions. This extra times comes from my sacrificing time with my family or for myself. That's just the truth about primary care medicine and I get that.

Hearing that I will work harder and harder and receive less and less compensation not only frustrates me but leads to me consider my options. Can I continue to take as many AHCCCs patients or contracts and still have a sustainable practice (financially and personally)? I don't know my options but will really have to consider if I will have to change the way I run my business and care for all of my patients.

I wish children could vote. But that's not going to happen. Please continue to reimburse us at the current rates. We work very hard and are very dedicated to caring for our patients but working at a financial loss is untenable for any business.

Respectfully,

Judith Pendleton, MD



May 13, 2015

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www.touchstonebh.org

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**Prevention & Intervention
Services**
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(480) 456-9800 Phone
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Mr. Tom Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

Touchstone Behavioral Health strongly recommends that there be no reduction to the RBHA and /or AHCCCS rates for outpatient behavioral healthcare services. Any reduction in revenue will significantly impact our ability to provide expert clinical services.

Touchstone provides psychiatric assessment and medication management services through our child-psychiatry trained Behavioral Health Medical Providers (BHMPs). We bill their services using the appropriate 90,000 range CPT codes. The value of the codes do not cover the full cost of providing these services (Doctor contract hour pay, support staff expenses, building space, missed opportunity costs - empty appointments from delayed/missed transportation to appointments or "no-show" for appointments...).

Touchstone provides multiple Blueprint Model Programs and Promising - Evidence Based Programs (EBPs). These programs are home and community based to serve at risk youth and their families. Touchstone's Multisystemic Therapy (MST); Multisystemic Therapy for Problem Sexual Behavior (MST-PSB); Functional Family Therapy (FFT); and Brief Strategic Family Therapy (BSFT) must be replicated and meet the fidelity of the programs first created in university and research settings. They are very expensive to establish and provide on an ongoing basis (clinician recruitment, hiring, training materials and lost production time, fidelity coaching, program and clinician continual evaluation and more). Touchstone has received a request to add an additional MST-PSB team in southern Arizona. The cost to add this team, before any revenue is realized, will be \$44,000. Touchstone's EBPs provide great value with positive clinical and systems outcomes for youth and families involved with the juvenile justice system and child-welfare/foster adopt homes. Touchstone is the only agency in the state of Arizona providing this robust pallet of EBPs and services.

Touchstone also provides best practice services for our growing Birth to 5 year old population through our Parent Child Interaction Therapy (PCIT) program. These youth come to us from the Department of Child Safety (DCS) foster system funded through Title IV-E and Comprehensive Medical Dental Plan, AHCCCS funds. In the recent past years there has been a 23% increase in reports to DCS, with over 16,000 children living in out-of-home care. Touchstone invested over \$100,000 to purchase the technology, training and clinical supervision (cameras, recording equipment, training, consultant fees...) necessary to provide this highly effective EBP. Additionally, to continue such a program will require additional specialized training and supervision for our clinicians providing these services.

Costs for 8-10FTEs are:

- Harris Institute @ \$5,000 per participant (one time).
- Circle of Security Training @ \$900 per participant.
- Theraplay Training @ \$600 per participant.
- Sand Tray Therapy Training @ \$1,000 per participant.
- Child Parent Psychotherapy Training @ \$7,500 per 5 participants.

The Standard of Excellence for Evidence-Based Programs in the Southwest
Offering Functional Family Therapy, Multisystemic Therapy, Brief Strategic Family Therapy,
Multisystemic Therapy-Problem Sexual Behavior and Parent Child Interactive Therapy

- PCIT in-house 2 day training at \$500 per event (lost opportunity costs/clinical production is additional). This program requires an additional 1.0 FTE Supervisor at \$50,000+/annum.
- National Council of Behavioral Health Agencies – Trauma Informed Care (TIC) Institute and Learning Community @ \$7,500 (one time)
- Eye Movement Desensitization & Reprocessing (EMDR) basic training @ \$400 per participant and EMDR advanced training @ \$970 per participant.

Touchstone continues to provide services to our growing Autism Spectrum Disorder (ASD) population through our Family Child Autism Program (FCAP) in which we utilize coaching and supervision provided by specially trained, credentialed clinicians. Increasing and maintaining the requisite skill sets to appropriately serve this population requires increased funding. Social Thinking Training is provided at a cost of \$350 per participant. Additionally, Touchstone contracts with a consulting BCBA licensed psychologist to oversee and train staff at a cost of \$12,000/annum

In addition to the above listed services and programs, through our 3 Maricopa County and 1 Pima County office, Touchstone provides Family Therapy, Group Counseling, Family Support, Case Management and intensive Rehabilitation and Support wrap-around services in the home and community assisting families to keep their child in their home and community or supporting their return to home/community from out-of-home placements (RTC, Hospital, Group Home...). With its comprehensive mix of programs and services, Touchstone is more capable of meeting the 90% goal on performance measures promulgated by AHCCCS.

With increasing annual expenses (supplies, insurance, utilities, rent, salaries, benefits...) and numbers of children and families in need of service(s), any reduction in revenues will constrict existing Touchstone services and make it extremely difficult to expand services into areas with identified service gaps. Touchstone would need to comprehensively examine all of its expenses to balance its budget. In doing so, programming and clinical services will be vulnerable.

Thank you for your time and consideration given to our concerns.

Respectfully,



Gary Brennan FACHE, CHC
President & CEO
Touchstone Behavioral Health
15648 North 35th Avenue
Phoenix, Arizona 85053-3861
Gary.Brennan@Touchstonebh.org
P: 602-732-4960
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The Standard of Excellence for Evidence-Based Programs in the Southwest
Offering Functional Family Therapy, Multisystemic Therapy, Brief Strategic Family Therapy,
Multisystemic Therapy-Problem Sexual Behavior and Parent Child Interactive Therapy

Director Tom Betlach
Arizona Health Care Cost Containment System
VIA ELECTRONIC MAIL - accessstocare@azahcccs.gov

Dear Mr. Betlach:

I write on behalf of the Arizona Association of Air Medical Services, which represents four of the largest air ambulance companies that contract with AHCCCS to provide a critical health care service to the State of Arizona. The members of the Association include Air Methods, PHI Air Medical, Guardian Air and Med-Trans Corporation, with over 600 employees serving statewide. We operate at over 50 bases 24 hours a day, seven days a week in every county Arizona. In 2013, the members of our Association provided over 12,000 critical care transports.

From the first use of helicopters to evacuate patients during the Korean and Vietnam Wars to modern civilian systems, air medical services have matured into an essential component of the emergent health care delivery system throughout all communities in Arizona. Time, distance and level of care are all critical factors impacting both patient outcomes and longer term care costs, so our industry serves an essential role in protecting the lives of those we serve and reducing overall cost of health care delivery.

In rural Arizona, air medical transport is the key link to ensuring timely access to definitive health treatments and diagnosis for 346,000 rural citizens. Rapid access to appropriate level of medical care is the difference between a return to a relatively normal life or a life of disability, dependence, and premature death, and the financial impact of each option.

Arizona's rural communities are at risk as Medicaid reimbursement trends for air medical transports have declined in recent years while operating, safety and regulatory costs have significantly increased during that same period of time. Shifts in payer mix have further impacted this industry. Over 60% of those we serve are covered by Medicaid or Medicare, each with reimbursement levels below our operating costs. Furthermore, our Medicaid reimbursement as a percentage of Medicare is lower than nearby states Texas and New Mexico (see charts on page 4).

Unlike other non-emergent healthcare providers, air medical service companies respond to all interfacility or scene transports request. These requests come from physicians who need to transport patients to tertiary facilities, or from on-scene medical providers operating within emergency protocols. Our service oftentimes makes the difference between life and death.

Our members provide critical care transport of adult, pediatric, maternal and neonatal patients, delivered by specialty trained staff certified by the Arizona Department of Health Services and other key agencies and boards. Further, our teams contribute extensive continuing medical education to hospitals, physicians and local Fire and EMS agencies, including Advanced Cardiac Life Support, Pediatric Advance Life Support, helicopter and landing zone safety, advanced airway management, newborn, and high-risk

obstetrics. In service to our communities, we also sponsor many public health events that benefit local communities and residents.

The current air ambulance Medicaid reimbursement rates were established by Arizona Health Care Cost Containment System (AHCCCS) in 2000 based on a cost study. Since that time, the industry's operating costs have risen significantly, even as Medicaid reimbursements have been cut by 16% over the last six years. Another 5% cut in rates would put future statewide coverage at risk.

Since 2000, the industry's safety costs have risen 766% as the air ambulance industry has led the way in adopting technology to make our flights safer, both on a voluntary basis and in response to federal operation control mandates and safety management system compliance.

Over that time, the industry's cost of equipment has risen as well. Medical equipment such as monitors, pumps and vents, have risen 168-196% in the past 10 years. Some of our on-board equipment did not even exist in 2000 and was not included in this comparison. The cost of standard factory aircraft in non-medical configuration has risen 223%, and the cost of medical interiors and installation has risen 214% since 2000.

According to the U.S. Energy Information Administration, the cost of jet fuel in Arizona has risen 350% since 2000

(http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMA_EPIK_PWG_SAZ_DPG&f=A).

Frequently based in more rural locations, air medical operations are often subject to fuel prices that may be double those reported to scheduled air carriers. Furthermore, as small purchasers, our members are not consistently able to use bulk purchasing, hedge purchasing or other strategies that large scheduled air carriers use.

Approximately 30% of our members' air medical transports are AHCCCS patients, but current AHCCCS transport reimbursements cover less than 10% of our members' operating costs. As basic fuel and safety operational costs continue to rise, and the payer mix continues to shift, the ability of our industry to recoup costs from other sources diminishes.

<i>Arizona Operations</i>	Percentage of source payments
Medicare	31%
Medicaid / AHCCCS	29%
Private Insurance	32%
Self-pay	8 %

Failure to correct this imbalance will make it difficult for providers to continue offering access to trauma, cardiac, stroke and other types of care in many rural, low-population, or heavily Medicaid-dependent communities. Given the high cost nature of the current economic environment, a basic recalibration of

the air ambulance fee schedule would provide fairness and stability to this essential health service and allow our members to continue providing safe and high-quality healthcare to the most vulnerable patients in the healthcare system.

We appreciate your support in addressing this issue on behalf of this industry that is critical to sustaining Arizona's present and future health care needs.

Sincerely,

Rachel Burginger
President
Arizona Association of Air Medical Services

From: Mark Venuti <Mark.Venuti@nahealth.com>
Sent: Wednesday, May 13, 2015 1:51 PM
To: accesstocare
Subject: AHCCCS Provider Rate Reductions

I am writing to express my concern over the proposed AHCCCS provider rate reductions to ambulances services; both air and ground. Guardian Air and Guardian Medical Transport are hospital based, not-for-profit, ambulance services providing high quality care throughout northern Arizona. We responded 24/7 to anyone in need of care without the luxury or ability to verify who has, or does not have, insurance coverage or the ability to pay.

Nearly 45% of Guardian Medical Transport's patients are on AHCCCS. A 5% reduction in reimbursement of our ADHS approved rates will result in a \$350,000 loss in revenue to our agency which provides service to over 6200 square miles of northern Arizona; most of which is rural and wilderness.

Nearly 35% of Guardian Air's patients are on AHCCCS. Guardian Air provides service from seven bases to an area covering all of northern Arizona from the New Mexico to California borders and beyond. As documented in a letter sent to Director Tom Betlach by the Southwest Association of Air Medical Services, "current AHCCCS transport reimbursements cover less than 10% of our members' operating costs. As basic fuel and safety operational costs continue to rise, and the payer mix continues to shift, the ability of our industry to recoup costs from other sources diminishes." Below is a copy of the letter in its entirety:

Director Tom Betlach

Arizona Health Care Cost Containment System

VIA ELECTRONIC MAIL - accesstocare@azahcccs.gov

Dear Mr. Betlach:

I write on behalf of the Southwest Association of Air Medical Services, which represents four of the largest air ambulance companies that contract with AHCCCS to provide a critical health care service to the State of Arizona. The members of the Association include Air Methods, PHI Air Medical, Guardian Air

and Med-Trans Corporation, with over 600 employees serving statewide. We operate at over 50 bases 24 hours a day, seven days a week in every county Arizona. In 2013, the members of our Association provided over 12,000 critical care transports.

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In rural Arizona, air medical transport is the key link to ensuring timely access to definitive health treatments and diagnosis for 346,000 rural citizens. Rapid access to appropriate level of medical care is the difference between a return to a relatively normal life or a life of disability, dependence, and premature death, and the financial impact of each option.

Arizona's rural communities are at risk as Medicaid reimbursement trends for air medical transports have declined in recent years while operating, safety and regulatory costs have significantly increased during that same period of time. Shifts in payer mix have further impacted this industry. Over 60% of those we serve are covered by Medicaid or Medicare, each with reimbursement levels below our operating costs. Furthermore, our Medicaid reimbursement as a percentage of Medicare is lower than nearby states Texas and New Mexico (see charts on page 4).

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Our members provide critical care transport of adult, pediatric, maternal and neonatal patients, delivered by specialty trained staff certified by the Arizona Department of Health Services and other key agencies and boards. Further, our teams contribute extensive continuing medical education to hospitals, physicians and local Fire and EMS agencies, including Advanced Cardiac Life Support, Pediatric Advance Life Support, helicopter and landing zone safety, advanced airway management, newborn, and high-risk obstetrics. In service to our communities, we also sponsor many public health events that benefit local communities and residents.

The current air ambulance Medicaid reimbursement rates were established by Arizona Health Care Cost Containment System (AHCCCS) in 2000 based on a cost study. Since that time, the industry's operating costs have risen significantly, even as Medicaid reimbursements have been cut by 16% over the last six years. Another 5% cut in rates would put future statewide coverage at risk.

Since 2000, the industry's safety costs have risen 766% as the air ambulance industry has led the way in adopting technology to make our flights safer, both on a voluntary basis and in response to federal operation control mandates and safety management system compliance.

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Frequently based in more rural locations, air medical operations are often subject to fuel prices that may be double those reported to scheduled air carriers. Furthermore, as small purchasers, our members are not consistently able to use bulk purchasing, hedge purchasing or other strategies that large scheduled air carriers use.

Approximately 30% of our members' air medical transports are AHCCCS patients, but current AHCCCS transport reimbursements cover less than 10% of our members' operating costs. As basic fuel and safety operational costs continue to rise, and the payer mix continues to shift, the ability of our industry to recoup costs from other sources diminishes.

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Self-pay	8 %

Failure to correct this imbalance will make it difficult for providers to continue offering access to trauma, cardiac, stroke and other types of care in many rural, low-population, or heavily Medicaid-dependent communities. Given the high cost nature of the current economic environment, a basic recalibration of the air ambulance fee schedule would provide fairness and stability to this essential health service and allow our members to continue providing safe and high-quality healthcare to the most vulnerable patients in the healthcare system.

We appreciate your support in addressing this issue on behalf of this industry that is critical to sustaining Arizona's present and future health care needs.

Sincerely,

Rachel Burginger

President

Southwest Association of Air Medical Services

Please consider the negative impact that any rate reduction will have to emergency services that provide essential care to our citizens throughout the most rural parts of our State.

Thank you,

Mark Venuti

Executive Director

Guardian Air & Guardian Medical Transport

928-213-6275

Mark.Venuti@nahealth.com

From: Steve Calabrese <Steve.Calabrese@canyonvistamedicalcenter.com>
Sent: Wednesday, May 13, 2015 2:17 PM
To: accesstocare
Cc: Dean French
Subject: Comments on Rate reduction

In response to open public comments, we at Canyon Vista Medical Center (formerly Sierra Vista Medical Center) offer the following impacts to our operations based upon a 5% rate cut. I would also point out that we have been assessed an additional \$350,000 this year for the bed assessment to help fund the Medicaid expansion of which the state gets a 2 for 1 match. The impact of a 5% cut to our rates would further reduce our payments by \$230,000. This is a revenue reduction of \$580,000.

The largest impact is in our OB and Nursery where we had 1100 cases at an operating loss of \$1.3 million. Further AHCCCS volume in our acute care area presented a loss of \$1.5 million for 453 cases. In total AHCCCS patients were approximately 17% of our overall volume at an operating loss of \$2.8 million.

Our ability to cost shift to other payer is limited with Medicare volume being 60% of our total volume. These cuts along with the increased bed assessment will comprise our operations and will not be sustainable long term. We will need to assess our operations and consider reducing or eliminating services lines that present a loss.

Steven Calabrese, CPA

Vice President, Chief Financial Officer

Steve.Calabrese@canyonvistamedicalcenter.com



Office: (520) 263-3006
Cell: (520) 732-0320
Fax: (520) 263-3011

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Southwest Diagnostic Imaging, Ltd and AHCCCS Provider Input re: 2015 AHCCCS proposed cuts

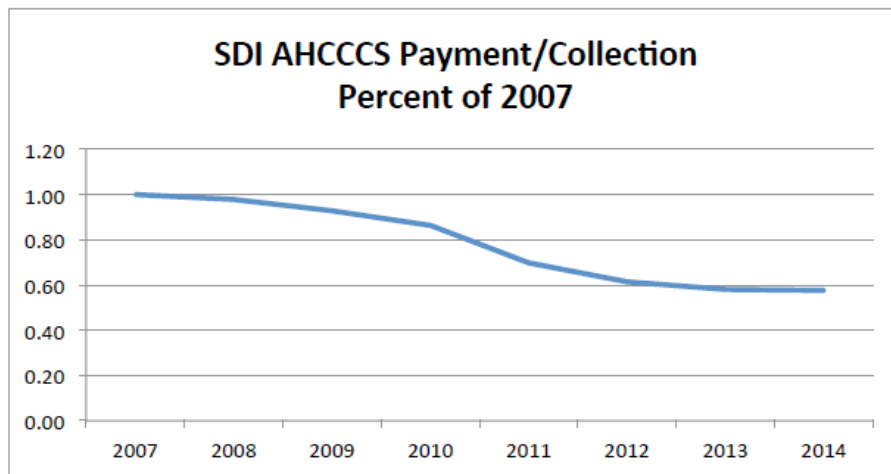
Southwest Diagnostic Imaging, Ltd. (SDI) is the third largest radiology private practice in the US with 103 physicians and over 800 employees. SDI provides professional diagnostic and interventional radiology services at 15 hospitals in the state of Arizona and offers outpatient imaging services at over 25 locations throughout the Phoenix metropolitan area.

SDI is highly integrated with Scottsdale Health Partners (SHP), and is their sole radiology provider. SDI is a preferred radiology provider in the Banner Health Network and is the preferred provider for Optum Medical Network and Commonwealth Primary Care ACO. SDI is committed to increasing value (quality/cost). SDI ensures a high availability of immediate electronic exam results providing over 150 HL7 direct Electronic Medical Record (EMR) interfaces to referring healthcare providers and healthcare systems. And SDI ensures high quality interpretations through the heavy use of sub-specialized radiologists.

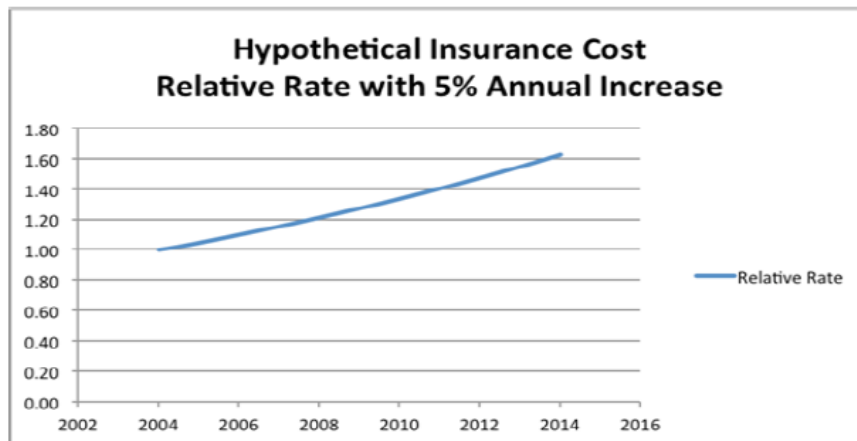
SDI is contracted with 12 AHCCCS plans in the state of Arizona. Our corporate mission plan supports providing full-service imaging access to all patients regardless of insurance and not, as many providers have chosen, to contract only with commercial plans. SDI offers hospital (inpatient) and medical office (outpatient coverage), 24/7/365 and provided over 231,000 AHCCCS patient exams in 2014. Based on Q1 data, we project over 300,000 AHCCCS patient exams in 2015.

Since 2007, SDI has tracked AHCCCS payments/collections as a percentage of billed charges. During this time, SDI has not changed its billed charges. During this time, AHCCCS plans have taken a number of steps to dramatically reduce payments to all healthcare providers. In aggregate, SDI is collecting approximately 58¢ on the dollar for AHCCCS covered lives, when comparing 2014 to 2007. If any reasonable adjustment is made for medical inflation, SDI is currently collecting less than 45¢ on 2007 "real" dollars.

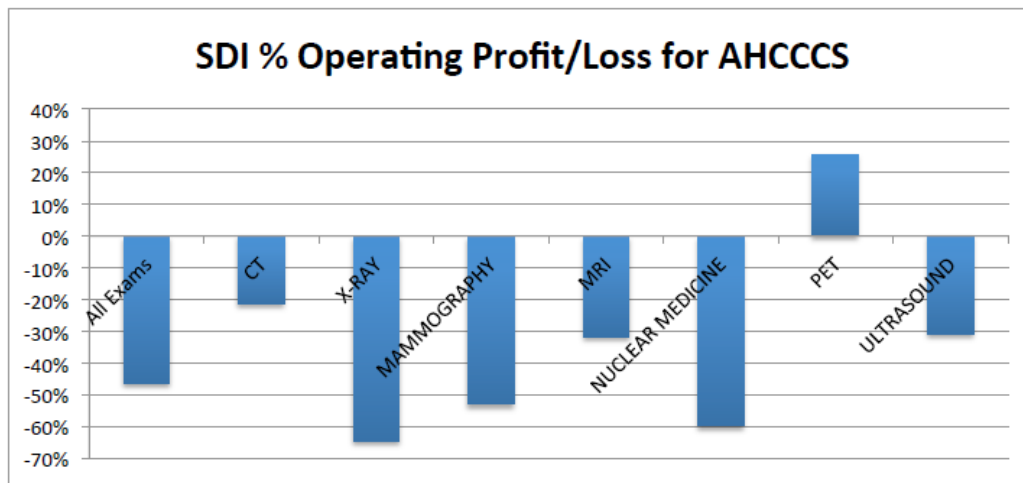
We have graphically provided the overall collections percentage relative to 2007 below. The overall decline is not impacted by volume, but rather reflects year after year reductions in payments/collections per unit of service.



SDI is not only a provider of healthcare services, we are consumers as well. With over 1,400 covered lives, our corporate healthcare costs have grown year after year. Assuming a 5% increase in insurance rates per year, consumers are paying about 160% of 2004 rates (see below).



SDI closely tracks its profit/loss per exam. Current AHCCCS rates provide substantial losses on a per exam basis for 6 of 7 modalities offered (ie. CT, MRI, digital x-rays, ultrasound, mammography, nuclear medicine), whether in the hospital (professional fee) or in an outpatient SDI office (global fee). The approximate average operating loss as a % of per exam costs is 46% for office exams and 29% for hospital exams. The following chart details the loss by modality for SDI's outpatient office exams. This data is reflective of the 71,294 exams offered for AHCCCS patients in 2014 and represents \$30 million in charges and over \$7.1 million in AHCCCS payments.



Medical imaging is a capital-intensive business, with high equipment, site operations, labor, and IT costs. SDI has appropriately responded to the draconian reimbursement cuts and operates a highly efficient and effective business. Over the last 10 years, SDI has evaluated a number of failing practices/imaging centers, and has acquired a few. Our findings have been remarkably consistent: practices have responded to falling reimbursement by forgoing necessary infrastructure investments, have run outdated equipment beyond its effective and clinically useful life, have foregone necessary IT maintenance, and have essentially starved themselves to the point where closing or selling are the only alternatives. SDI has not and will not embark on that course, and accepting reimbursement below cost is not a sustainable long-term business plan.

The AZ Legislature enacted Laws 2015, Chapter 14 (SB 1475) on March 12, 2015. This authorizes up to a 5% further reduction in provider AHCCCS payment rates effective October 1, 2015. Any proposed further payment reduction would simply increase the losses cited above.

The information above clearly demonstrates AHCCCS medical imaging payment rates are vastly below what is considered reasonable. Continued significant financial subsidies by providers for AHCCCS will result in additional providers opting out of AHCCCS contracts. A clear example of this was the largest orthopedic surgery group in Arizona terminating their contract with Mercy Care in late 2014. Providers can increase their hospital professional service payments 30% by simply cancelling their AHCCCS contracts. Providers NOT contracted with AHCCCS enjoy 30% higher hospital payment rates from AHCCCS than SDI and similar contract groups.

SDI covets working with physicians, healthcare systems, and payers to constantly improve the effectiveness and efficiency of healthcare; we understand the healthcare world must change, must bring greater value, and eliminate waste. However, SDI does not believe that engaging in contractual cuts that starve SDI and all providers is sustainable.

On behalf of SDI,

Chris L. Dewald MD

Chris Dewald, MD

C. E. Hancock MD

Ed Hancock, MD

Rod Owen MD

Rod Owen, MD

Co- Executive Vice Presidents

From: Rebecca Haro <RHaro@scwfire.org>
Sent: Thursday, May 14, 2015 8:18 AM
To: accesstocare
Subject: AHCCCS reimbursement rate cuts

Thomas J. Betlach
Director
Arizona Healthcare Cost Containment System
801 E Jefferson
Phoenix, AZ 85304

Dear Sir:

As President of the Arizona Ambulance Association, I write you today to request that the proposed reimbursement rate cuts to Arizona's ambulance providers not be enacted.

A study of the potential impact the rate reductions will have on our members shows that many of these ambulance providers, especially outside of the large metropolitan areas of Phoenix and Tucson, will struggle to remain in business since greater than 25% of their patient transports are AHCCCS.

In some cases, ambulance providers have 50%+ AHCCCS patients in their payer mix. These rate reductions will force some ambulance providers to face the reality of having to close their doors.

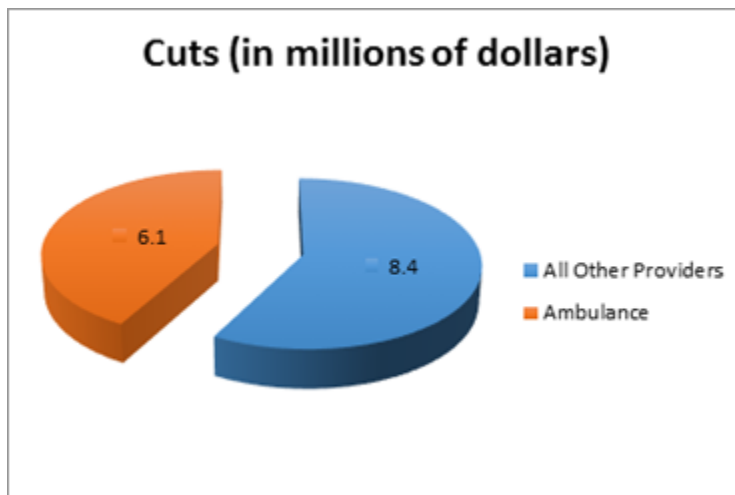
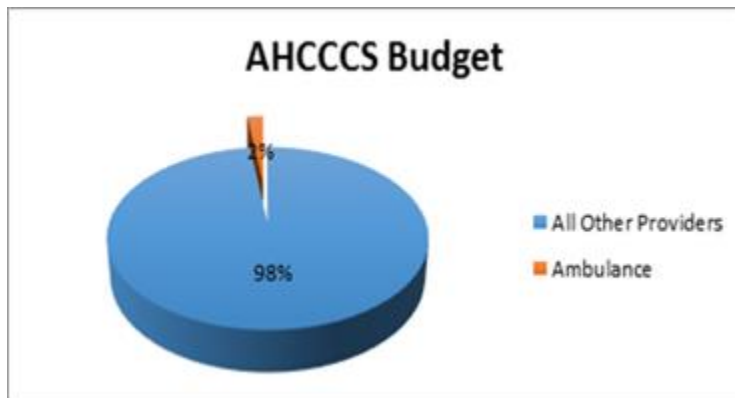
Historically ambulance rates have been reimbursed by the state at 80% of the rate set by the Arizona Department of Health Services (DHS). When the recession hit some years ago, ambulance providers agreed to temporarily reduce their reimbursement rate to 68.5% of the rate set by DHS. Ambulance providers remained under that arrangement until last year when we were finally moved up to 74.5%. Not the historic 80%, but nonetheless, better than we had been reimbursed during the toughest economic time Arizona has ever faced.

Ambulance providers count for less than 2% of the AHCCCS budget, but are being asked to foot nearly half the cut. Simply put, that isn't fair. We certainly understand there is a budget issue, and once again are prepared to do our part, but a 3% cut to bring our reimbursement to 71.5% of our regulated rates seems to be the fairest to all providers. We have suffered through the economic downturn as well and making us lose more reimbursements than other providers doesn't seem to be a fair answer.

We thank you for gathering public input and we are grateful for the opportunity to share our views about these pending rate cuts. We have always acknowledged the constraints that the state budget

faces. We have willingly and voluntarily accepted rate cuts in the past to assist with achieving a balanced budget. However, we emphatically state that these “short term” solutions have greater impacts and consequences that cannot be ignored. We believe the negative effects from the reimbursement cuts will have a greater impact on the delivery of prehospital healthcare than the state realizes or what the general public will accept.

The following graphics demonstrate the percentage of the AHCCCS budget that is ambulance reimbursements. Due to our small percentage of the overall AHCCCS budget, we seek to have our rates stay at the current 74.5% of our state-regulated rates.



Thank you, Mr. Betlach, for your time and consideration of our comments.
We look forward to future collaborative efforts with your agency.

Respectfully submitted,

Rebecca Haro

Rebecca Haro, President
Arizona Ambulance Association

Arizona Ambulance Association

P.O. Box 1856

Scottsdale, AZ 85252

www.azambulance.org



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May 14, 2015

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 East Jefferson
Phoenix, AZ 85034

Dear Director Betlach,

As a locally owned, nonprofit healthcare system with five-acute care hospitals and 74 ambulatory centers, our first priority is our patients and the community we serve. We take our fiduciary responsibilities very seriously as a large employer and healthcare provider of choice for our community.

HonorHealth includes Deer Valley Medical Center, John C. Lincoln Medical Center, Scottsdale Osborn Medical Center, Scottsdale Shea Medical Center and Scottsdale Thompson Peak Medical Center. HonorHealth Medical Group includes more than 300 employed physicians in 54 primary and specialty care practices throughout Maricopa County.

Now more than ever before, as healthcare moves away from focusing on volume to focusing on value, HonorHealth is resolute in creating a sustainable future by providing high-quality, safe and compassionate patient care across the continuum. A key driver of the John C. Lincoln Health Network and Scottsdale Healthcare affiliation and subsequent merger was the belief we could perform better together, reduce our costs and improve our patient care as we face declining payments and other financial pressures in healthcare.

There are a number of factors that continue to drive our costs. The significant investment required for information technology in order to improve patient care and enhance provider communication is upwards of \$225M in just the next couple of years alone for HonorHealth. Medical technology advancements that improve patient outcomes and reduce patient recovery times necessitate substantial investments every year. Healthcare requires a competent and engaged workforce to deliver quality patient care. Arizona continues to have workforce shortages and challenges in training and recruiting healthcare professionals thus driving up the costs to attract and retain the best talent. Any profit margin for our organization is reinvested back into the community and in these areas annually.

As you recently noted in your presentation to the State Medicaid Advisory Committee in April, hospitals and physicians have absorbed the brunt of AHCCCS rate cuts from 2009-2015. Hospitals also will contribute over \$270M in SFY15 to cover the state costs (not covered by other funds) associated with restoring coverage required by Proposition 204. No other provider group pays this assessment but all provider groups have benefited from the restoration of AHCCCS coverage on January 1, 2014.

Corporate Office

8125 N. Hayden Road ■ Scottsdale, AZ 85258 ■ 480 882 4000

In 2014, our HonorHealth hospitals had more than 93,000 AHCCCS cases with more than 80% of them originating in the emergency department. During that same time, AHCCCS payments were only 67% of the total cost associated with those cases. The additional rate cut required by the SFY16 Budget will only exasperate the continued practice of reimbursing providers for services to AHCCCS patients well below cost. This is a timely opportunity to further modernize the AHCCCS payment system for providers and approach this rate cut as an opportunity to reward value.

AHCCCS has always been at the forefront of innovation in covering medically needy and vulnerable adults within available resources. We appreciate your early efforts to move toward value based reimbursement to improve outcomes and reduce costs. HonorHealth is supportive of establishing metrics that would offset the AHCCCS rate reduction if providers fulfill the established performance measures.

Value based reimbursement will allow AHCCCS and providers to focus on providing the best healthcare value through improving outcomes and reducing costs. Selected performance measures should be relatively short term and based on a centralized and reliable data source. We especially appreciate efforts to select measures that are already being used by providers today and focus on outcomes. Our team is committed to working with your Project Manager for Payment Modernization to recommend and assist in selecting meaningful measures that will ultimately create value.

If AHCCCS rate adjustments truly reward efficiency and quality, there should be no carve outs or special reimbursement for any single hospital or hospital types. To ensure access to care for all AHCCCS patients at any hospital, rates should be equitable and manageable. For the State to pay more for services at one hospital than it would at any of the other dozens of hospitals that offer the same services, runs counter to the AHCCCS strategic goal to pursue and implement strategies that reward value.

As we look toward the future of healthcare, we know continued rate cuts to providers in the AHCCCS program are unsustainable. All providers must look for opportunities to bend the cost curve while improving health outcomes for our patients. HonorHealth supports opportunities to manage utilization to improve quality and efficiency including:

- *Improve patient-centered primary care to reduce costs and improve the quality of care.* Patients with chronic conditions have higher costs, though increased spending typically does not translate into better outcomes. Medical homes can better coordinate care for patients and are intended to create stronger physician-patient relationships that allow care to be administered in a physician's office as opposed to a hospital. Our HonorHealth Medical Group has been at the forefront of the medical home concept and 16 primary care practices are currently NCQA-recognized patient-centered medical homes. We expect another 12 practices to be accredited in the next year.

Corporate Office

8125 N. Hayden Road ■ Scottsdale, AZ 85258 ■ 480-882-4000

- *Improve post-discharge outcomes and reduce unnecessary readmissions through better care coordination by providers.* The John C. Lincoln Accountable Care Organization uses transition specialists, who are medically trained military veterans, to help recently discharged hospital patients make sure their transitions to home or another care facility are as smooth as possible. The transition specialists call and visit patients in their home or rehab/skilled nursing facility after discharge and help with follow-up medical care, blood pressure monitoring, medication management and nutrition education. This program led to a drop in the readmission rate for enrolled Medicare patients from nearly 20% to approximately 6% in its first year.
- *Work to reduce non-urgent emergency department visits among AHCCCS beneficiaries.* The emergency department is the most expensive place for any patient to receive care and can be upwards of 12 times the cost of a primary care visit to a physician's office or urgent care. Several of our hospitals have had success in reducing readmissions and increasing patient engagement with primary care through an innovative "ED to Home" program that closely monitors care post-discharge from the ED and enhances the transition to primary care and other community providers.

AHCCCS has been challenged over the last several years in managing significant budget cuts while still providing core services to an ever increasing number of Arizonans. This latest rate cut runs the risk that access to care will become constrained for AHCCCS beneficiaries and providers will have to rationalize how many AHCCCS patients they can continue to serve given that it will not cover their costs. The rate cut offers AHCCCS and providers the opportunity to focus on value based performance as well as innovative care coordination models that will ultimately reduce utilization while improving patient outcomes. HonorHealth stands ready to work with you to improve the health of all Arizonans.

Sincerely,



Tom Sadvary
CEO

Karen A. Watts NP, PLC
3970 W. 24th Street Ste. 214 Yuma, AZ 85364
928-341-0058

May 13, 2015

AHCCCS Director and Associates:

As a Nurse Practitioner of Yuma County and business owner of Karen A. Watts NP, PLC I strive to provide quality care and improve the health and well-being of the local community. Yuma County has a population of more than 200,000 with AHCCCS enrollment exceeding 64,000. My practice currently sees 46% AHCCCS patients of our total patient visits. As a nurse practitioner in private business, I receive only 85% reimbursement of the current AHCCCS fee schedule. I still have to pay for employees, software, and overhead the same as providers who receive 100% of the current fee schedule. The 5% decrease in reimbursement would substantially increase my financial struggle to meet the demands of providing high quality care to my patients. This rate reduction would add another burden to my ability to provide low cost high quality care. My patients all receive the same attention and care no matter what type of payment. There is a value to the medical providers in our community and a 5% reduction in our fees sends the wrong message.

I believe that simply reducing the fees for providers is not the only answer to balance the budget. Affordable co-pays for Urgent Care and Emergency visits as well as regular visits to doctor appointments should also be considered. I believe we need to spread the cost of health care to the patients as well so we can continue keeping our AHCCCS membership available to the highest number of low income people that need subsidized health insurance. This is a better solution than decreasing the membership rolls of AHCCCS.

A 5 % rate reduction to providers is not the only solution. Increasing co-pays by a few dollars for service and medications should also be considered as there is a value to health care. As a Nurse Practitioner in private practice, the 5% reduction will further strain the financial abilities to keep my office open. My office has always accepted AHCCCS patients and will continue to serve this population who deserves high quality health care. Please do not devalue our care.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen A. Watts", with a stylized flourish at the end.

Karen A. Watts FNP

Providing Quality Care For All Ages



May 12, 2015

Thomas J. Betlach
Director
Arizona Health Care Cost Containment System
801 E. Jefferson St., MD 4100
Phoenix, AZ 85034

Re: Provider Rate Reduction

Dear Director Betlach:

On behalf of Arizona's Tooth Doctor for Kids ("Tooth Doctor"), I would like to thank you for your proactive effort to gather input from Arizona Health Care Cost Containment System ("AHCCCS") providers and other stakeholders regarding the potential impact of the recently enacted 5% provider rate reduction. I appreciate your consideration of this information as you and the AHCCCS Administration begin the process of developing the rate changes.

As one of the largest providers of children's dental services to AHCCCS beneficiaries, it is the Tooth Doctor's mission to provide comprehensive and quality dental care to underprivileged children in Arizona. Tooth Doctor operates five brick-and-mortar facilities in Arizona – four in metro-Phoenix and one in Globe – as well as two mobile dentistry units that visit Native American reservations and schools across the state. We provide free screenings at health fairs and community centers and offer free care to hundreds of kids without insurance coverage every year. Last year alone, we handled 115,000 patient visits. The vast majority of our clients are Arizona's neediest children. Many have never been seen by a dentist prior to seeking care from the Tooth Doctor.

We recognize the budgetary pressures that Arizona continues to face as our state recovers from the economic recession. The sacrifices required to balance the State budget have been shared broadly; health care providers in particular have carried part of that burden. Over the last several years, rates paid by AHCCCS to AHCCCS-contracted health plans have been reduced for all types of providers. For dental services specifically, rates have been reduced by 12.5% since 2009.

This reduction in the rates paid by AHCCCS to the AHCCCS-contracted health plans, however, is just one part of the total reimbursement equation. The AHCCCS-contracted health plans must independently contract with providers for the delivery of services to AHCCCS beneficiaries. Often times, the rates paid by AHCCCS-contracted health plans to providers are lower than what AHCCCS pays the AHCCCS-contracted health plans. For example, DentaQuest is now Tooth Doctor's single largest payer – accounting for more than 44% of our revenues – and manages the dental programs for Maricopa Health Plan, Mercy Care, Phoenix Health Plan and University Family Care. On average, DentaQuest pays slightly less than 75% of the published AHCCCS dental rates, while AHCCCS-contracted health plans, such as Health Choice and United Healthcare Community Plan, pay 82% and 88%, respectively. We fully expect

that the contracted health plans will pass the coming rate reduction on to providers, but hope you will take into consideration that this rate is already much less than what AHCCCS is paying for the same services.

Since 2009, the reduction in rates paid by AHCCCS and AHCCCS-contracted health plans have resulted in a \$9.5 million decrease in revenues for Tooth Doctor, which has proved significantly challenging for our business operations. Compared to most providers, Tooth Doctor's ability to manage the rate reductions is very rigid. Nearly 92% of our revenues are paid through AHCCCS-contracted health plans or directly by AHCCCS, which makes shifting the costs to other payers virtually impossible. Additional cuts will force us to further reduce our profit margins, staffing and services. Over the past six years, Tooth Doctor has seen a 70% reduction in earnings before interest, taxes, depreciation and amortization ("EBITDA") and, as a result, has closed two facilities and a local resource office in metro-Phoenix, eliminated numerous clinical and administrative support staff positions, reduced salaries and benefits by 26% and reduced operating budgets for clinics by 25%, resulting in limited supplies and deferred maintenance and repairs. We have also been forced to eliminate merit increases for our staff. More than half of our staff are paid below market averages. This makes it very difficult to attract and maintain top-performing staff. It is our fear that any further reductions in provider payments will impede our ability to provide quality dental care to our patients.

As with any business, we face inflationary pressures. The rent we pay for our facilities is increasing by 7% and the price of dental supplies is increasing by 3% each year. After four years of forgoing merit increases, we must address staff salaries in the near future. Tooth Doctor's ability to respond to these inflationary pressures is extremely limited due to our payer mix. Our long-term viability is directly linked to AHCCCS provider rates.

In conclusion, we urge you to consider the detrimental impact these changes will have on all providers – both large and small – across Arizona, as well as the potential access-to-care issues for AHCCCS beneficiaries. While the dental services provided by Tooth Doctor are a small piece of the total service package provided to AHCCCS enrollees, the provider rate reduction will impact us greatly. We ask that dental providers, like the Tooth Doctor, be protected from further rate cuts. We are honored to provide quality dental care to Arizona's neediest children and look forward to continuing our partnership with AHCCCS for many years to come.

Thank you for the opportunity to submit these comments. It is our hope that Tooth Doctor can serve as a resource throughout the rate development process.

Sincerely,

A handwritten signature in cursive script, reading "Jerry Beck".

Jerry Beck
Director, Regional Operations
Arizona's Tooth Doctor for Kids

From: Travis Caskey <caskeytr@gmail.com>
Sent: Thursday, May 14, 2015 2:53 PM
To: accesstocare
Cc: kevin@azda.org
Subject: Provider Rate Reductions

I am a General Dentist and small business owner in Northern Arizona. I practice in a rural community in Navajo County with a large AHCCCS patient population. These patients make up over one third of my active patient base.

In recent years we have absorbed several reimbursement cuts. Each cut at 5% resulting in close to 15% reduction in reimbursement. This is on top of a reimbursement rate that is already drastically reduced. During this same period the operational costs to run a dental practice have all increased.

This additional rate cut could have devastating effects on my practice. It may result in lay off of employees and/or force us to drop AHCCCS plans altogether. We strive to provide quality care for all of our patients including those on AHCCCS. We understand that providing care for these patients comes with lower reimbursement. However it has gotten to the point where it is no longer sustainable. While the goal is to increase access to care, I believe additional reimbursement cuts will ultimately result in less access to care for these patients.

Travis L. Caskey, DMD
Snowflake, AZ 85937



3450 N. 3rd Street
Phoenix, Arizona 85012-2331

May 14, 2015

To: AHCCCS Administration

From: Michael Fett, Chief Financial Officer, SBHS

Re.: Senate Bill 1475 AHCCCS Funding Reductions Public Comments

Southwest Behavioral & Health Services (SBHS) wishes to express its concerns regarding Senate Bill 1475 which authorizes AHCCCS to reduce rates for providers up to 5% in aggregate for dates of service October 1, 2015 through September 30, 2016.

SBHS has serious concerns about any reduction to the current AHCCCS behavioral health fee for services rates (FFS rates). Currently, the FFS rates are not cost based, have been arbitrarily set by provider type/population served and do not reflect the true costs for the place of service. Additionally, they do not reflect the higher, differential costs for capacity, network sufficiency, labor and transportation in Arizona's rural areas. While many of the Regional Behavioral Health Authorities (RBHA) have set fee schedules with much higher rates due to their historical experiences related to the actual service delivery cost, contractual requirements, capacity, choice and access to care requirements, many of these rates are still not reflective of the true cost of service delivery.

Over the past several years, the RBHAs have set FFS/encounter rates differently for different providers. They granted some providers substantially different rates for the same codes, provider types, places of service and populations. This has led to a current unfair and inequitable series of fee for service rates in the behavioral health system. Many providers are at an unfair competitive advantage that has led to an inability to hire staff at all levels since some providers simply cannot afford to pay what other providers can pay. Therefore, any across the board cut to the current FFS rates will leave this imbalance in place and put an even greater financial burden on those providers who must operate with lower rates.

The current market is requiring behavioral health providers to increase staff compensation due to the shortage of licensed, qualified staff (at all levels) required to meet not only the need but also the contractual requirements for access to care. As a result, increased staffing costs (our main expense category) have driven up the overall cost of delivering services. A reduction of the rates that is already lower than the cost of providing services could not only jeopardize our ability to meet AHCCCS/ADHS/RBHA contractual requirements but also lead to a reduction in our ability to provide services to the expanded AHCCCS population.



3450 N. 3rd Street
Phoenix, Arizona 85012-2331

The last comprehensive FFS rate increase that was done for behavioral health services was done along with the issuance of the ADHS/DBHS Covered Services Guide in 2001. At that time, the FFS rates were only adjusted by 50% of the total amount needed to bring the rates to a full cost basis. That analysis was conducted by EP&P Consulting, Inc. under contract with ADHS/DBHS. Since that time, there has been no comprehensive, cost-based rate review conducted. The 2001 calculated FFS rates were based on a cost analysis of the amount of face-to-face time that could realistically be achieved by staff members given the other job requirements such as training, travel time, documentation, etc.

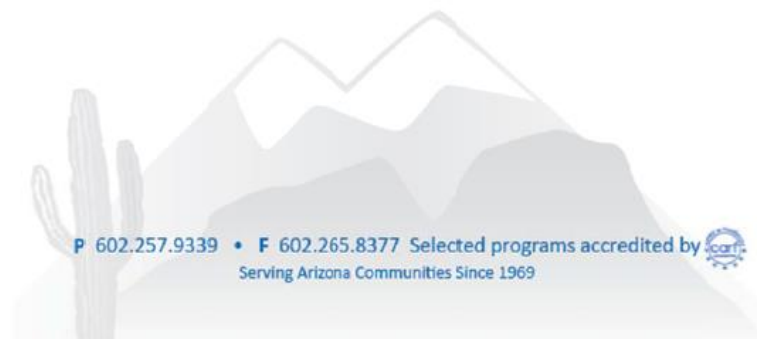
During the 14 year period since the last FFS rate review, ADHS/DBHS has added significant increases in paperwork and training requirements making the original cost calculations obsolete. This imbalance continues to put a strain on our ability to retain staff and see AHCCCS members in the settings that they prefer to and expect to be able to be seen and treated in a timely and effective manner. A formal FFS rate study needs to be done in order to develop a true cost baseline. Any across the board reduction (such as 5% being discussed) to these FFS rates will only further impede our ability to meet access to care requirements and retain critical staff, especially in the advent of integrated care.

As required by ADHS's contracts with Mercy Maricopa Integrated Care (MMIC), Cenpatico and Health Choice Integrated Care (HCIC), the behavioral health system in Arizona is in the beginning stages of significant system transformation that includes:

- Payment reform which shifts risks to providers and delays the timing of provider reimbursements and, according to RBHA leadership, will require higher levels of cash reserves;
- Pay-for-performance incentive contract structures that require the RBHA to withhold a portion of budgeted service costs until certain outcomes are delivered;
- Virtual and actual integration of long-term behavioral health services with acute care requiring the investments in new technology, physical facilities and care coordination positions and protocols;
- The Arnold vs. Sarn settlement (in Maricopa County) program implementation with fidelity to plaintiff expectations.

In summary, it's clear that FFS rate cuts coupled with increased AHCCCS eligible members seeking services and the dramatic system transformation that is underway cannot occur without impacting our ability to: meet access to care requirements, provide critical services to vulnerable children and adults and remain financially viable.

We appreciate the opportunity to provide public comments on this issue. Please do not hesitate to contact me at (602) 285-4279 or mikef@sbhservices.org with any questions.



From: Burns, Victoria
Sent: Thursday, May 14, 2015 4:37 PM
To: accesstocare
Subject:FW: Bypass: RE: AHCCCS Provider Rate Reductions -- Provider Input is Requested -- REMINDER

From: Bill Timmons [<mailto:billtimmons@haciendainc.org>]
Sent: Thursday, May 14, 2015 3:58 PM
To: Burns, Victoria
Cc: Joseph O'Malley; Jennefer Frost; Nayree Ross; Gary Orman; Kathryn L. del Real (kdelreal@kwlaw-az.com); Kevin Berger; Mike Wade (wade.mike@cox.net); Patrick Walsh (patrick.walsh449@gmail.com); Ralph Wallwork; Thom Niemiec; Tom Pomeroy
Subject: Bypass: RE: AHCCCS Provider Rate Reductions -- Provider Input is Requested -- REMINDER

Ms. Burns, Hacienda HealthCare provides the following information to assist AHCCCS in developing the rate changes.

- Since Los Niños Hospital's inception in 1994 it has been number one in terms of service to the AHCCCS population. AHCCCS patients yearly make up 85+% of our total patient days. As you probably know, this high percentage dwarfs that of all other hospitals.

The Community Development Block Grant we received from the City of Mesa to support the construction of our new hospital, Hacienda Children's Hospital, only requires that low and moderate income patients represent 40% of the hospital's total patient days. However, I fully anticipate that the percentage will be similar to that of Los Niños Hospital.

Although DSH funds help make up the difference between commercial and AHCCCS rates, they do not completely address the differential. Based on the preceding information, a 5% AHCCCS rate reduction would have a significant negative impact on Los Niños Hospital and Hacienda Children's Hospital. Accordingly, I respectfully request that both of our hospitals be exempt from the 5% rate reduction.

- Since Hacienda Children's Hospital will not begin serving patients until July I cannot provide the following requested information:

- o Operating margin.
- o Factors driving provider costs.
- o Impacts of rate reductions.

However, this information can be provided for Los Niños Hospital. Following is the information:

- o Operating margin.

- FY14 -30%

- FY15 YTD -84.4%

- o Factors driving provider costs.

- The DRG system that was implemented last October is having a significant negative impact on Los Niños Hospital's census. The hospital's FY14 average daily census was 7.15 and the FY15 YTD average daily census is 4.13. This approximately 43% decrease is huge. The significant decrease in census has resulted in a large reduction in the hospital's revenue. Although variable costs have been adjusted accordingly, fixed costs cannot be altered. Therefore, the differential between revenue and costs is dramatic.

- o Impacts of rate reductions.

- The 5% rate reduction would reduce Los Niños Hospital's revenue by approximately \$47,000/year. Although this dollar amount may not seem significant, for a small 15-bed hospital the \$47,000 represents a large sum.

Thank you for considering my request.

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YUMA REGIONAL MEDICAL CENTER

May 14, 2015

AHCCCS Director and Associates:

Yuma County has a population of more than 200,000 with AHCCCS enrollment exceeding 64,000. As this county's sole inpatient hospital facility, Yuma Regional Medical Center (YRMC) delivers care to all AHCCCS patients in the area requiring inpatient, observation and emergency medical services. Our unique geographic location, roughly 170 miles from any metropolitan center, emphasizes the importance of providing patients with high-quality, low-cost services without traveling outside of the county. Ultimately, care close to home decreases costs while minimizing the challenges of transitioning back to the home setting.

YRMC's 2014 case volume included 27 percent AHCCCS and 39 percent Medicare. This high percentage of cases from State and Federal payer sources increases YRMC's exposure to broad AHCCCS reimbursement cuts. Furthermore, YRMC does not have the option to offset reductions from one payer to other commercial sources like that of other urban environments. Therefore, we recommend that AHCCCS follow trends set by the federal government in creating exemptions and other incentives for rural providers to bolster medical services in markets like that of Yuma County.

YRMC has invested greatly to improve care coordination for the AHCCCS population. Such services include a Family Medicine Residency Program, Integrated Outpatient Behavioral Health, Children's Rehabilitation Services and Transitional Care Services. As a result of county-wide support for AHCCCS enrollment, AHCCCS membership in Yuma County has increased by 25 percent from 2014 to 2015. This increase in enrollment exemplifies both the size of the eligible AHCCCS population in Yuma County and the success that YRMC and other providers achieve through collaboration and common purpose. The percentage of providers accepting AHCCCS in all specialties grew from 80 percent in 2011 to 89 percent in 2015. Furthermore, community PCPs increased the percentage of providers accepting AHCCCS from 79 percent to 92 percent over the same time frame. Such efforts by the provider community to open the doors to AHCCCS patients would be significantly undermined by broad rate reductions.

A unilateral 5 percent AHCCCS rate reduction would have multiple negative consequences. It would likely:

- Further deter new physician recruitment into Yuma County; a federally designated Health Professional Shortage Area; such physicians are needed to prevent unnecessary Emergency Department visits and Hospital admissions
- Reduce YRMC Operating Margins by 38 percent based on fiscal year 2014
- Dissuade providers from accepting AHCCCS patients, increasing the likelihood of Emergency Department visits and inpatient admissions based on medical treatment procrastination, ultimately increasing the cost of care
- Perpetuate the volume-based delivery model and inhibit progress towards value-based models

YRMC's mission is to improve the health and wellbeing of the individuals, families and communities we serve through innovation, excellence and the prudent use of resources. We invite the AHCCCS program to support current efforts made by YRMC and others in rural markets to ensure AHCCCS patients can receive cost-effective care close to home.

Sincerely,

Camie Overton
Interim President & CEO

YOUR HEALTH | YOUR HOSPITAL

2400 S. Avenue A | Yuma, AZ 86364 | 928-344-2000

HOW AHCCCS IMPACTS YUMA COUNTY

An AHCCCS Success Story:

A mother visited the Patient Financial Services office of YRMC seeking help for her special needs son. She was previously on AHCCCS, but when her husband started a new job they were able to purchase a family policy through his new employer for health insurance. The husband was later laid off, the company ultimately closed and the family lost their insurance. Their child was receiving medical treatment here in Yuma, but due to the severity of his case was later referred to a specialist at the Phoenix Children's Hospital. With a lack of insurance or the funds to pay for services, the child would have had to wait until his father obtained a new job and could afford to purchase a new policy to receive the recommended therapy. The family reapplied and received approval for AHCCCS coverage. Because of AHCCCS, their child was able to continue his much needed treatment with the specialist.

"The families I've seen for 35 years as a pediatrician are often the working poor. Families who work hard every day to provide for their children — people who cannot afford to take a day off of work to travel to Phoenix for care. As a medical provider, it is disheartening to see someone who has had to delay their care because they did not have the resources to go to a doctor. As a HPSA designated County, our community depends on our ability to attract, retain and expand care locally. Local access to care equates to better, more efficient and often less costly care."

-Robert Cannell, M.D.
Interim Chief Medical Officer, YRMC

An AHCCCS Success Story:

We recently assisted a patient who had lost her job at a private company. The business terminated her income without any notice. The patient had been living off of her small savings account and was also selling her household items to a pawn shop to earn extra money. Her car broke down, so she did not have transportation. The patient had turned in over one year's worth of proof of income to the local Department of Economic Security (DES) office when she applied for nutrition assistance, but the information was never received by AHCCCS. After review of her AHCCCS application, it was determined that she had been denied medical coverage as they stated she failed to turn in proper proof of income. Following phone calls to the DES office, the patient's application was approved and her past months' bills paid. The patient was in tears with the news of her approval and stated that she could now seek much needed medical treatment.



Yuma by the Numbers

Yuma County has a population of **200,000+** with an AHCCCS enrollment of **64,000+**

AHCCCS membership in Yuma County has increased by **25%** from 2014 to 2015

AHCCCS made up **27%** of YRMC case volume in 2014

The percentage of providers accepting AHCCCS in all specialties grew from **80%** in 2011 to **89%** in 2015 and Yuma community PCPs increased the percentage of providers accepting AHCCCS from **79%** to **92%**

5% AHCCCS rate reduction would likely reduce YRMC Operating Margins by **38%** based on fiscal year 2014 actuals



May 14, 2015

AHCCCS Director and Associates:

As members of Yuma Regional Medical Center Medical Staff, we encourage the AHCCCS program to consider the impact a broad five percent rate reduction will have on AHCCCS recipients, community members and healthcare professionals. Such considerations include the impact on providing patient care in a geographically isolated region, the impact on future physician recruitment, the impact on physician acceptance of AHCCCS insurance and the impact on future investments in advanced care coordination.

Yuma's geographic isolation from a metropolitan center by roughly 170 miles requires the Yuma physician community to dedicate significant resources to ensuring patients receive care close to home. For many patients, seeking care in a metropolitan area is not a viable alternative and often results in the patient electing not to pursue needed care. Therefore, the physicians in Yuma take necessary steps to ensure access to medical and surgical services throughout the Yuma region. Adequate reimbursement rates are required in order to sustain such services.

High-quality, low-cost healthcare delivery depends on a medical community's ability to recruit and retain the best physicians. Yuma County is a federally designated Health Professional Shortage Area. Therefore, further rate reductions would only dissuade physicians from starting and retaining their practices in the community. Furthermore, regulatory requirements and CMS changes require thoughtful consideration to the cost of care provided to the AHCCCS population.

Many efforts have been made by the physician community to increase access to care for the underserved. The percentage of providers accepting AHCCCS in all specialties grew from 80 percent in 2011 to 89 percent in 2015. Additionally, community PCPs increased the percentage of providers accepting AHCCCS from 79 percent to 92 percent over the same time frame. Such efforts by the provider community to open the doors to AHCCCS patients would be significantly undermined by broad rate reductions.

Physicians in Yuma County are committed to ensuring that the community has the appropriate medical services in order to improve overall health and quality of life of the patient population that we serve. We recommend that AHCCCS follow trends set by the federal government in creating exemptions and other incentives for rural providers to bolster medical services in markets like that of Yuma County. We invite the AHCCCS program to support our efforts in maintaining appropriate healthcare services close to home in rural and underserved communities.

Sincerely,

Robert T. Cannell, MD
Interim Chief Medical Officer

Alberto Mejia, MD
Chief of Staff

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2400 S. Avenue A | Yuma, AZ 86364 | 928-344-2000

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Peter Stevenson, M.D.
Phoenix Perinatal Associates
3877 N. 7th St, Suite 400
Phoenix, AZ, 85014
May 18, 2015

Arizona Health Care Cost Containment System
AHCCCS
accesstocare@azahcccs.gov

Dear AHCCCS:

Please consider the impact on Arizona's high risk perinatal services and neonatal services secondary to the planned 5% reimbursement cut for health care providers. I am writing to request an exception for pediatric subspecialty and high risk obstetrics. Our practice is comprised of Perinatologists, a Radiologist, Neonatologists, OB Hospitalists and Advance Practice Nurses who provide care to women with complex, high-risk pregnancies and neonates throughout Arizona regardless of the presence or type of insurance coverage. As a practice, we do not limit or cap in any way the number of Medicaid patients for whom we provide services. We are often the provider of last resort for when these patients become too complex or too dangerous for their obstetrical providers. As of 2015, over 50% of our patients have AHCCCS as their source of health care coverage. Therefore, the anticipated 5% rate reduction for this population will have a significantly negative impact upon our ability to provide care for these venerable patients.

The need to fund high risk pregnancy services is critical. There is both precedent and rationale for exempting perinatal and neonatal funding in

- **Chandler Office**, 600 S. Dobson Rd., Suite D-34, Chandler, AZ 85224 480.969.5999 Fax 480.969.5610
- **Downtown Phoenix Office**, 3877 N. 7th St., Phoenix, AZ 85014 602.257.8118 Fax 602.528.0099
- **Estrella Office**, 9250 W. Thomas Rd., Suite 300, Phoenix, AZ 85037 602.810.5410 Fax 623.877.1226
- **Glendale Office**, 5757 W. Thunderbird Rd., Suite E-151, Glendale, AZ 85306 602.942.1027 Fax 602.978.2636
- **Mesa Office**, 1840 S. Stapley Dr., Suite 131, Mesa, AZ 85204 480.969.5999 Fax 480.969.5610
- **Scottsdale Office**, 10210 N. 92nd St., Suite 105, Scottsdale, AZ 85258 480.661.1332 Fax 480.661.1364

Appointment Scheduling: 1-888-890-3066 ♦♦♦♦ Regional Billing Office: Ph: 602-256-4628 Fax: 602-356-4631

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other states. (Example: due to budget shortfalls, California implemented an across-the-board rate reduction in 2011, but exempted pediatric services). In addition, the Medicaid population with proper prenatal care can result in a normal delivery and a healthy baby. Inadequate funding for these services could result in less access to care, which may prevent mothers from obtaining these services. Women who receive proper prenatal care have better neonatal outcomes, thereby reducing the need for expensive inpatient neonatal intensive care services. The result is an overall reduction in cost of care for both mother and newborn. Furthermore, data demonstrates the investment in quality care during the formative years through age six has the highest return on investment. As a result, pediatric and obstetric services must be exempt from further decreases to physician compensation.

In closing, I would like to thank you for considering my request for excluding perinatology and neonatology from the 5% cut in AHCCCS reimbursement. I am confident that you are equally committed to the health care needs of this vulnerable population.

Sincerely,
Peter Stevenson, M.D.
Medical Director
Phoenix Perinatal Associates, Neonatology

- **Chandler Office**, 600 S. Dobson Rd., Suite D-34, Chandler, AZ 85224 480.969.5999 Fax 480.969.5610
- **Downtown Phoenix Office**, 3877 N. 7th St., Phoenix, AZ 85014 602.257.8118 Fax 602.528.0099
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May 14, 2015

Re: AHCCCS Rate Reduction for Ambulance Service

The Lake Mohave Ranchos Fire District is a sparsely populated, low income rural fire district in NW Arizona. The LMRFD Fire District services a 144 square mile area with two stations. The main station located in Dolan Springs manned 24x7 with 2 personnel; and a station in Meadview, 30 miles away, manned 24x7 with 1 person. The 3 personnel are stretched at times just providing fire and EMS services to the taxpaying citizens of the district.

The real stretch and contributing factor to the LMRFD's insolvency 2 years ago, is covering its 1200 square mile C.O.N. (Certificate of Necessity with the Arizona Department of Health Services.) **Fully 1/3 of the LMRFD's ambulance calls are on Highway 93 and White Hills, both out of the fire district.** Every ambulance run to White Hills and Hwy 93 puts at least 100 miles on aging vehicles and takes 2 personnel out of the district that pays for them, for a minimum of 3 hours. **Many, if not most, of the White Hills EMS calls are AHCCCS patients. Additionally, approximately half of the ambulance patients within the LMRFD are on AHCCCS.**

The steady whittling away of AHCCCS allowable payments for ambulance service over the last 7 years is mortally wounding that service. Until about 2008, AHCCCS was a reliable 80% payer. The same 7 year period that has seen AHCCCS repeatedly decrease its payments, the costs of operating the ambulance service have escalated dramatically. Fuel costs have doubled; tires, insurance, maintenance, EMS supplies and everything else have seen inflationary cost increases as well.

The latest AHCCCS cut may seem insignificant, but for the LMRFD, it will represent **\$11,543.44** annual decrease in ambulance revenue, based on current data. That may not seem like a lot to some, but to our annually shrinking budget it represents 1% of our total \$1,091,843 budget for FY 15/16. Again, that may not seem like a lot, but with projected tax revenues continuing to shrink as well due to declining property values, and considering that our operations have already been cut to the bone and there is nothing left to cut, it is a lot to the LMRFD.

Respectfully Submitted,

Ellen Reh-Bower
Office/Admin
Lake Mohave Ranchos Fire District
PO Box 611
Dolan Springs, AZ 86441
EREH@LMRFD.ORG

From: Kevin Barlow <kevinb@hccfd.org>
Sent: Friday, May 15, 2015 9:04 AM
To: accesstocare
Subject: Plea For AHCCCS Provider Rate Stability

To Policy Setters and Decision Makers:

As a rural (super-rural by CMS definition) provider of emergency medical services and transport, we are often the first and only alternative for urgent medical care. The impact that the 5% rate reduction will have on our ability to provide this service is significant. As a governmental agency, our rates are set to simply cover costs—not to make a profit, and not be a burden on taxpayers. This reduction will shift the burden of \$69,000 onto local taxpayers if we are expected to maintain emergency medical services at the current level. This directly affects our ability to provide needed fire, rescue, education and prevention services. As an agency where all of our responders are 100% volunteer, we have nowhere else to cut or absorb this reduction.

Thank you for taking a close look at the cascading effect this reduction has on rural providers and realize the importance of maintaining current or previously projected increased levels of reimbursement.

Respectfully,

Kevin

Kevin J. Barlow, Fire Chief

Colorado City Fire Department

PO Box 248
Colorado City, AZ 86021
928.875.2400 office
928.875.2056 fax
435.467.0603 cell
kevinb@hccfd.org

EXPECT EXCELLENCE

From: Clifford Topel <clipto3891@gmail.com>
Sent: Friday, May 15, 2015 9:47 AM
To: accesstocare
Subject: Planned rate reduction

To Whom it May Concern:

I am a mental health provider (Family therapist) working on the Gila River Indian Reservation. In 2010 our capped rate was 32.05 per unit of service. After 2 rate reductions during that time followed up with two very small increases, my rate stands at 31.01. In five years I have lost 1.00 or about a third of a percent in wages. Over that same period of time, the cost of living has risen nearly 7 % according to Social Security data. Even if you keep rates the same, I have lost nearly 7% buying power over a five year period. You should be talking about how much of a rate increase providers should be receiving, not reducing rates, again!

--

Clifford Topel, LMFT
Home-Based Therapist

(602) 502-1616

From: Donna Lowe <dlowe@aztechradiology.com>
Sent: Friday, May 15, 2015 10:20 AM
To: accesstocare
Subject: Reimbursement Reduction

We at AZ-Tech Radiology & Open MRI have always taken pride in providing services in the most underserved areas of the valley, as well as Casa Grande and Maricopa.

These cuts will make it difficult for us to continue the outstanding service we provide. Not only do we provide excellent Radiology Services, but we also provide transportation for the patients as well as interpreters. This 5% cut on reimbursement from AHCCCS also comes on the heels of CMS cuts for Radiologists. Large companies can handle these cuts, but smaller ones cannot. From the cost of the equipment and upkeep on the equipment this cut puts a heavy burden on many small practices. Larger practices will be able to sustain and accept AHCCCS patients, while the smaller practices will not be able to do this. Once the larger practices are the only ones taking AHCCCS patients, they will be demanding higher reimbursements. In the long run cutting the reimbursements will have the opposite effect that is being sought.

Reimbursement reductions of any kind are incomprehensible when we consider the cuts that medical providers have already incurred, while expenses continue to rise. I encourage you to find an alternative to these cuts.

Thank you,
Donna Lowe
Billing Manager
AZ-Tech Radiology
480-889-1856

From: Murray, Angela <Angela.Murray@kindred.com>
Sent: Friday, May 15, 2015 10:25 AM
To: accesstocare
Subject: AHCCCS Provider Rate Analysis for Rates Effective October 1, 2015 - Public Comment

Importance: High

Kindred Healthcare, Inc., based in Louisville, Kentucky, is a diversified provider of post-acute healthcare services. Kindred provides healthcare services in 2,872 locations in 47 states, including 97 long term acute care hospitals (LTACs), 16 inpatient rehabilitation hospitals, 90 skilled nursing and transitional care centers, 22 sub-acute units, 634 hospice/home health/non-medical home locations, and 100 inpatient rehabilitation units. Ranked as one of Fortune magazine's Most Admired Healthcare Companies for six years, Kindred's mission is to promote healing, provide hope, preserve dignity and produce value for each patient, resident, family member, customer, employee and shareholder we serve.

Kindred Healthcare currently has three (3) LTACs in Arizona: downtown Phoenix (58 beds), Peoria (58 beds), and Tucson (51 beds) and is opening a 120-bed transitional care center/skilled nursing facility later this year in Phoenix. Kindred has also entered into an agreement with Dignity Health to build a 50-bed rehabilitation hospital in Chandler, AZ through a joint venture. With Kindred's recent acquisition of Gentiva Home Health & Hospice in February 2015, we are pleased to provide a full post-acute continuum of care in the Phoenix market.

LTACs are a vital part of the healthcare continuum and the community standard of care. They provide a distinctly different clinical mission compared to short-term acute care hospitals. LTACs offer a unique depth of clinical staffing and capabilities combining medical and restorative care. LTACs provide specialized interdisciplinary care to medically complex patients, including the chronically critically ill, who require extended acute care and recovery time. The "typical" LTAC patient has a high severity of illness and intensity of service (APACHE-III score of 42). These patients typically have multiple system failure, many active secondary diagnosis (average of 15), require 9+ direct nursing hours per patient per day and it is common for them to require mechanical ventilation, dialysis, complex wound care, etc. This patient population is typically high a utilizer of hospital services due to heavy burden of chronic disease, severity of illness, in many cases the presence of psycho-social issues and are at a high risk of re-hospitalization without access to adequate post-acute care. Despite the many challenges with this patient population, Kindred achieves favorable clinical outcomes and our facilities match or exceed national benchmarks (ventilator wean rates, customer satisfaction, re-admission rates) compared to industry standards.

Kindred has long cared for AHCCCS members requiring medically complex care and is currently contracted with a majority of the AHCCCS managed care plans. Due to the growth in AHCCCS enrollment, related to the expansion of Medicaid eligibility under the Affordable Care Act, and the removal of the 25 day inpatient benefit limit, in October of 2014, Kindred has seen a significant increase

in the number of AHCCCS patient referrals from area hospitals. From January through March of this year, Kindred LTACs received approximately 100 AHCCCS patient referrals and our facilities admitted 24 of them. Unfortunately, our hospitals were unable to accommodate 76 of these AHCCCS referrals due to capacity constraints. In many cases, these patients remain in short term acute care hospitals well beyond the time they are clinically appropriate for admission into and LTAC, occupying needed bed capacity in the marketplace. In some cases, they receive care in a lower acuity setting and end up re-admitted to an acute care hospital (usually through the Emergency Room).

As noted above, Arizona is a market where Kindred has made significant capital investments to grow and expand our ability to meet the post-acute care needs of Arizonans. Unfortunately, a business case cannot be made to expand our LTAC capacity, or intentionally alter our payer mix, in order to accommodate more AHCCCS patients, given the current AHCCCS reimbursement environment. The AHCCCS per diem for Kindred LTACs, effective October 1, 2014, for "routine services" is \$921-986 (based on location). To put this in context, Kindred's average operating cost per day, in the Arizona market, is roughly \$1,500 per day. The current routine services per diem rate is well below operating cost. If the routine services per diem were more in line with the average operating cost per day, area LTACs would be in a position to accommodate more AHCCCS patients, which we believe is in the best interest of the AHCCCS beneficiary, area hospitals, as well as all other stakeholders in the local healthcare community.

Thank you for your consideration.

Angela Murray
Director of Managed Care Relationships
Kindred Healthcare, Inc.
Cell: 720-505-6470
Email: angela.murray@kindred.com

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Dedicated to Hope, Healing and Recovery.

From: Hirshberg, Oralynn <Oralynn.Hirshberg@usoncology.com>
Sent: Friday, May 15, 2015 10:41 AM
To: accesstocare
Subject: Chapter 14, SB 1475 – Public Comment on Proposed 5% Reduction Effective 10/1/15

Arizona Oncology Associates (AO) is a large multispecialty practice of physicians including Medical Oncology, Hematology, Gynecologic Oncology, Radiation Oncology, Urology and Colon and Rectal Surgery. We also maintain complex diagnostic imaging centers and a CLIA certified laboratory. We have offices in six (6) counties in Arizona including Yavapai, Coconino, Graham, Santa Cruz, Maricopa and Pima. We pride ourselves on providing high quality medical care in both the metropolitan and underserved communities of Arizona.

Over the years, physicians have been under significant pressure to do more for less. Many years ago, the AHCCCS allowance equaled Medicare making the acceptance of AHCCCS rates palatable. After AHCCCS' multiple rate decreases, the decision to continue to accept this payor population has become increasingly challenging. We have maintained our relationship with AHCCCS and its plans because it was the right thing to do. Continued support of the Arizona Medicaid program with an additional 5% reduction drives the reality of a significant financial decision...can we as a practice continue to support a program that encompasses considerable administrative burdens such as prior authorization requirements, eligibility verification, etc., and that continuously reduces reimbursement to a level that consistently falls short of covering our cost to provide care?

It is well documented that the cost of oncology care is far less expensive in the physician office setting than the hospital setting. Per the Moran Study from August 2013 (http://www.communityoncology.org/UserFiles/Moran_Cost_Site_Differences_Study_P2.pdf), the average cost of chemotherapy provided in a hospital-based outpatient setting ranges between 25% and 47% higher than the cost of chemotherapy provided in the community-based physician practice setting. However, due to continued downward pressure on reimbursement rates for community-based physicians, added to their rising costs of providing high quality care, many community-based practices are either in financial distress, or are selling their practices to hospitals.

Community-based oncology practices are at the mercy of the pharmaceutical industry. We have little or no control over the price of purchasing expensive chemotherapy and other oncology related drugs with even less control over their reimbursement. At the same time, hospitals with 340B pricing are able to purchase the **same** drugs at set allowances that run in the range of 30-40% **less** than the pricing given to the general public, i.e., our practice. Because of this and as supported by the Community Oncology Alliance Reporting from 2014 (http://www.communityoncology.org/pdfs/Community_Oncology_Practice_Impact_Report_10-21-14F.pdf), many practices have been purchased or are considering being purchased by

hospitals. A summary of this Report states 1,447 clinics/practices in the US have experienced the following impact over the last 6 years:

- 313 Clinics have closed
- 395 Practices are struggling financially
- 46 Practices are sending their patients elsewhere
- 544 Practices either have a hospital agreement or have been purchased by a hospital system
- 149 Practices have either merged or have been acquired

As it currently stands, over half of AO's most commonly utilized drugs have reimbursement allowances that fall below our cost to procure the drugs. Based upon the current AHCCCS fee schedule, a 5% reduction will drive the percentage of drugs that are paid below cost to over 59%.

Below is a sample list of the most commonly used oncology drugs that, if the additional reduction is implemented, will be provided to AHCCCS patients at an even greater financial loss.

The following table lists a few of commonly administered oncology drugs. The table shows the proposed AHCCCS rates (95% of current) against Average Sales Price (ASP) which represents an average procurement cost for community-based physicians. As you are aware, the Medicare allowance for drugs is ASP + 6%. If Medicare were used as a comparator, the difference would be significantly greater.

HCPC Code	100% ASP	95% of AHCCCS	Difference	Annual Utilization (total # of doses)	Extended Difference
J0641	\$1.66	\$1.56	(\$0.10)	198,236	(\$19,561.31)
J0897	\$13.85	\$13.03	(\$0.82)	27,240	(\$22,453.02)
J1300	\$198.45	\$186.04	(\$12.41)	810	(\$10,049.50)
J1442	\$0.94	\$0.90	(\$0.04)	178,500	(\$7,068.12)
J1453	\$1.63	\$1.56	(\$0.07)	132,150	(\$9,239.10)
J1459	\$34.58	\$33.08	(\$1.50)	180	(\$270.53)
J1568	\$34.78	\$28.84	(\$5.94)	10,120	(\$60,156.07)
J1745	\$69.91	\$65.03	(\$4.88)	720	(\$3,516.27)
J1750	\$11.44	\$10.68	(\$0.76)	2,904	(\$2,201.69)
J1756	\$0.20	\$0.19	(\$0.01)	50,400	(\$571.65)

J2353	\$135.21	\$126.79	(\$8.42)	700	(\$5,891.30)
J2469	\$19.00	\$17.39	(\$1.61)	23,549	(\$37,981.62)
J2505	\$3,297.60	\$3,040.32	(\$257.28)	1,302	(\$334,982.55)
J2796	\$51.88	\$48.12	(\$3.76)	4,125	(\$15,506.68)
J2916	\$2.62	\$2.31	(\$0.31)	2,991	(\$919.58)
J2997	\$64.33	\$57.51	(\$6.82)	186	(\$1,269.20)
J9033	\$21.44	\$19.63	(\$1.81)	10,944	(\$19,788.49)
J9035	\$64.06	\$60.07	(\$3.99)	33,594	(\$133,892.54)
J9042	\$108.85	\$100.11	(\$8.74)	1,750	(\$15,294.08)
J9043	\$134.31	\$128.50	(\$5.81)	50	(\$290.72)
J9047	\$28.33	\$26.78	(\$1.55)	2,400	(\$3,724.16)
J9055	\$50.71	\$47.84	(\$2.87)	4,148	(\$11,902.65)
J9179	\$94.42	\$89.55	(\$4.87)	345	(\$1,680.13)
J9214	\$20.08	\$18.65	(\$1.43)	3,003	(\$4,284.39)
J9228	\$126.09	\$118.85	(\$7.24)	200	(\$1,447.64)
J9303	\$91.49	\$85.35	(\$6.14)	481	(\$2,951.46)
J9305	\$57.26	\$54.44	(\$2.82)	11,040	(\$31,109.73)
J9306	\$9.64	\$9.22	(\$0.42)	55,440	(\$23,044.54)
J9310	\$684.37	\$638.50	(\$45.87)	1,871	(\$85,826.52)
J9330	\$56.64	\$53.24	(\$3.40)	1,465	(\$4,987.29)
J9354	\$27.53	\$26.31	(\$1.22)	3,600	(\$4,378.92)
J9355	\$79.66	\$74.34	(\$5.32)	16,441	(\$87,538.95)
J9395	\$86.14	\$82.42	(\$3.72)	2,480	(\$9,216.04)
J9400	\$7.18	\$6.41	(\$0.77)	13,762	<u>(\$10,613.37)</u>

				Total of Sample Drugs and Utilization	(\$983,609.83)
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Considering AO has contracts with most of the Managed Medicaid plans, a 5% reduction will have a domino effect as these plans pay for covered services based upon the then current AHCCCS allowance.

In conclusion, if AHCCCS moves forward with implementation of the proposed 5% reduction, many community-based providers will be left with no choice other than to accept a multi-million dollar reduction in reimbursement rates, or to no longer provide care to AHCCCS members. We do not feel that this is in the best interest of AHCCCS members or the State of Arizona as the hospital-based providers of care will treat these patients at a much higher cost to the program.

We respectfully beseech the Senate to reject this decrease in reimbursement.

Sincerely,

Joseph Buscema, MD
President, AOA



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From: robin broome <threex_ranch@hotmail.com>
Sent: Friday, May 15, 2015 11:02 AM
To: accesstocare
Subject: ambulance rate reductions

The ambulance industry in Arizona has been in a financial freefall since 2008. Virtually every public entity operating in Arizona loses money every year. The larger the service the larger the losses. Some larger private services in large urban areas where the call loads were high survived despite AHCCCS rate cuts and large numbers of patients being unemployed and then uninsured. Obamacare was no help because the huge deductibles made debt collection unlikely. Medicare rates remain so low that the cost of providing the service is greater than the reimbursement received so private health and auto insurance subsidize the receivables of every ambulance service. the story in rural Arizona is sad, almost every public and private ambulance service is treading water unable to replace worn out ambulances , order new equipment or give pay raises to keep employees from migrating to larger cities where wages are higher. The AHCCCS cuts in the governors budget hit the rural areas hardest because they don't have the call volume to cover the readiness and overhead costs. Medicare recognized this situation and has compensated rural and super rural ambulance services with additional reimbursement, although still less than the cost of providing the service. While ambulance services are only 2-3% of the AHCCCS budget they received a huge percentage of the cuts. A map of Arizona shows the areas [zip codes] described as super rural by Medicare to determine which areas need a subsidy, but the AHCCCS cuts were across the board without any recognition of the special circumstances applicable to rural providers. State Representative David Stevens a former rural EMT attempted to educate the decision makers in the legislature about the overall inequity in having the smallest group of AHCCCS providers [ambulance] shoulder the greatest percentage of the cuts and the devastating effects of across the board cuts to rural providers. We can only hope the economy improves and the legislature takes a look at the methodology of making across the board vs targeted cuts in next years budget. Thank you Jim Broome
CEO Healthcare Innovations Ambulance, Cochise county arizona



Service to those affected by chronic kidney disease

May 15, 2015

Lori Hartwell
Executive Director/President

David Ackerman, Esq.
Chairman of the Board

Lana Kacherova, RN
Treasurer

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Hasmik Mouradian
Linda Oakford
Wendy Rodgers
James Troyer
Rafael Villicana, MD
Susan Vogel, RN
James Wilson, MD

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

Re: Medicaid Reimbursement Cuts for Dialysis Services

Dear Director Betlach:

I am writing on behalf of Renal Support Network (RSN), a nonprofit, patient-focused, patient managed organization dedicated to improving the quality of life and care for hundreds of thousands of people with chronic kidney disease, including end-stage renal disease (ESRD). I am concerned about the decrease in Medicaid payment for dialysis services in Arizona.

Currently kidney failure is irreversible and the only way life can be sustained is by transplantation or regular dialysis treatments provided at a minimum of 3 times per week at 3-4 hours per treatment. Diabetes and high blood pressure are the 2 main causes of kidney failure.

The number of those affected by chronic kidney disease (CKD) in Arizona has seen a rise of 42% since 2002. This is higher than national increase of 32% showing a growing health problem in Arizona.

The high percentage of Medicaid beneficiaries, combined with the necessity for three dialysis treatments per week, leads to a disproportionate impact of Medicaid reimbursement reductions on dialysis providers. It has been found that dialysis units operating in a negative margin are generally those with a higher population of individuals relying on Medicaid for their health insurance. It is very important that dialysis units be kept operating in the neighborhoods where these patients live.

Otherwise it would be essential for these patients to travel to distant clinics to receive their treatments. For some, the distance to a clinic may mean the ability to go to the clinic or be too far that they miss treatments or not go at all resulting in a potentially high mortality rate.

An illness is too demanding when you don't have hope!

Renal Support Network • A 501(c)(3) non-profit organization • EIN #95-4672679 • info@rsnhope.org
1311 N. Maryland Ave., Glendale, CA 91207 • Phone 866-903-1728 • Fax 818-244-9540 • www.RSNhope.org

Renal Support Network

Please do not cut the current Medicaid reimbursement rate will help preserve the existing Arizona dialysis delivery system, enabling those who depend on dialysis treatments for their survival.

As the Founder and President of RSN and a kidney patient since 1968, thirteen years on dialysis and a four-time transplant recipient, I urge you to keep the present level of Medicaid funding for dialysis treatments in Arizona.

Regards,

A handwritten signature in black ink, reading "Lori Hartwell". The signature is written in a cursive, flowing style.

Lori Hartwell
President and Founder

From: Joan Koerber-Walker <jkw@azbio.org>
Sent: Friday, May 15, 2015 11:32 AM
To: accesstocare
Subject: Call for Comments on Implementation of SB1475
May 15, 2015

Director Thomas Betlach
AZHCCCS
801 E. Jefferson Street, MD 4100
Phoenix, AZ 85034

RE: Request for Public Comment on SB1475

Dear Director Betlach,

On behalf of the Arizona Bioindustry Association (AZBio) and our member companies across the state, thank you for this opportunity to provide comments on the impact of the 5% provider rate cuts called for by SB1475.

While AZBio and its members recognize that the State of Arizona and the legislature must work diligently to balance the State Budget - which includes implementation of SB1475 and a 5% rate cut to providers of healthcare services – the end result may ultimately increase the state's healthcare spend rather than reduce it. AZBio believes these cuts are shortsighted fiscal policy and are likely to create unintended consequences. Specifically, these cuts will erode access to health care services for our most vulnerable citizens. These barriers to healthcare services stand to increase the state's total cost of care as delays in the diagnosis and treatment result in increased emergency room visits and hospitalizations.

Reduced Provider Payments Will Result in Restricted Access

As a result of Medicaid Expansion, more patients are seeking coverage and access to medical specialists is particularly important. Nearly 1.5M people are enrolled in Arizona's Medicaid and CHIP programs as of the latest CMS report (through February 2015). This includes nearly 300,000 new enrollees as compared to pre-ACA expansion in 2013. (Source: <http://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/medicaid-and-chip-february-2015-application-eligibility-and-enrollment-data.pdf>)

The proposed reductions in provider payment rates will further constrict the provider network. This claim is evidenced by the many comments posted on azahcccs.gov relating to the current and proposed reduced levels of payment. If an increasing number of healthcare providers elect to not accept AHCCCS patients, there will be fewer options for patients seeking treatment along with longer wait times for appointments at the remaining facilities. The situation will be exacerbated in Arizona's



rural communities where we already have a shortage of primary and specialty healthcare service providers in the area that accept patients in the AHCCCS system.

Fewer Points of Access Lead to Reduced Access To Care

When providers drop out of the AHCCCS system and patients experience access challenges, appointments for essential health services may be postponed or missed. The result of this can be both life threatening and expensive. Patients who have missed sessions required by their treatment plan regularly seek care at the emergency room or have a need for an extended hospital stay. From past experience, we have seen that the cost of hospitalization or other complications from a patient's inability to follow their treatment plan drive healthcare costs higher.

The Arizona Bioindustry Association is committed to supporting the discovery, development, commercialization, delivery and availability of healthcare innovations that support Arizonans in all of our communities. We thank you for the opportunity to share this comment and will be happy to provide specific examples of how delays in essential health services can lead to increased healthcare costs upon request.

Sincerely,

Joan Koerber-Walker

President and CEO, Arizona BioIndustry Association ([AZBio](#))

Chairman, AdvaMed State Medical Technology Alliance ([SMTA](#))

107 S. Southgate Drive | Chandler, AZ 85226

480.332.9636 | JKW@AZBio.org



Acuity: Sharp, Perceptive, Keenness of Thought and Vision

May 15, 2015

Arizona Health Care Cost Containment System

RE: AHCCCS Soliciting Provider Input 2015

To whom it may concern,

This letter is in response to the invitation to weigh in on the Medicaid Reform in the state of Arizona. Thank you for allowing us to share our thoughts and recommendations. Acuity Healthcare has two Long Term Acute Care Specialty Hospitals (LTAC's) in Phoenix.

Acuity Specialty Hospital of Arizona at Mesa
Acuity Specialty Hospital of Arizona at Sun City

Each of our hospitals has attached skilled nursing units, which makes transferring patients to a lower level of care easier and more streamlined. Unfortunately, LTAC reimbursement in Arizona is not standardized for all providers. The fee schedule currently in place inequitably reimburses some providers with higher reimbursement than others who are caring for the same type of patients. We are thankful that the days of service limitation on AHCCCS patients was lifted 10/1/14. However the fact that our AHCCCS rates are below our operating margin significantly restricts the possibility of admissions to our facilities. Costs have continued to increase in our market because of nursing shortages and increased drug and supply costs while the AHCCCS rates have decreased year over year.

As such, we propose a standard fee schedule based on LTAC DRG reimbursement, which is the same form of reimbursement currently in place for the short term acute care hospitals. This reimbursement is fair for all providers and reflects the clinical needs of the patients.

Please feel free to contact me if you have questions at 281-714-6358. Thanks you for allowing our input and thank you for looking at the fee schedule and considering a standardized form of reimbursement that treats all Long Term Acute Care hospitals equally.

Sincerely

Betty Drake RN, BSN, MBA
VP of Managed Care



ADULT & PEDIATRIC ALLERGY ASSOCIATES, P.C.

FADIA HABIB-KHAZEN, M.D., F.A.A.P., F.A.C.A.A.I.

HOUSAM ALASALLY, M.D.

DIPLOMATES AMERICAN BOARD OF
ALLERGY & IMMUNOLOGY

May 15, 2015

To: Arizona AHCCCS

Re: 5% rate reduction for Medical Providers

The last 5% cut approved through the State budget prompted many Doctors to stop accepting AHCCCS altogether and more Doctors will follow suit should another cut be implemented.

Years ago AHCCCS had abruptly stopped allowing allergy testing and immunotherapy, if necessary to adult patients which resulted in a negative feedback from those patients who have sinusitis and asthma issues and without proper treatment end up in Urgent Care and ERs, while our allergists have been working hard to keep them out of hospitals. We heard it several times from adult patients "if they don't pay the doctor to take care of my allergy, I'll go to the hospital".

Rate cuts are counter-productive and we believe you should revisit your strategy and take AHCCCS back to what it once was "a model program for the country".

Sincerely,

Adult & Pediatric Allergy Associates, PC

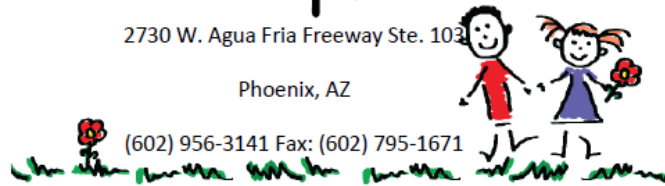
2236 W. Bethany Home Road, #2, Phoenix, Arizona 85015 • Telephone (602) 242-4592 • Fax (602) 242-9220
6003 W. Thunderbird Road, #1, • Glendale, Arizona 85306
4921 E. Bell Road, #202, • Scottsdale, Arizona 85254
13055 W. McDowell Road, #G108 • Avondale, Arizona 85392
3624 W. Anthem Way, #C-100, • Anthem, Arizona 85086

Jordan Developmental Pediatrics

2730 W. Agua Fria Freeway Ste. 103

Phoenix, AZ

(602) 956-3141 Fax: (602) 795-1671



May 15, 2015

From: Dr. Tim Jordan M.D.
Jordan developmental pediatrics

To: Arizona Chapter of the American Academy of pediatrics

Subject: AHCCCS provider cuts.

I am a developmental pediatrician in a private practice in North Phoenix. Over 90% of my patients are on AHCCCS. I am virtually the only developmental pediatrician who sees children on AHCCCS over the age of five in Maricopa County and of one of the few who sees children of all ages. We also on occasion travel to Flagstaff and Yuma to see patients there because of the lack of coverage in Northern Arizona. Developmental pediatricians in Arizona are for the most part the providers accepted for the diagnosis of autism. The reason this is important is that unless they are diagnosed by an "accepted" provider they cannot receive DDD and/or long-term care services, which are particularly important in the early treatment of autism spectrum disorders.

Our office had a total review of 63, 2185.00 last year, about 90% or 56, 8967.00 from AHCCCS. If we received a 5% reduction that would amount to 28,500.00 less revenue. As has been noted by the Arizona Academy of Pediatrics, AHCCCS, payments have been reduced almost 23% over the last six years.

I am not about to threaten to leave Arizona, if these cuts are made because if I did the only people who would be hurt would be low income children, their families and providers who referred to me. However, we are going to implement a four-day work week beginning shortly and try to seek other sources of revenue

Tim Jordan, M.D.
Jordan Developmental Pediatrics



May 15, 2015

Mr. Tom Betlach
Director, AHCCCS
801 E. Jefferson Street, MD 4200
Phoenix, AZ 85034

Dear Mr. Betlach,

Sunrise Hospital and Medical Center and Sunrise Children's Hospital (Sunrise Hospital) is a 690-bed acute care hospital located in Las Vegas, Nevada. As a regional referral center and most comprehensive hospital including a Level 2 trauma center within 200 miles, Sunrise Hospital provides access to the most advanced cardiac, neuroscience/stroke, orthopedic, trauma/emergency, obstetrical/perinatal/neonatal services along with the full spectrum of clinical care services across. Sunrise Hospital is also home to Sunrise Children's Hospital, the region's most comprehensive children's hospital and Nevada's and northwestern Arizona's only pediatric cardiac and cardiothoracic program.

As a tertiary care hospital and regional referral center, Sunrise Hospital and Medical Center provides emergency, trauma and acute care to over 3,000 residents from the State of Arizona with the majority residing in Mohave and La Paz Counties. For the acute care patient including those experiencing strokes, cardiac events/heart attacks, trauma and other critical care needs, timely access to a higher level of care is an important determinant of patient outcomes. With transport times from local hospitals in Mohave and La Paz Counties to Sunrise Hospital being up to two and a half hours shorter than to Phoenix acute care facilities, Sunrise Hospital is a critical resource in providing continuum of timely and quality health care for Arizona residents. We pride ourselves in partnering with Mohave County-based hospitals including, Valley View Medical Center, Western Arizona Regional Medical Center, La Paz Regional Hospital, Kingman Regional Medical Center and Havasu Regional Medical Center in providing care that are not typically - available at these local facilities.

Sunrise Hospital remains a committed partner for Arizona's AHCCCS recipients as a provider for AHCCCS and HealthChoice members primarily located in Mohave and La Paz Counties. The overwhelming majority of patients Sunrise Hospital provides care for are patients who require higher levels of complex care than what is available at local Arizona-based facilities. The cost of providing care to the most complex and acute patient is significantly higher than the Hospital's average cost per admission. With the current reimbursement from AHCCCS not covering our existing cost to provide care, any proposed rate reduction in Medicaid reimbursement to the Hospital or physicians who provide that care would result in a further financial deficit and impact the sustainability of Sunrise Hospital to provide care to the AHCCCS recipients of Mohave and La Paz Counties.

Sunrise Hospital and Medical Center is deeply concerned about the impact of any further rate reductions or changes in the AHCCCS program including but not limited to negatively impacting access to timely acute care services potentially jeopardizing patient outcomes. Should Sunrise Hospital not be part of the health care delivery system for AHCCCS recipients due to additional rate reductions, patients requiring emergency services would be shifted to Phoenix-based hospitals and the cost to the AHCCCS program would be increased by several thousand dollars per medical transport.

Sunrise Hospital is committed to participating in the dialog to provide the highest level of care to residents of Arizona in a manner that is financially viable for the Hospital and its providers while being fiscally responsible for the State of Arizona.

I would welcome the opportunity to provide additional information during the public input and access to care input periods.

Sincerely,



Todd P. Sklamberg
Chief Executive Office
Sunrise Hospital & Medical Center
Sunrise Children's Hospital

TPS/ac



BY ELECTRONIC DELIVERY

accessstocare@azahcccs.gov

Arizona Health Care Cost Containment System
701 E. Jefferson St, Phoenix, AZ 85034

Re: Public Comment regarding ([Laws 2015, Chapter 14 \(SB 1475\)](#)) authorizing AHCCCS to reduce rates for most providers, up to 5% in aggregate, for dates of service October 1, 2015 through September 30, 2016.

Dear Director Betlach:

Allergan + Actavis welcome the opportunity to submit comments on the potential AHCCCS rate reduction, which is intended to address the projected budget deficit for State Fiscal Year 2016 (July 1, 2015 – June 30, 2016). The combined Allergan + Actavis company is a global pharmaceutical company that discovers, develops, and manufactures medicines to treat patients with serious medical conditions, helping them live longer, healthier lives. Our products are used to treat AHCCCS enrollees of all ages, many of whom may be negatively impacted by a new rate reduction, if implemented. We appreciate AHCCCS's public outreach on this important issue.

In the remainder of this communication, we will elaborate on the following:

- I. Analysis of existing reimbursement for physician administered drugs
- II. Anticipated risk associated with fee schedule reductions
- III. Proposal to remedy access issues

I. Analysis of existing reimbursement for physician administered drugs

Before implementing any proposed reduction, we request that AHCCCS perform an analysis of its current reimbursement rates for physician administered drugs compared to the acquisition cost of such products. AHCCCS should confirm that any proposed reduction in reimbursement does not result in the implementation of a payment rate that is below acquisition cost.

To illustrate the impact of an across the board five percent reduction in current reimbursement rates, we provide information regarding a product manufactured by Allergan + Actavis – OZURDEX® (dexamethasone intravitreal implant).¹ As illustrated below, a 5% reduction in the reimbursement rate for this product would require providers to incur a financial loss if they choose to administer this product when medically necessary for their patients:

Product	Current AHCCCS Reimbursement	Average Sales Price (as calculated using the Q2 2015 CMS ASP Pricing file)	Potential 5% Decrease in AHCCCS PFFS	Estimated shortfall (if 5% reduction is put into effect)
OZURDEX® (dexamethasone)	\$191.19 per 0.1 mg	~\$189.82 per 0.1 mg	~\$181.63 per 0.1 mg	~\$8.19 per 0.1 mg

¹ We have attached a copy of both of these products' package inserts for your reference.

intravitreal implant) HCPCS code J7312	\$1338.33 per 0.7 mg implant	~\$1,328.75 per 0.7 mg implant	~\$1,271.41 per 0.7 mg implant	~\$57.34 per 0.7 mg implant
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Physicians may also be subject to a 5% decrease in reimbursement for their professional services associated with the administration of these therapies, putting further financial strain on these providers.

II. Anticipated risk associated with fee schedule reductions

Should AHCCCS payment rates fail to cover provider acquisition costs, Medicaid patients may lose access to medically necessary therapies. Notwithstanding the moral obligation that many physicians feel to treat the Medicaid population, it is not reasonable to expect that providers will continue to administer critically important drug therapies to patients when the state's reimbursement for the product is below provider cost.

For example, a retinal specialist may administer Ozurdex® in patients suffering from diabetic macular edema (DME). The goal of this therapy is to preserve the patient's vision by reducing chronic inflammation and edema in the retina. Left untreated, this condition can lead to permanent damage of photo receptor cells, resulting in blindness. As reimbursement continues to decline, we are concerned retinal specialists will be unwilling to treat AHCCCS patients, and even when they accept AHCCCS patients, may be unable to provide the therapies they need.

Maintaining allowable reimbursement rates that are below the cost at which providers' may obtain certain products also effectively denies coverage for these therapies, contrary to federal Medicaid law. Sub-acquisition cost reimbursement rates create a financial disincentive for providers to use these therapies with Medicaid beneficiaries, even though the products meet the Medicaid criteria for medical acceptance for certain condition(s). AHCCCS should not create a financial disincentive for providers to use products for uses that meet the criteria for medical acceptance under federal Medicaid law.

III. Proposal to remedy access issues

We encourage AHCCCS to consider using its discretionary authority to ensure physician administered drugs are reimbursed appropriately. If a manufacturer identifies a payment rate that is less than the acquisition cost for a product, the state's reimbursement rate for that product should, at minimum, be exempt from the potential reduction. Ideally, the rates for such products would actually be adjusted upwards in advance of the semi-annual fee schedule release, upon receipt of invoices provided by treating physicians, to an amount sufficient to cover provider acquisition costs.

Again, we appreciate AHCCCS's outreach to the public in advance of the proposed reimbursement reductions and welcome the opportunity to work with you to define a process that will preserve patient access to important treatment options and ensure that high quality care is delivered to your enrollees. Please contact our organization if we can be of any assistance, or if you have any questions on the above recommendations.

Sincerely,

Jane Stephen

Jane Stephen
Senior Healthcare Policy Executive
Stephen_Jane@Allergan.com

Christopher Doyle

Christopher Doyle
Director, Healthcare Policy Team CMS
Doyle_Christopher@Allergan.com





May 15, 2015

Mr. Thomas J. Betlach, Director
Arizona Health Care Cost Containment System
801 E. Jefferson Street
Phoenix, Arizona 85034

Re: Impact of Proposed 5% Provider Rate Cuts

Dear Mr. Betlach:

Background:

The proposed rate cut of 5% to behavioral health providers comes at a time when the Medicaid providers are just recovering from a prolonged period of inadequate funding and increasing costs of doing business. During the economic downturn and related reduction in funding and coverage for AHCCCS populations, providers deferred maintenance, cut salaries and benefits for behavioral health staff, and reduced outreach and prevention efforts. As parity requires expanded coverage of behavioral health services, providers are losing staff to commercial insurance companies who pay higher salaries. The providers are feeling the pressure to raise salaries and restore benefits to maintain required staffing levels. Behavioral health salaries for professional staff are not comparable with the salaries of physical health staff, which can be problematic for integrated service providers. Many of the providers expended cash reserves to stay in business during the years of diminished revenues. These reserves have not been replenished.

The behavioral health providers are required to maintain staff to support a reporting and compliance burden that is significantly more than that imposed on the physical health providers. These staff members do not perform revenue generating functions. In addition, the clinical staff often must spend at least 40% of their time completing paperwork, limiting their capacity for performing clinical and billable activities. These inefficiencies require agencies to have larger clinical staff, which is more expensive and harder to recruit and retain. In addition, the amount of time that must be spent on paperwork leads to staff burnout and results in a turnover rate of 35% (Arizona Council of Human Service Providers Salary Survey 2015).

The behavioral health providers in Arizona has also embraced the integration of behavioral health and physical services, using scarce resources to provide models of service delivery that often require subsidies to sustain operations. This has created additional financial burdens for providers.

Since the re-institution of coverage for the childless adult population, there has been a fairly steady increase in enrollment, increasing demand for services. This often means providing

services for a larger population of clients than was anticipated when the provider received funding allocations.

Impact of Proposed Provider Rate Cut

Access to care

The proposed rate cuts will negatively impact access to care. Some providers are planning to close remote sites and centralize services. Clients will have to travel farther for services and utilize whatever transportation resources that may be available. Other providers will be able to staff fewer appointments and groups, thus delaying access to clinical services. A more difficult set of problems will arise in SMI treatment. Persons with Serious Mental Illness who may pose a danger to themselves or others must be a focus of treatment. With fewer staff, persons with less severe illness will have to wait for treatment or receive less intensive treatment. This may, unfortunately, mean that those clients who may be most amenable to treatment may be delayed in achieving recovery or may decompensate, causing them to cycle through emergency or inpatient services. The goal of treating clients at the least costly level of services may be difficult to attain.

Providing services at the lowest possible level is not only cost effective, but it is better for client outcomes. To do this, clients must receive interventions earlier, before the symptoms progress. This requires outreach and prevention efforts that are difficult to sustain when the funding pressures redirect services to the most acute clients.

Capacity of system

There are chronic shortages in behavioral health inpatient and residential treatment beds. Waiting lists for these levels of care are common. When people are waiting to get into inpatient treatment, the crisis system has higher levels of demand. Adults and children waiting for admission to inpatient facilities may be "boarded" in emergency departments, held in crisis facilities or detention centers, or left in the community where they may pose a danger to themselves and others. Intensive wrap around services may be required. This results in high costs to the system and providers.

With staff cuts necessitated by rate reductions, providers will find it difficult to meet the requirements for enrollment and initiation of treatment. A recent change in the Access to Care requirement by DHS Bureau of Quality and Integration requires that 75% of clients receive their first service within 7 days rather than 23 days. This standard will be difficult to meet with even current staffing. The additional requirement that the first visit can only be provided by a behavioral health professional (BHP) or a behavioral health medical professional (BHMP) and not a behavioral health technician (BHT) makes this practically impossible. There are simply not enough licensed behavioral health professionals to provide the volume of services needed. The DHS Covered Services Guide allows counseling to be provided by a BHT. If the licensed professional has to provide the first service, the client will most likely be transferred to a BHT for ongoing services. This leads to client frustration at the delay in beginning treatment with the person who will be their ongoing provider.

Forcing an unnecessary use of higher priced and less available clinical staff poses an additional burden on agencies that are trying to assign their staff for the most cost effective use in anticipation of reduced revenues. Some providers are already being fined by RBHAs for not

meeting licensed staffing requirements. This is especially a problem in rural areas where it is difficult to recruit licensed professionals.

Administrative Burden

In mid-January 2015, when the provider rate cuts of 3% were initially proposed, the Arizona Council of Human Service Providers met with DHS leadership proposing that the providers could possibly absorb the rate cut if there could be a concomitant reduction in the administrative burden related to reporting and compliance. The Arizona Council proposed that while the department was considering the reduction in requirements, that there be a moratorium on any additional reporting requirements. The Arizona Council initially proposed a paperwork reduction effort over six years ago. No significant progress has been made in reducing the requirements.

Some of the Council's members estimate that clinical staff currently spends over 40% of their time on paperwork and not in serving the clinical needs of the clients. The Arizona Council has been a leader in the development of a statewide effort to reform payment and to shift from a process focused reporting system to one that is focused on outcomes. Members are concerned that an outcome focused reporting system may simply be superimposed on top of the current process reporting system.

The impact of the administrative burden has been eloquently described by a provider:

Let's not lose sight of the big picture of where our system is failing. Our lowest paid staff struggle every day with unreasonable caseloads while trying to stay focused on the quality work needed with very complex family situations. While at some point well intentioned, the layers of requirements have left them mired in paperwork and compliance requirements that have limited impact on successful outcomes. This has also resulted in a system of negative feedback to staff since the audits are all about what forms or checklists were not completed rather than the positive impacts that staff are making in helping families. This cycle of bureaucracy and negative reinforcement has created high turnover and burnout in our most essential work force. That does create some irony in the focus on training requirement. I imagine most of us are consistently training a workforce that has a turnover rate of 20 to 40% annually. So just about the time that they develop some level of competency, they are moving on.

The proposed provider rate cut is now at 5%. With no reduction in costs of operation, some of the providers are projecting the reduction in revenues will cause them to be below the breakeven point. This will put providers at financial risk. For some of the smaller providers, this could mean closure of services. This will result in less access to care for clients. The loss of small providers can also result in a loss of specialty services that cater to niche or specialty populations.

For the net amount of savings to state expenditures for Medicaid match, this is a large impact for a small return.

It has been some years since an analysis was made of the actual costs of providing behavioral health services. Before arbitrarily reducing provider rates by any percentage, there should be a thoughtful and thorough analysis of the costs of providing services, including the costs associated with meeting the administrative burden currently imposed on the behavioral health providers.

The Arizona Council of Human Service Providers and its 88 members are prepared to work with AHCCCS to determine these costs and identify efficiencies for the system.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Emily L. Jenkins".

Emily L. Jenkins
President/CEO

From: Karl S. Hurst-Wicker <KHurst-Wicker@desertpaininstitute.com>
Sent: Friday, May 15, 2015 12:53 PM
To: accesstocare
Subject: Cuts to Medical Providers

To Whom It May Concern:

I am a double-board certified Anesthesiologist and Interventional Pain specialist practicing in the East Valley. I am a member of a small practice that chooses to try and help our community by continuing to see AHCCCS patients through HealthChoice, Phoenix Health Plan, etc.

This year alone, many AHCCCS servicers have instituted byzantine rules and arcane stipulations that make providing care to AHCCCS patients arduous and costly to our practice. These changes have already resulted in lapses to care for many of our patients due to the slow pace with which the insurance providers process prior authorizations, which they are requiring for even routine follow-up visits. In addition, the AHCCCS plans frequently pay us less than their own fee schedule, or try and deny payment for services AFTER those services have been previously authorized and rendered.

These behaviors on the part of the servicers cost my practice time and money. We have 3 office staff who spend an inordinate amount of time just trying to deal with these types of issues. The cost of these individuals is considerable, as we not only provide a salary, but benefits as well to our employees. As AHCCCS has increased the number of hurdles to provide care and obtain payment for services, their time spent trying to deal with AHCCCS goes up. This thus robs them of time to deal with their other duties; moreover, it robs them of time to deal with processing authorizations and clearing payments from better paying plans, whether they be commercial or Medicare.

Already, there is NO profit margin in caring for AHCCCS patients. We have CHOSEN to do so because we have felt it was the right thing to do. However, let me make it clear to you that the impact of a 5% cut would result in our CHOOSING to stop seeing AHCCCS patients. We simply cannot afford any further financial losses in providing care to this population.

KH

PLEASE CONSIDER THE ENVIRONMENT BEFORE YOU PRINT THIS E-MAIL

Confidentiality Notice: This e-mail, including any attachments, contains information from Desert Pain Institute (DPI), which may be confidential or privileged. The information is intended to be for the use of the individual or entity named above. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the contents of this information is prohibited. If you have received this e-mail in error, please notify the sender immediately by a "reply to sender only" message and destroy all electronic and hard copies of the communication, including attachments.

May 15, 2015

VIA ELECTRONIC MAIL – Thomas.Betlach@azahcccs.gov

Thomas J. Betlach, Director
AHCCCS
801 E. Jefferson St., MD 4100
Phoenix, AZ 85304

RE: Five Percent AHCCCS Hospital and Provider Rate Reductions

Dear Director Betlach:

On behalf of Dignity Health, we appreciate the opportunity to comment on the impact of the provider rate reduction passed by the Fifty-second Legislature and signed into law by Governor Ducey. As you know, Dignity Health is one of the state's largest hospital systems and is one of the largest providers to Arizona's Medicaid population. Dignity Health is a 501c3 nonprofit health care hospital system operating five hospitals in Arizona: Mercy Gilbert Medical Center, Chandler Regional Medical Center, St. Joseph's Hospital and Medical Center, and St. Joseph's Westgate Medical Center and recently opened Dignity Health Arizona General Hospital. Dignity Health also shares ownership in the Mercy Care Plan, a local 501c3 nonprofit health plan.

We are proud of our 120-year-old mission to provide quality, affordable care to all, especially to the poor and disenfranchised. As a nonprofit and under the guidance of the Sisters of Mercy, we are one of the most generous nonprofit hospital systems in the state providing charity care and endless community benefit programs for thousands of needy individuals and families.

Policy Position

At the onset of the 2015 legislative session, the state was faced with a \$600 million deficit and appropriators projected a structural deficit into SFY18. Dignity Health, along with a coalition of other hospital systems prepared to assist the state with its complex financial challenges outlined in the Executive budget recommendations. However, Dignity Health opposed Laws 2015, Chapter 14 (SB 1475) as we firmly believe that the five percent aggregate hospital and provider rate is too great and will permanently undermine our Medicaid delivery system. Cutting provider and hospital rates year over year is not a policy solution that moves the state forward. This comment letter provides an overview and explanation of how the incremental changes in Arizona's laws coupled with the new reduction will harm patients, providers, hospital systems and the Arizona Health Care Cost Containment System (AHCCCS) delivery system as a whole.

Summary of Dignity Health's Medicaid Population Served

Dignity Health's mission is grounded in serving the poor and to date is one of AHCCCS' largest providers. The following are some statistics that represent the current Medicaid population we serve as well as an explanation of growth areas we are experiencing.

- Given our most recent data and trends, we estimate that 21% of our payer mix for FFY 16 and FFY 17 will be made up of AHCCCS members. Dignity Health projects that we will experience approximately 200,000 inpatient and outpatient encounters in FFY 17.
- We estimate that from FFY 14 - FFY 17 the number of AHCCCS members we serve will grow by a staggering 56%. One factor influencing growth in this population is Medicaid restoration and expansion.
- For FFY 15 AHCCCS members made up 27% of our total inpatient days served in a year. Inpatient utilization is the bulk of the care provided to AHCCCS members.
- While growth in the AHCCCS payer mix grows, reduction in the commercial market will occur. In FFY 08, 45% of the Dignity Health Arizona payer mix consisted of commercial payers. The commercial payer mix for FFY 16 is projected to be at 37%.

Reimbursement Reduction History and System Impact

Hospitals have faced repeated cuts in Medicaid reimbursements since 2009 due to both legislative and regulatory changes. To understand the impact the newest provider rate cut will have on Dignity Health, it is important to fully understand the legacy of cuts imposed on us and the ongoing loss of revenue to Dignity Health as a result of those cuts. Below is a list of policies enacted by the legislature to balance the state's budget that translated into cuts to providers:

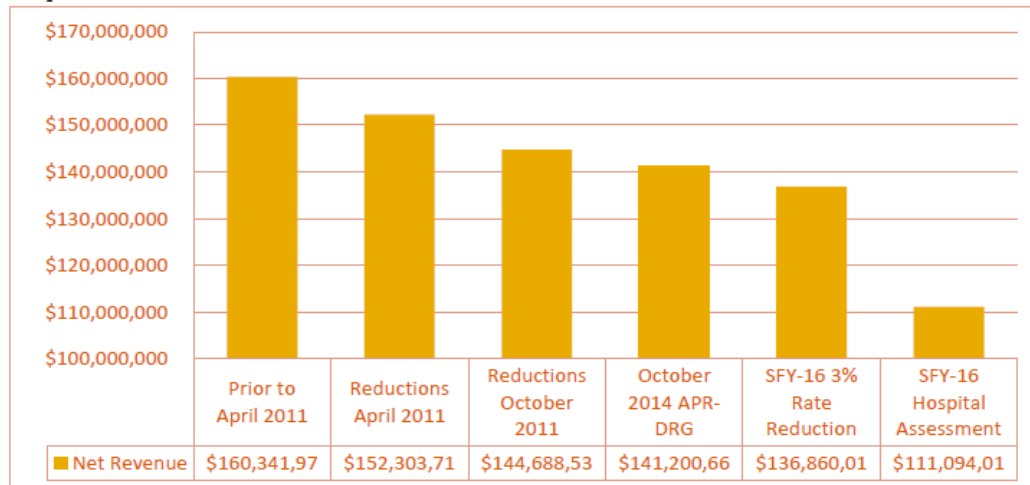
Reimbursement Reduction History

- Hospital rate freezes (FFY 2009 - FFY 2015)
- ADHS suspension of the non-title XIX children's rehabilitative services (FFY 2009)
- 5% cut in AHCCCS physician reimbursement (FFY 2009 – FFY2012)
- DSH and GME redistribution (FFY 2010)
- 5% decrease to the outlier cost-to charge ratios (FFY 2012 - Phase out of outlier payments began in FFY 2008)
- Freeze on childless adult enrollment (FFY 2011)
- 5% hospital rate decreases (FFY2011 and FFY 2012)
- 25 day inpatient day reimbursement limit (FFY 2012)
- Elimination of optional benefits including lung transplants (FFY 2011; the elimination of optional benefits started October 1, 2010; the transplant coverage was reinstated effective April 1, 2011)
- Elimination of send-down program (MED) population (FFY 2012)
- Hospital assessment implementation (CY 2014)

(The Federal Fiscal Year coincides with Dignity Health's Fiscal Year).

System Impact

Since 2011, Dignity Health experienced approximately 30% reduction in net revenue - a direct result of the Arizona legislative policies from various rate reductions, freezes, cuts to services and implementation of the hospital assessment. This means that our Dignity Health Arizona hospitals have absorbed \$49 million of new cuts since 2011.



One reimbursement methodology that has had a sizeable impact on Dignity Health has been the transition from a *per diem payment methodology* to a *case rate methodology*. The new calculation methodology means a \$2.4 million loss for Dignity Health in FY11. Another system impact has been the hospital assessment. We recognize the need for the assessment and acknowledge there are hospitals in the community excluded from the assessment yet benefit from it. Therefore, hospitals systems such as Dignity Health disproportionately pay for the community at-large because not all hospitals pay the assessment.

Finally, between FFY 09 and FFY 15 hospital reimbursement decreased by -9.8% for inpatient and -8.7% for outpatient care. AHCCCS currently reimburses less than seventy cents on every dollar spent to provide care for AHCCCS patients. This means Dignity Health loses over thirty cents for every dollar spent on each AHCCCS patient served. As our AHCCCS population grows and the reimbursement for that population is reduced, the net revenue loss will continue to negatively affect profit margins.

Profit Margins

Dignity Health has experienced solid growth in patient volume since 2011. Patient growth, however, has not translated into higher profit margins. Dignity Health has maintained an annual average profit margin of 2%. Dignity Health estimates profit margins to decrease in FFY 17 as the payer mix shifts to more government payers and less commercial payers. Furthermore,

expenses continue to outpace revenue growth at nonprofit hospitals, causing operating margins and the cash flow to drop. Finally, as state policy makers continue to remove supplemental funding mechanisms such as Medicaid Disproportionate Share (DSH), Graduate Medical Education (GME), trauma funding, access to care ordinances and other assessment tools, there will be no positive profit margins.

Hospitals cannot survive on a zero margin. Dignity Health's nonprofit business strategy has directed its positive margins on reinvesting in the company to keep pace with demands in the market. However, more importantly, Dignity Health has purposefully and strategically partnered with other hospital systems and providers across the state to ensure *their* permanency in the market - stabilizing the health care delivery network throughout the state.

Factors Driving the Provider Costs

Dignity Health has been proactively employing measures to offset the downward margin pressures by efficiently managing costs. Factors contributing to increases in hospital operating costs include the high cost of specialty drugs and technology. Patients and physicians alike want the most cutting-edge, clinically proven therapies and technologies that medical science can offer. Patients prefer treatments that minimize discomfort, speed recovery and restore health. Employing cutting edge clinical technology is costly, however. Hospitals often have to make a significant up-front capital investment in equipment, facilities and staff training.

In addition to keeping pace with the demands for pharmaceuticals and technology, Dignity Health can attribute the high-level of patient acuity as one of our main cost drivers. We treat sicker and more critical patients than many other hospital systems. For example, the Barrow Neurological Institute, at St. Joseph's Hospital and Medical Center, is a world-renowned destination for the neurosciences and our physicians treat some of the most complex and expensive neurological cases in the world. Barrow is consistently ranked as one of the best Neurology and Neurosurgery Care Centers in the United States.

Another example of cost drivers is trauma care. To meet the demands of the population, Dignity Health operates two Level One Trauma Centers, a necessary service to treat the most traumatic episodes in the community. Care for complex multisystem injuries requires multidisciplinary readiness and capabilities of numerous surgical specialties, emergency physicians and other specialized trauma team caregivers including nurses and respiratory therapists. Despite the financial disincentives of these cost drivers, these services save lives and fulfill the mission of Dignity Health.

Impacts on Rate Reductions

The ongoing hospital reimbursement cuts made by the Arizona legislature since 2008 have reached its breaking point. It has been estimated that more than \$200 million in federal funds will be lost to the state economy in SFY 16 and if a five percent rate cut is imposed on the

Arizona Dignity Health System it will cut approximately \$7 million from our bottom line. Those staggering numbers will have the following affects:

- **Puts Network Adequacy at Risk.** As a partner in Mercy Care Plan, we know that providers are also struggling to provide service with the low reimbursement rates, additional cuts may be a final disincentive for them to serve AHCCCS beneficiaries. The loss of additional providers to the delivery system is extremely troubling and could put patients as well as the whole network at-risk. Simply put, there may not be enough providers to adequately sustain the service demands of the Medicaid population in Arizona and it puts additional burden on those providers that will accept AHCCCS members.
- **Utilization will Increase in the ED.** Because of the anticipated breakdown in the provider network, hospitals will certainly see an increase in utilization in the Emergency Departments (ED). In the Dignity Health system, 58% of AHCCCS patients originate in the ED. When compared to private payers, we know that AHCCCS beneficiaries use the ED at twice the rate than the privately insured. Higher utilization is due to unmet health needs in the community and lack of access to appropriate settings. Therefore, in addition to the rate cuts, hospitals will also be forced to absorb additional costs associated with increased ED utilization from AHCCCS members.
- **Negatively Impacting Our Workforce.** Dignity Health employs more than 8,000 people in Arizona. Personnel costs are more than half (52%) of hospital budgets. We are currently rightsizing our workforce to align with our business strategy. Depending on the level of cut, our workforce could be negatively impacted.
- **No Room to Shift Costs.** Given the increased competitive environment within the commercial insurance sector, resulting largely from tightening price controls and demands for narrow network products, the ability to cost shift or otherwise increase prices charged to commercially-insured individuals is no longer a feasible option to offset the reductions in Medicaid reimbursement or increases in uncompensated care.
- **Prevents Arizona from Moving Forward.** During the Great Recession, the health care industry was the only growing sector in Arizona. It has been estimated that the potential loss of matching federal funds from the rate reduction could exceed \$200 million and that loss will have a negative impact on one of Arizona's only thriving business sectors – health care. Hospital employment growth has already slowed and is projected to continue on this trend. Job creation and growth in the Arizona health care market is being stifled in part by the persistent rate cuts. These policies are not moving Arizona forward.

Value Based Reimbursement

Dignity Health has been innovative and continues to seek opportunities to engage in new health care payment incentive models intended to improve quality and reduce costs. For example, in 2014 Dignity Health and Abrazo Health, two of Arizona's largest health care systems entered into a joint venture that will continue to grow the Arizona Care Network (ACN) in turn allowing them to more effectively pursue population health management arrangements and to improve efficiency and patients' outcomes and experience. The Dignity/Abrazo partnership seeks to share risk and share savings and this may be achieved through value based reimbursement. We understand the need to fully align payment and objective measures of clinical quality which supports incentives that allow hospitals to recoup lost revenue due to rate cuts. We look forward to more dialogue with the Administration in developing value based reimbursement models.


CONCLUSION

We have recently experienced the most complex and fast-paced transformations in the health care industry. During this time of dramatic change, the AHCCCS delivery system continues to be recognized as a national model. I do however, believe Arizona policies specific to reimbursement are not keeping pace with the changing delivery and payment models. As a result, I am concerned that these policies are undermining our AHCCCS delivery network. It is my sincere belief that we are at a cross-road with provider rate reductions and this reduction may be the final – unsustainable cut for so many providers in this state. Dignity Health stands ready to partner with AHCCCS and state leaders to examine innovative reimbursement methodologies that meet the demands of the changing health care delivery environment for the purpose of ensuring healthy outcomes for patients and a stable and predictable payment delivery system.

I am very confident that the AHCCCS Administration will apply any necessary rate reductions equitably across provider and hospital systems. Dignity Health remains committed to delivering the best and most affordable care to our AHCCCS patients. We look forward to working with AHCCCS in providing input that will assist in aligning future incentives for hospitals to begin to recover our historic losses in serving this population.

Dignity Health thanks you for the opportunity to comment. I am hopeful that our constructive comments and perspectives are helpful and I welcome any questions you may have.

Sincerely,



Linda Hunt
Sr. Vice President of Operations & President/CEO, Arizona
Dignity Health



Rio Rico Fire District

822 Pendleton Dr. • Rio Rico • Arizona • 85648
(520) 281-8421 • Fax (520) 281-7670 • www.rioricofire.org

May 14, 2015

Reference: AHCCCS

To Whom It May Concern:

The Rio Rico Fire District regularly provides care and transport to patients that are under privileged and whose medical care is paid for by AHCCCS. At the beginning of the recession, the State of Arizona reduced the AHCCCS reimbursement rate for ambulance services from 74% to 68.59 of the ADHS approved reimbursement rate. The costs to provide our services did not go down. Like other fire districts, we absorbed the loss by cutting other parts of our budget and increasing the rate we charge to those who can pay. In October of 2014 the AHCCCS went back to the 74% reimbursement rate, this was a welcome change that we applauded. The legislators are now proposing to go back to the lower reimbursement rate, we do not agree with this proposal.

EMS represents 85% of our call load and because the majority of our patients in our economically depressed area are on AHCCCS, EMS revenue only provides 40.5% of our total budget. Almost 59% of what we would normally charge is written off as non-collectable because of the mandatory write-off required by AHCCCS and Medicare. Of the money we are able to collect: AHCCCS payments represent 46%, Medicare provides 25%, private insurance 21%, self-payers 4% and other government 4%. Having the AHCCCS rate reduced creates a major impact on our budget.

We survived over the last few years by keeping our staffing levels at a bare minimum, not providing cost of living increases to our remaining staff and putting off capital purchases. During this same period, the cost of medical supplies went up, fleet maintenance rose, and insurance premiums increased. The recession caused property values to decrease, which reduced the amount of tax revenue we collected. We cut our budget everywhere possible and took advantage of income producing opportunities. These actions allowed us to maintain the same level of service even as our AHCCCS reimbursement rate went down.

We provide services to everyone who requests them within our ADHS CON regardless of the patient's ability to pay. The ability to pay is never a prerequisite in receiving 100% of what the patient needs. We do not tell our patients you are going to get 5% less of CPR or 5% less oxygen because the state is cutting our income 5%. We cannot tell any of our suppliers, the state reduced our income by 5% so we are going to pay you 5% less. Our customers need our services and our bills need to be paid. Reducing our AHCCCS income is placing an undue burden on our ability to provide the necessary service that adds to the wellbeing of the residents of Southern Arizona.

Les P. Caia
Fire Chief

Phoenix Perinatal Associates

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Kisti Fuller, MD
Phoenix Perinatal Associates
3877 N. 7th St, Suite 400
Phoenix, AZ, 85014
May 18, 2015

Arizona Health Care Cost Containment System
AHCCCS
accesstocare@azahcccs.gov

Dear AHCCCS:

Please consider the impact on Arizona's high risk perinatal services and neonatal services secondary to the planned 5% reimbursement cut for health care providers. I am writing to request an exception for pediatric subspecialty and high risk obstetrics. Our practice is comprised of Perinatologists, a Radiologist, Neonatologists, OB Hospitalists and Advance Practice Nurses who provide care to women with complex, high-risk pregnancies and neonates throughout Arizona regardless of the presence or type of insurance coverage. As a practice, we do not limit or cap in any way the number of Medicaid patients for whom we provide services. We are often the provider of last resort for when these patients become too complex or too dangerous for their obstetrical providers. As of 2015, over 50% of our patients have AHCCCS as their source of health care coverage. Therefore, the anticipated 5% rate reduction for this population will have a significantly negative impact upon our ability to provide care for these venerable patients.

The need to fund high risk pregnancy services is critical. There is both precedent and rationale for exempting perinatal and neonatal funding in

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other states. (Example: due to budget shortfalls, California implemented an across-the-board rate reduction in 2011, but exempted pediatric services). In addition, the Medicaid population with proper prenatal care can result in a normal delivery and a healthy baby. Inadequate funding for these services could result in less access to care, which may prevent mothers from obtaining these services. Women who receive proper prenatal care have better neonatal outcomes, thereby reducing the need for expensive inpatient neonatal intensive care services. The result is an overall reduction in cost of care for both mother and newborn. Furthermore, data demonstrates the investment in quality care during the formative years through age six has the highest return on investment. As a result, pediatric and obstetric services must be exempt from further decreases to physician compensation.

In closing, I would like to thank you for considering my request for excluding perinatology and neonatology from the 5% cut in AHCCCS reimbursement. I am confident that you are equally committed to the health care needs of this vulnerable population.

Sincerely,
Kisti Fuller

- **Chandler Office**, 600 S. Dobson Rd., Suite D-34, Chandler, AZ 85224 **480.969.5999** Fax **480.969.5610**
- **Downtown Phoenix Office**, 3877 N. 7th St., Phoenix, AZ 85014 **602.257.8118** Fax **602.528.0099**
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Appointment Scheduling: 1-888-890-3066 ♦♦♦ Regional Billing Office: Ph: 602-256-4628 Fax: 602-356-4631

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May 15, 2015

Mr. Thomas Betlach, Director
AHCCCS
801 E. Jefferson Street; MD4100
Phoenix, AZ 85034

Director Betlach:

First, we would like to recognize and thank the AHCCCS administration for the opportunity to provide feedback concerning the anticipated rate cuts to AHCCCS providers effective October 1, 2015. IASIS Healthcare provides a combined 560 acute and psychiatric beds for the Phoenix, Tempe and Mesa metropolitan areas. These cuts to our reimbursement will have a significant impact on our ability to provide quality services to the entire patient population we serve.

There have been many changes to AHCCCS' reimbursement, enrollment, and methodology over the past 4-5 years which makes it difficult to get a base period to calculate the impact of these upcoming cuts. In order to provide comparability, we reviewed our data after the APR-DRG implementation (October – September 2015 annualized) to the impact we anticipate through the same period ending September 2016. We did consider the assessment in conjunction with the rate cuts as both are integral to the aggregate cost of care for this patient population. Immediately below are facts for IASIS facilities through March 31, 2015:

- 33% of our total patient encounters are AHCCCS members (excludes AHCCCS secondary claims)
- AHCCCS net revenue percentage is 5% points less than total hospital net revenue percentage and 7% less than all other payors excluding AHCCCS
- With the SFY2015 assessment increase, our contribution margin as a percentage to Net revenue for AHCCCS is 3.1%

With the financially challenging environment providers find themselves in recent years, our 2015 data is a concerning starting point to embark into the upcoming 2016 year; the above contribution margin is barely ahead of COLA and inflation. Battling staffing and retention issues coupled with needs for new technology place the hospital community in increasingly difficult situations to continue to provide quality services not just our AHCCCS patients, but all patients we serve.

Using the 2015 data as a starting point to project our 2016 impact, below indicates various percentage rate cuts to our AHCCCS services, both inpatient and outpatient. Being fully aware that the Director has discretion as to the administration of cuts amongst various provider services, we provided these scenarios to ensure awareness of proposing a cut greater than 5% to our current reimbursement for our facilities. These numbers do not

include an increase to charge structure, but does include a similar decrease to the assessment for last quarter ended September 2016, similar to the SFY 2016 assessment recently revealed:

- Total AHCCCS encounters for FFY 2016 are expected to be almost 30,000 for all IASIS facilities

2016 IASIS projections:

	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
Net revenue %	13.8%	13.7%	13.6%	13.4%
Net Revenue % (<i>incl assessment</i>)	11.4%	11.3%	11.1%	11.0%
Contribution Margin (<i>as a % to net</i>)	1.9%	1.7%	1.6%	1.5%
Incremental \$ impact to net revenue (<i>Including assessment</i>)	\$1.967M	\$2.459M	\$2.952M	\$3.443M

It is not difficult to ascertain that these cuts will have a material and detrimental impact on our contribution margin percentage as compared to our 2015 data. The projected percentages no longer are providing for salary increases or equipment replacement and /or upgrades. As part of operational strategy, we continue to strive to implement stringent cost containment measures and efficiencies, yet hospitals, by their very nature, must operate with substantial capital and other fixed costs. These numbers become even more troubling when a large percentage of our total patient population is AHCCCS recipients. Several other hospitals have higher AHCCCS volume than IASIS and we are reasonable confident their numbers likely are just as concerning or even more so troubling than our own.

We truly appreciate the difficult situation the State and AHCCCS faces with these cuts, but simultaneously request recognition of previous reductions that the hospital community has absorbed. Again, we applaud the opportunity for the provider community to have a voice in this process, but respectfully request that serious consideration be given to the impact this could have to the financial stability of the hospitals, especially those that disproportionately serve AHCCCS patients. For these hospitals, in particular, all patients will be impacted by the reductions, as will the communities they serve.

Respectfully,



Paul G Morris
Western Division Chief Financial Officer, IASIS Healthcare

Cc: Ed Lamb, Western Division President, IASIS Healthcare
Jack Sanderlin, VP Reimbursement, IASIS Healthcare



May 15, 2015

Thomas J. Betlach
AHCCCS
801 E Jefferson St, MD 4100
Phoenix, AZ 85034

Dear Director Betlach,

On behalf of Banner Health, I write to you today to comment on the pending provider rate reductions that are part of the state's FY 16 budget. Nonprofit Banner Health is Arizona's largest provider of health care services. In 2014, Banner Health was the largest provider of healthcare services to AHCCCS members, providing 36.6% and 30.5% of their inpatient and emergency care, respectively.

We recognize the fiscal challenges state lawmakers and the Governor faced this year and that provider payment reductions were among many difficult decisions they made toward balancing the state budget and stabilizing the general fund. We are however concerned that cuts to provider reimbursement will erode parts of the delivery network that makes AHCCCS a successful Medicaid program. These cuts are in addition to several years of payment reductions which threaten the state's health care safety net that serves everyone in the community. More so, the loss of hundreds of millions of federal matching Medicaid dollars hinders the ability of providers to make the necessary investments in initiatives that improve quality, improve the patient care experience and reduce costs.

Although the FY 16 budget allows the AHCCCS Administration to reduce provider payments up to an aggregate of five percent, beginning October 1, 2015, the budget also permits the Administration to use part of the capitation rate adjustment to offset rate reductions if utilization falls below the amounts appropriated for the capitation rate adjustment. Notwithstanding specific exemptions for certain providers, these provisions afford AHCCCS broad flexibility in how to apply the budget reductions. We encourage the Administration to use this authority to reduce, as much as possible, the potential harm to providers and the adequacy of the network serving AHCCCS members. Banner Health stands ready to work with the Administration on efforts that will help mitigate the impact of the budget cuts.

Paying For Quality

The health care delivery system is in the midst of transformation as providers seek to achieve the triple aim: better care for patients, better health for populations and reducing costs. AHCCCS is playing a significant role in this process as it seeks to bend the cost curve, improve health outcomes and quality, and develop an integrated system of health care. Part of AHCCCS' strategic vision includes transitioning the health plans and providers from a payment system that has traditionally been based on inputs to a model that is based on outputs. Today, AHCCCS health plans have a value-based purchasing requirement goal of 10 percent. That target increases to 20 percent in CYE 16, 35 percent in CYE 17 and 50 percent in CYE 18.

Banner Health has been working on care transformation for more than a decade, focusing on providing safe, reliable care in a more efficient delivery model that eliminates unnecessary and wasteful services. Banner Health formed the Banner Health Network (BHN), an accountable care organization, three years

ago to provide a highly coordinated patient care experience through value-based care contracts and we have been very successful in delivering more coordinated care while producing considerable savings over traditional fee-for-service plans. Today, BHN serves more than 400,000 members including Medicare, Medicaid and private insurance plan members. Our approach to population health management has successfully increased primary care visits while reducing specialist visits, inpatient admissions, average lengths of stay, readmissions, high-tech imaging costs, and total cost of care for its members. But as we have learned, transforming the delivery system requires a tremendous amount of capital, and reductions in reimbursement threaten the ongoing ability of providers to continue to invest in transformational initiatives that achieve the triple aim. As the Administration considers implementing the provider rate reductions, we urge AHCCCS to explore ways to modernize the provider payment system in a manner that could result in programs savings through efficient care delivery, reducing the need for provider rate reductions.

Further, Banner would welcome the opportunity to share the mechanics of our shared savings and risk arrangements to help design measures that can reduce utilization. According to a recent report by the Government Accountability Office, *A Small Share of Enrollees Consistently Accounted for a Large Share of Expenditures*, the most expensive 5 percent of Medicaid-only enrollees accounted for almost half of Medicaid expenditures. In Arizona, according to the report, almost 22% of AHCCCS expenditures were attributable to 1 percent of AHCCCS enrollees and nearly 37% of expenditures were attributable to the highest 5 percent of AHCCCS enrollees. We would like to collaborate with AHCCCS and the health plans to discuss care models for these highly resource intensive members that could reduce utilization.

AHCCCS could include performance-based incentives as part of a rate reduction package to improve quality of care and member experience. Two suggestions for such an approach:

1. Incentive Payment Pool: AHCCCS could create an incentive payment pool with utilization savings that could be used to make payments to providers who achieve targeted thresholds on quality measures or delivery system improvements.
2. Performance-Based Payments: AHCCCS could provide incentive payments through different reduction rates for providers who reach targeted thresholds on quality measures or delivery system reforms.

We would urge AHCCCS to use measures that are already in use by other payors for similar purposes. There are many quality measures that are also publically reported, which AHCCCS could use for an incentive payment program. Some ideas for metrics include:

1. Clinical Automation:
 - Meaningful Use Stage 1 or 2
 - HIMSS Analytics EMR Adoption Model Stage 7
 - Participation in a Health Information Exchange such as Arizona Healthe Connect
2. Accreditation and Certification:
 - Accreditation with The Joint Commission, DNV Healthcare or the Accreditation Association for Ambulatory Health Care, Inc.
 - Participation in clinical training programs
 - Board Certification
3. Quality Reporting Programs:
 - CMS Hospital Compare
 - All Cause Readmissions
 - Workforce Immunization Rates
 - Early Elective Delivery

- Ambulatory Surgical Center Quality Report (ASCQR) Program
 - Hospital-Based Inpatient Psychiatric Services Core Measure Set (HBIPS)
 - Physician Compare
 - Physician Quality Reporting System (PQRS)
 - Use of E-Prescribing
 - Use of Arizona's Controlled Substances Prescription Monitoring Program (CSPMP)
4. Network Adequacy:
- Percent of contracts that provider has with AHCCCS Health Plans in Maricopa and Pima Counties

Enhancing Revenue

In 2001, AHCCCS payments covered approximately 94 percent of cost.¹ Most recently, payments, as a percent of cost, have fallen to 70.5 percent.² Factoring in other payment changes that were adopted since the last rate study, hospital payments now cover about 63 percent of cost. In recent years, AHCCCS has worked collaboratively with providers to develop programs, such as Safety Net Care Pools, to protect Arizona's health care safety net and access to care for all patients. We are faced once again with rate reductions that threaten access to care for AHCCCS members. In response, we urge AHCCCS to review waiver-based programs that target safety net providers that can help to protect much-needed care for AHCCCS members and uninsured patients.

One such program is the Delivery System Reform Incentive Program (DSRIP). DSRIP initiatives provide states with additional funding that can be used to support hospitals and other providers in changing how they provide care to Medicaid beneficiaries through payment and delivery system reforms. In many other states, eligible providers must meet certain milestones or metrics in order to obtain DSRIP funds. Although DSRIP initiatives appear to vary from state to state, these programs could complement and support AHCCCS' strategic initiatives of transitioning toward performance-based incentives. While this effort would require time to develop infrastructure and system redesign, it would help toward improving provider reimbursement while improving clinical outcomes and population focused improvements, which is consistent with the triple aim.

Another program that could protect and maintain access to highly specialized care for AHCCCS members is the Medicaid Upper Payment Limit (UPL) program. This program was established to provide additional federal funding for physician services under practices of public medical schools. With the prospect of additional reimbursement cuts, a Medicaid UPL program would help ensure access to these highly specialized physician services. The mechanics of this program is similar to some of Arizona's local match programs and similar programs exist in a number of other states, as approved by CMS, some for as many as ten years.

Equity in Payments

Although the Legislature provided the Administration with complete authority and flexibility in regards to implementing the FY 16 budget rate reductions, we would discourage the Administration from exempting additional classes of providers that were not specifically exempt by the Legislature. Providing

¹ *Evaluation of the AHCCCS Inpatient Hospital Reimbursement System*, Milliman USA, Nov. 2002.

² *Arizona Medicaid Access to Hospital Care – 2013 Evaluation*, Milliman Inc., June 2012.

additional exemptions would disproportionately and unfairly burden other providers as they would assume a greater share of the rate reductions.

In the past, hospital providers addressed Medicaid shortfalls through cost-shifting to the commercial market among other cost-savings and efficiency solutions. Finding efficiency savings is increasingly challenging and cost-shifting is no longer an option for hospitals. We urge AHCCCS to spread the cost of the budget reductions across all classes of providers.

Likewise, in past communications with the AHCCCS Administration, Banner Health has been consistent in supporting payment methodologies that are fair and equitable for providers and that set a level playing field. As the largest health care insurer in the state, AHCCCS has the ability to create distortions in the marketplace through its rate setting policies. We discourage AHCCCS from treating certain licensed hospitals (such as critical access hospitals or freestanding children's hospitals) differently from other types of hospitals.

We would also urge AHCCCS to review the area wage index adjustment under the new DRG inpatient payment system. The inpatient payment system was designed to pay for hospital services based on an average payment amount with adjustments for the patient's condition and treatment and the location of the hospital's market. Over the years, some hospitals have requested to be reclassified to an adjacent metropolitan statistical area (MSA) often resulting in a higher area wage index. Although these reclassifications are generally made for purposes of the Medicare program, the higher area wage index results in higher AHCCCS DRG payments for those hospitals compared to other hospitals that are physically located in the same market. We do not believe there is any justification for this adjustment in the AHCCCS inpatient payment system. We would urge the AHCCCS Administration to examine its area wage index policy and realign hospitals to the appropriate MSA in which they are physically located. This would ensure fair and equitable treatment of all hospitals in the marketplace.

We appreciate the opportunity to provide input to this process and fully understand the difficult decisions the Administration is required to make. We share the Administration's vision to improve quality, streamline the delivery system and reduce costs. And we offer our assistance to work with the Administration on that vision and other reforms that help improve the delivery system that ensures all Arizonans have access to high quality care.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dennis Dahlen".

Dennis Dahlen
Senior Vice President, Finance
Banner Health



May 15, 2015

Thomas J. Betlach
Director
Arizona Health Care Cost Containment System
801 E. Jefferson Street, MD 4100
Phoenix, AZ 85034

Submitted by Email: accesstocare@azahccc.gov

Dear Mr. Betlach,

Phoenix Children's Hospital (PCH) strongly urges the Arizona Health Care Cost Containment System (AHCCCS) not to implement the authority recently granted by the legislature in SB 1475 to reduce payment rates to AHCCCS providers by up to 5% for dates of service October 1, 2015 through September 30, 2016.¹ We understand that the state is facing difficult decisions due to significant funding shortfalls. However, to fund the budget deficit at the expense of the providers at the core of the AHCCCS program would be a short-term fix with damaging repercussions for PCH and its patients—and contrary to AHCCCS' duty under federal law to ensure that payments are consistent with efficiency, economy and quality of care and are sufficient to ensure member access to care. PCH is among the most cost-efficient freestanding children's hospitals in the nation, but our Medicaid reimbursement is well below average, and if not for Safety Net Care Pool (SNCP) funding (whose future is tenuous), our reimbursement levels would place us at the bottom among our national peers. PCH cannot sustain payment reductions that jeopardize its financial viability and continue to provide access to the full range of services not otherwise available to children in Arizona. As our data below makes clear, payment restorations, rather than further reductions, are critical to PCH's livelihood.

PCH Plays a Unique Role in Serving AHCCCS Patients

PCH is the only licensed free-standing children's hospital in Arizona, and the only hospital in the state capable of providing the full continuum of care to children at the highest level of acuity and complexity. If not for PCH, children and their families would have to leave the state for advanced health care, or go without. PCH is a critical provider of care to AHCCCS patients, and thus also uniquely reliant on Medicaid funding.

¹ Laws 2015, Chapter 14 (SB 1475), March 12, 2015.

Phoenix Children's ranks third among Arizona hospitals in the number of total AHCCCS patient days (adult and pediatric).² PCH provides by far the most AHCCCS pediatric patient days of any Arizona hospital—and 36% of all AHCCCS pediatric patient days statewide, excluding neonate and normal newborns. Over 60% of PCH's discharges are for AHCCCS beneficiaries, again the highest in the state and exponentially higher than the state average of 23.3%.

Phoenix Children's not only serves an important safety net mission, but is also the sole source of certain specialty care for the highest acuity and most complex pediatric patients. PCH provides approximately 60% of tertiary care for AHCCCS cardiac, orthopedic, neurology and oncology pediatric patients. These children depend on PCH's recognized Centers of Excellence to receive life-saving care.

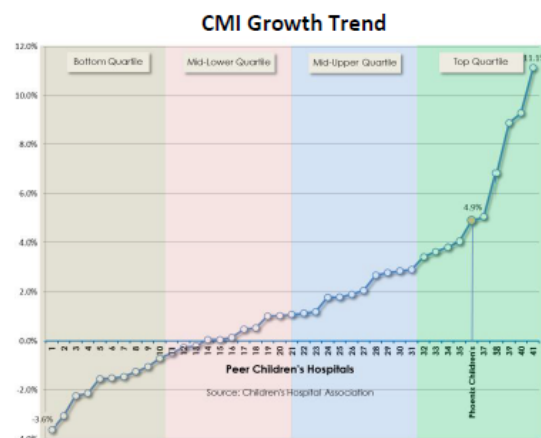
Total Volume						Pediatric Volume					
Patient Days						Patient Days					
Hospital	AHCCCS	OTHER	Total	% AHCCCS	AHCCCS	Hospital	AHCCCS	OTHER	Total	% AHCCCS	AHCCCS
Maricopa Integrated Health System	69,122	66,657	135,779	50.9%	9.7%	Phoenix Childrens Hospital	40,279	25,209	65,488	61.5%	16.1%
St. Josephs Hospital Medical Center	48,748	101,223	149,971	32.5%	6.8%	Banner Desert Medical Center	20,548	24,795	45,343	45.3%	8.2%
Phoenix Childrens Hospital	47,436	29,049	76,485	62.0%	6.6%	St. Josephs Hospital Medical Center	17,651	5,121	22,772	77.5%	7.1%
Banner Good Samaritan Medical Cente	41,408	126,421	167,829	24.7%	5.8%	TMC Healthcare	17,085	11,928	29,013	58.9%	6.8%
TMC Healthcare	41,177	94,613	135,790	30.3%	5.8%	Banner Thunderbird Med Ctr	15,456	14,872	30,328	51.0%	6.2%
Banner Desert Medical Center	37,908	110,304	148,212	25.6%	5.3%	University Medical Center	14,443	12,414	26,857	53.8%	5.8%
Banner Thunderbird Med Ctr	37,169	111,070	148,239	25.1%	5.2%	Maricopa Integrated Health System	13,902	3,230	17,132	81.1%	5.6%
University Medical Center	35,477	100,498	135,975	26.1%	5.0%	Banner Good Samaritan Medical Cente	11,957	10,657	22,614	52.9%	4.8%
St. Lukes Behavioral Health Center	18,572	25,736	44,308	41.9%	2.6%	Arrowhead Hospital	6,819	3,252	10,071	67.7%	2.7%
Banner Estrella Medical Center	18,397	45,950	64,347	28.6%	2.6%	Banner Estrella Medical Center	6,398	5,442	11,840	54.0%	2.6%
Yuma Regional Med Ctr	16,485	58,644	75,129	21.9%	2.3%	Yuma Regional Med Ctr	5,945	3,553	9,498	62.6%	2.4%
Flagstaff Medical Center	16,117	50,177	66,294	24.3%	2.3%	Flagstaff Medical Center	5,654	4,110	9,764	57.9%	2.3%
Other	286,450	1,688,271	1,974,721	14.5%	40.1%	Other	73,338	85,084	158,422	46.3%	29.4%
Grand Total	714,466	2,608,613	3,323,079	21.5%	100.0%	Grand Total	249,475	209,667	459,142	54.3%	100.0%

As a result, PCH is impacted by reductions to Medicaid payments to a higher degree than any other system in Arizona. In turn, access to care for AHCCCS patients in Arizona is disproportionately tied to PCH's viability.

PCH is Nationally Recognized as a High Quality and Efficient Provider of Services to the Most Challenging Pediatric Patients

PCH is continually striving to improve access to high-quality, cost-effective care. Phoenix Children's has, for example, succeeded in reducing the rate of hospitalizations by improving management of pediatric patients with chronic

² 2013 AHCCCS Utilization by Hospital.



conditions and adopting standardized care protocols.

All of this is accomplished even as PCH cares for patients with among the highest levels of acuity of any children's hospital in the country. And indeed, the patient case mix continues to grow more challenging, increasing by 16% from 2009 to 2013.

At the same time that PCH provides high quality care to patients at the highest levels of acuity, it has also achieved significant efficiency. PCH's cost of delivering care is 15% below the nationwide mean for Children's Hospitals.³ 78% (25 of 32) of the nation's children's hospitals

included in this study have higher costs. During the same period from 2009 to 2013 that PCH's case mix increased by 16%, its Medicaid cost per case mix-adjusted discharge decreased 11.3%.

HCI Summary (FY 2013)

Hospital	Medicaid	
	HCI	Area Adj HCI
11	1.60	1.34
28	1.71	1.33
25	1.49	1.26
32	1.38	1.24
9	1.52	1.20
21	2.08	1.18
37	1.40	1.16
18	1.23	1.10
39	1.31	1.09
34	1.48	1.09
35	1.35	1.09
20	1.34	1.06
30	1.21	1.05
7	1.26	1.03
23	1.35	1.02
42	1.43	1.01
8	1.66	0.97
12	1.09	0.97
38	1.11	0.97
22	1.22	0.97
4	1.07	0.93
41	1.02	0.91
24	1.05	0.89
27	1.02	0.88
43	1.24	0.84
Phoenix	1.06	0.84
5	0.91	0.77
6	0.93	0.76
3	0.79	0.69
15	0.78	0.67
29	0.83	0.67
13	0.73	0.65

MEDIAN

CANCER CARE

Rank #1 (65%) in AHCCCS Patient Days
Account for 72.8% of AZ High-Complexity Oncology Cases
Predominate provider of Surgical Oncology Services (72%)

CARDIOVASCULAR SERVICES

Rank #1 (73%) in AHCCCS Patient Days
Account for 79.1% of AZ High-Complexity Cardiovascular Cases
Leading provider of Surgical Cardiovascular Services (85%)

NEUROSCIENCES

Rank #1 (57%) in AHCCCS Patient Days
Account for 64.1% of AZ High-Complexity
Neurology/Neurosurgery Cases
Rank #1 provider of Neurosurgical Services (63%)

ORTHOPEDIC CARE

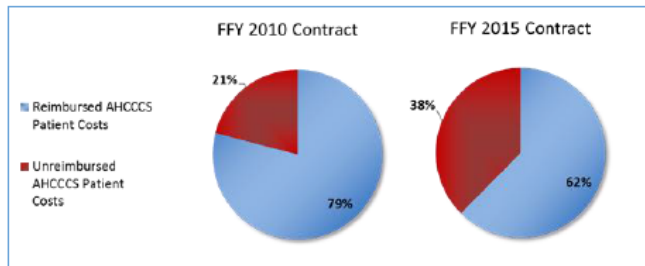
Rank #1 (60%) in AHCCCS Patient Days
Account for 75.2% of AZ High-Complexity Orthopedic Cases
Rank #1 provider of Orthopedic Surgical Services (52%)

³ Children's Hospital Association Cost Ranking, 2013 Hospital Cost Index (HCI). The Hospital Cost Index (HCI) is a measure of the operating cost to deliver services (severity adjusted) relative to other Children's Hospitals.

Further Reductions in AHCCCS Payments are Not Sustainable

Despite the critical role that PCH plays for AHCCCS patients and its recognition for high quality, efficient care to the highest acuity patients, PCH has been particularly impacted by a series of payment cuts over the last five years that are already unsustainable—even prior to the implementation of additional AHCCCS cuts that are being considered that would reduce rates further.

BCI Summary (FY 2013)



AHCCCS has implemented multiple rate reductions from 2010-2012, culminating with a conversion to APR-DRGs in October 2014. As a result, PCH reimbursement from AHCCCS has **dropped more than 21%** overall since 2009. Compared to rates being paid prior to cuts (2009 adjusted for current patients and utilization), AHCCCS pays PCH **\$80 million less** for treating its pediatric beneficiaries.

This has impacted PCH's ability to cover the costs of providing care to AHCCCS patients.

In 2015, AHCCCS reimbursement covers only 62% of PCH's costs—even as PCH has achieved among the lowest relative costs for children's hospitals nationally. This represents more than \$109 million of unreimbursed costs under current contract. While the SNCP has kept PCH viable through these rate reductions, it is currently only authorized through the end of 2015, and CMS has required AHCCCS to demonstrate "movement towards long term payment reforms and solutions for PCH and away from current payments received through the SNCP."

Hospital	Medicaid	
	BCI	Area Adj BCI
32	1.33	1.49
11	1.34	1.41
28	1.43	1.38
25	1.28	1.34
18	1.20	1.34
9	1.24	1.22
6	1.13	1.15
37	1.11	1.14
39	1.11	1.14
7	1.08	1.10
41	0.95	1.06
23	1.13	1.06
30	0.96	1.03
34	1.12	1.02
42	1.16	1.02
24	0.96	1.01
MEDIAN		
8	1.36	0.99
27	0.92	0.98
Phoenix with SNCP funding	0.98	0.96
21	1.33	0.94
35	0.92	0.92
20	0.93	0.91
38	0.84	0.91
12	0.79	0.87
4	0.78	0.84
5	0.78	0.82
43	0.87	0.74
3	0.66	0.71
Phoenix without SNCP funding	0.72	0.71
13	0.64	0.71
22	0.66	0.65
29	0.64	0.65
15	0.55	0.59

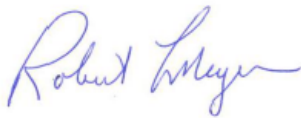
As a result, PCH is among the lowest reimbursed children's hospitals in the country. PCH's comparative reimbursement levels are below the nationwide mean.⁴ Without the SNCP it receives, PCH would be the lowest reimbursed stand-alone children's hospital nationwide.

PCH also realizes some of the state's largest losses from uncompensated costs associated with Medicaid shortfalls and indigent care—estimated to reach \$145 million for 2013. And unlike other providers in the state, PCH does not benefit from new revenues associated with the expansion of AHCCCS to low income adults.

Federal law requires that AHCCCS payments be consistent with efficiency, economy and quality of care and sufficient to ensure member access to care. Another 5% cut to reimbursement levels that have already been reduced by 21% over the last five years cannot support PCH in its mission to provide access to quality care. The significant levels of uncompensated care incurred by PCH cannot be sustained over the long run. Phoenix Children's is already one of the most efficient children's hospitals in the country in providing care, accounting for its high acuity and complexity patients. Slashing rates to achieve a budget fix will not contribute to further efficiency or economy.

We respectfully urge AHCCCS to fully consider the impact that implementation of SB 1475 will have on the providers on which the program and its most vulnerable beneficiaries depend.

Sincerely,



Robert L. Meyer
President and Chief Executive Officer

⁴ Children's Hospital Association Reimbursement Ranking, 2013 Buyers Cost Index (BCI). The Buyer's Cost Index (BCI) is a measure of reimbursement relative to other children's hospitals.



8620 N. 22nd Avenue
Phoenix, AZ 85021

602-674-1400

AbrazoHealth.com

May 14, 2015

Thomas J. Betlach
Director
Arizona Health Care Cost Containment System
801 E. Jefferson St., MD 4100
Phoenix, AZ 85034

Re: Provider Rate Reduction

Dear Director Betlach:

On behalf of Tenet Healthcare ("Tenet"), we thank AHCCCS for seeking input from its providers on the recently enacted 5% provider rate reduction. We appreciate your consideration of our comments.

Abrazo Community Health Network ("Abrazo") is Tenet's platform in Arizona and includes six acute care hospitals, five outpatient centers, two health plans, Conifer Service Center, fourteen ambulatory surgery centers and many other healthcare service centers. Tenet is also in the process of acquiring Carondelet Health Network's three hospitals in southern Arizona. With this acquisition, Arizona State University's L.W. Seidman Research Institute recently concluded that Tenet's operations in Arizona will have a 2015-2017 economic impact of \$8.23 billion to Arizona's gross state product, create \$4.48 billion in real disposable personal income, account for 93,226 total job years, and collect \$747.8 million in state and local tax revenues.

Tenet, like every business in Arizona, understands the economic pressures that the State of Arizona ("State") has faced since 2009. Like the State, we have worked to implement operational efficiencies to better manage our costs. We have realigned our workforce to support a health care environment increasingly focused on outpatient services, reduced overtime costs and renegotiated several major contracts with our vendors.

All health care providers have shared in the burden of balancing our state's budget. AHCCCS has reduced rates for all providers, including hospitals. The rates paid for inpatient and outpatient hospital services have been reduced by nearly 10% since 2009. The State has cut almost \$87 million of state funding from provider rates but the impact to providers is much greater when the loss of federal matching dollars is included. Generally, every \$1 from AHCCCS is matched with \$2 from the federal government. The total impact of the rate reductions on providers is more than \$260 million since 2009. The 5% provider rate reductions will only further reduce provider payments and take an additional \$263 million annually out of our economy. For Abrazo, where AHCCCS payments account for 40% of total revenue, the reduction will reduce staffing, delay capital investment and postpone physical plant maintenance.

Tenet Healthcare
7875 N. 16th Street, Suite 110, Phoenix, Arizona 85020 T 602-674-1421 W tenethealth.com

The Legislature gave AHCCCS considerable flexibility in determining the impact of the provider rate reductions on individual providers. It is very important to Tenet that all hospitals receive the same rate reduction. Tenet owns urban acute care hospitals and, with the addition of the Carondelet hospitals, a critical access hospital. We have specialty hospitals, such as Arizona Heart Hospital, and facilities that predominately serve AHCCCS patients, including Maryvale and Phoenix Baptist Hospitals. All hospitals deal with the burdens of uncompensated care, government reimbursement, and rising labor and equipment costs.

All hospitals must treat every person seeking care regardless of patient condition or the hospital's geographic location. It is for this reason we request that all hospitals be treated the same when it comes to the rate reduction. There are already too many distortions in the health care marketplace, including supplemental payments, tax policy and assessments. AHCCCS provider rates should minimize, not exacerbate these distortions.

As described above, provider rate reductions have been used as a vehicle to balance the State's budget. One way to help organically reduce health care spending is to implement and incentivize more value-based purchasing arrangements for providers. Value-based purchasing incentivizes reduced utilization of services and increases quality of care for patients. Abrazo has been on the forefront of value-based purchasing with its early ownership stake in the Arizona Care Network (ACN), a physician-led accountable care organization. ACN provides clinically-sound decisions that align the best interests of physicians and their patients with 900 primary care providers, 2100 specialist physicians, and more than 750 bricks-and-mortar locations across Arizona. Tenet is working to bring its nationwide experience with value-based purchasing to Arizona. Abrazo currently participates in multiple performance based compensation programs with large health care payers and is also exploring bundled payments with other payers across Arizona.

We appreciate the work AHCCCS is currently doing on value-based purchasing as part of the upcoming re-negotiation of our Section 1115 waiver and would like to be a partner with AHCCCS to drive value-based purchasing reforms. Tenet would welcome the opportunity to serve as a pilot site for such ideas.

Tenet (and its predecessor company in Arizona) has been a partner in the AHCCCS program for over thirty years. We are committed to working with AHCCCS leadership to continue to develop a productive partnership to the benefit of the many communities we serve. We stand ready to be a resource to the agency as you and your staff implement these rate reductions.

Sincerely,



Reginald M. Ballantyne III
Senior Strategic Advisor
Tenet Healthcare



Michele Finney
CEO
Abrazo Community Health Network

From: Tara McCollum Plese <tarap@aachc.org>
Sent: Friday, May 15, 2015 4:15 PM
To: accesstocare
Subject: Public input on the Provider rate reduction

Statement on the proposed provider cuts starting 10/1/15:

Adequacy of the provider network and capacity of the providers to meet AHCCCS Provider standards.

The mission and purpose of Community Health Centers (CHC) is to insure access to high quality, comprehensive healthcare in medically underserved areas. A highly qualified workforce of Medicaid clinicians in our communities, including primary care physicians, specialists and hospitalists, is essential to the goal of providing critical services throughout Arizona.

CHCs are concerned about the impact a reduction in reimbursement rates for physicians will have on the healthcare system. An abrupt decrease in AHCCCS reimbursement to primary care physicians, coupled with possible additional cuts, could have a profound impact on the network of AHCCCS providers. A reduction in reimbursement rates for physicians may discourage physicians from participating in the Medicaid program and reduce the capacity to provide vital medical services to low income Arizonans. Reduction in reimbursement will also hinders the ability to for healthcare organizations in rural areas to offer competitive salaries to recruit physicians.

A reduction in provider reimbursements and adversely impact the provider network and their capacity to meet certain AHCCCS patient care standards, for instance:

- The ability for a Medicaid beneficiary to see a primary care provider within 2 days of a request (if the need is defined as urgent) or a routine appointment within 21 days.
- The ability for FQHCs and other primary care providers to make referrals to a specialist and be assured that the patient can be served, on an urgent basis, within 3 days or be seen for routine care within 45 days.
- A 2006 Survey of AHCCCS Providers, which included primary care and specialists, revealed an urgent need for improved specialty networks with providers reporting difficulties in obtaining coverage for dermatology, gastroenterology, neurology and orthopedics. Since that was previously identified as a problem, it could be argued that reductions in provider reimbursements will result in fewer Medicaid specialists and create additional barriers to the continuity of care for Medicaid patients. This is contrary to the AHCCCS policy which requires necessary and appropriate referrals in the appointment standards as identified by AHCCCS in their provider manual.

It is well known that Low income Arizonans face great health disparities and require a higher degree of coordination of care. It is important to maintain a continuity and continuum of care for patients who need primary care, specialty care and hospital services, without a strong Medicaid physician workforce it is almost impossible to achieve continuity of care for low income patients, many of whom live in rural areas.

To the best of their ability, FQHCs will continue to provide and seek providers in there service communities throughout the state to deliver needed care to Medicaid recipients. However, in the event that other medical providers discontinue or limit acceptance of AHCCCS patients, the FQHCs' capacity to serve an influx of Medicaid beneficiaries will be under great strain and therefore will threaten the abilities of FQHCs to meet the criteria as outlined in the AHCCCS Provider Manual and probably will exceed the standards about the wait for appointment times at the Community Health Centers.

Sincerely,

John C. McDonald
Chief Executive Officer
Arizona Alliance for Community Health Centers
700 E. Jefferson St. | Suite 100 | Phoenix, AZ 85034
Phone: 602-288-7540 | Fax: 602-252-3620

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May 15, 2015

Comments Regarding Proposed 5% Decrease to Physician Compensation

On behalf of MEDNAX National Medical Group and our affiliated Arizona practices, we urge you to avoid making any policy decisions which would result in decreases to physician compensation. We respectfully request an exemption from any decreases that would impact pediatric services, as well as maternal-fetal services.

Our Request and Call to Action: Avoid Decreases to Physician Compensation

Arizona physicians have already endured rate decreases of five percent (5%) implemented in 2009 as well as another five percent (5%) decrease in 2011. These decreases were an especially difficult blow to our pediatric cardiologists who also experienced a decrease in their RVUs. Study after study show that inadequate physician provider rates for pediatric and obstetric services hurt access to care. Moreover, lower compensation typically equates into the practice being unable to maintain satellite offices and clinics to support access to care. This is critical for Medicaid patients who typically have less access to basic transportation. It also results in patients delaying treatment and getting care through a hospital emergency room at a much higher cost to the state. Proposed cuts such as these under consideration move the AHCCCS program in the wrong direction. Compensation levels for Medicaid services is tied to the level of compensation that our Arizona practices can offer new physicians. Without adequate compensation levels, our recruitment efforts will become even more challenging. Even further, physician practices are facing increased overhead costs to comply with the Affordable Care Act (ACA). Required electronic medical records including building interfaces with hospitals, training and on-going maintenance is also now a physician cost and responsibility.

Rate Cut Exception for Pediatric and Maternal-Fetal Services

The investment in quality of care in the early and formative years has proven to achieve the highest return on investment. As a result, pediatric and obstetric services must be exempt from further decreases to physician compensation. There is both precedent and rationale for a pediatric exemption in other states (e.g., due to budget shortfalls, California implemented an across-the-board rate reduction for physicians in 2011, but pediatric services were exempted). The need for adequate funding for high-risk pregnancy services is critical. For the Medicaid population, proper prenatal care can result in a normal delivery and a healthy baby. Inadequate funding for these services could result in less access to care which could prevent mothers from obtaining these services. Babies who receive proper prenatal care have better outcomes, reducing the need for inpatient neonatal intensive care services thereby reducing the overall cost of care for both mother and newborn. Finally, please be advised that none of our affiliated practices limit or cap the number of Medicaid patients that we care for- our practices provide care to all irrespective of the payer source.

Our Investment and Resource- Saves the State Money

Over the years we have developed an electronic medical record, BabySteps®, which is currently used in more than 300 NICUs and includes a clinical information database of more than one million (1M) newborns representing eighteen million (18M) patient days. Use of this database enhances our bedside services by evaluating our care and implementing changes that have had measurable and significant



benefits to our patients (e.g., our ability to better chart and follow the care that we provide has led directly to a program that has significantly reduced the number of premature infants burdened with blindness or severe vision impairment known as Retinopathy of Prematurity (ROP). Our groups also participate in other quality initiatives such as encouraging the use of breast milk, prevention of central line infections and others designed to improve care and lower the ultimate costs to Arizona. We do not receive extra funding or compensation for these initiatives.

Conclusion

Access to care for the pediatric population is particularly important. Studies show that timely access to medical services for children is essential for healthy development. Historically, inadequate physician compensation rates have proven to be a barrier to access to care for this population. Recent surveys show that inadequate Medicaid/CHIP payments are the primary reason physicians or their colleagues limit or no longer participate in Medicaid. Higher Medicaid rates (not reduced rates) are necessary to incentivize providers to care for this vulnerable population.

We appreciate the opportunity to provide these comments and look forward to working with AHCCCS staff and other stakeholders to improve outcomes for the pediatric and maternal-fetal patients across Arizona.

Respectfully submitted,
Sam W. Grossmann
MEDNAX National Medical Group
Samuel_Grossmann@MEDNAX.com
Phone: 615-519-0123



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Pediatric Medical Group, Inc.
American Anesthesiology, Inc.



From: Doug Meier <dmeier@statewideaz.com>
Sent: Friday, May 15, 2015 4:34 PM
To: accesstocare

To whom it may concern,

As a small business owner who has been contracted with AHCCCS since 1998 a 5% rate reduction will drastically affect our operations as we've already been cut 5% nearly two years ago when fuel was nearing \$4/gallon. The rate reduction will not compensate for costs such as labor, vehicle maintenance, workers comp and vehicle insurance that rise in cost annually. It is very difficult to maintain quality of service with our rising cost in operations on top of an already reduced Fee for Service rate. This will also affect our ability to retain employees as a lot of Doctor offices/providers will have to cut back on AHCCCS plans/patients therefore resulting in lack of transports to and from those facilities. Please consider the long term damages associated with these changes as our current Governor, Mr. Ducey, is for creating jobs in the state of Arizona and his budget reductions are doing just the opposite.

Thank you for your time and consideration.

Regards,

Douglas Meier
CEO
State Wide Express Transportation
1-800-280-4826

From: Melissa Levine <mlevine@azacp.com>
Sent: Friday, May 15, 2015 6:21 PM
To: accesstocare
Subject: CUTS TO PAY FOR PROVIDERS

Clearly, any cut to provider pay is a concern and I join many others in voicing this concern. As a general rule, AHCCCS patients tend to be higher need and more time consuming than other patients and being paid less to take care of them puts primary care providers in a difficult bind. Many of us believe that it is a social and moral obligation to help those less fortunate, but we too have bills to pay.

The larger issue is access to care. One of the reasons AHCCCS is as successful as it is, is that AHCCCS patients are not treated in large Medicaid type clinics. They are seen in primary care offices alongside patients with Medicare and private insurance. Significant pay cuts to providers will cause many of us to close our panels to AHCCCS patients. Or to stop taking AHCCCS patients all together. This will in turn lead more patients to Urgent Cares and ED's Clearly a more costly form of primary care.

Sincerely,

Melissa Levine, MD
Family Practice
President, Pima County Medical Society.

From: Ana Spence <Ana_Spence@Pediatrix.com>
Sent: Friday, May 15, 2015 6:49 PM
To: accesstocare
Cc: Amy Warengo
Subject: 5% cut in AHCCCS

Ana Spence M.D
Phoenix Perinatal Associates
3877 N. 7th St, Suite 400
Phoenix, AZ, 85014
May 15, 2015

Arizona Health Care Cost Containment System
AHCCCS

accesstocare@azahcccs.gov

Dear AHCCCS:

Please consider the impact on Arizona's high risk perinatal services and neonatal services secondary to the planned 5% reimbursement cut for health care providers. I am writing to request an exception for pediatric subspecialty and high risk obstetrics. Our practice is comprised of Perinatologists, a Radiologist, Neonatologists, OB Hospitalists and Advance Practice Nurses who provide care to women with complex, high-risk pregnancies and neonates throughout Arizona regardless of the presence or type of insurance coverage. As a practice, we do not limit or cap in any way the number of Medicaid patients for whom we provide services. We are often the provider of last resort for when these patients become too complex or too dangerous for their obstetrical providers. As of 2015, over 50% of our patients have AHCCCS as their source of health care coverage. Therefore, the anticipated 5% rate reduction for this population will have a significantly negative impact upon our ability to provide care for these venerable patients.

The need to fund high risk pregnancy services is critical. There is both precedent and rationale for exempting perinatal and neonatal funding in other states. (Example: due to budget shortfalls, California implemented an across-the-board rate reduction in 2011, but exempted pediatric services). In addition, the Medicaid population with proper prenatal care can result in a normal delivery and a healthy baby. Inadequate funding for these services could result in less access to care, which may prevent mothers from obtaining these services. Women who receive proper prenatal care have better neonatal outcomes, thereby reducing the need for expensive inpatient neonatal intensive care services. The result is an overall reduction in cost of care for both mother and newborn. Furthermore, data demonstrates the investment in quality care during the formative years through age six has the highest return on investment. As a result, pediatric and obstetric services must be exempt from further decreases to physician compensation.

In closing, I would like to thank you for considering my request for excluding perinatology and neonatology from the 5% cut in AHCCCS reimbursement. I am confident that you are equally committed to the health care needs of this vulnerable population.

Sincerely,

Ana Spence M.D.

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J. Brock Amon, M.D.
Maria Gasca-Holtz, M.D.
Brian D. Grogan, M.D.
Erick Martinez, M.D.
Thomas N. Suci, M.D.
James E. Vining, M.D.
Werner Wester, M.D.

Women's Health SPECIALISTS

2911 South Eighth Avenue | Yuma, Arizona 85364
928.783.3050 | Fax: 928.783.7783
www.whsaz.com

Robert Barnett, M.D.
Bryan Freeman, M.D.
Marsha Keechler, CNM
Julie Dance, CNM
Alejandrina Orpineda, OB-GYN CNP

May 14, 2015

AHCCCS Director and Associates:

Women's Health Specialists has been a quality provider of Women's Health Care in Yuma County for over twenty years. It has done so with no government grants, subsidies, or any of the various other programs. Everyday Women's Health Care providers, provide quality care to an ever growing number of AHCCCS patients this expanding number of patients increases WHS's exposure to the proposed cuts.

When you argue, well you are seeing more patients with AHCCCS, you can make it up in volume, and we can't. There are some procedures in the OB/GYN office that right now AHCCCS is paying \$100 below the wholesale cost for the device. We are not a 340B clinic so we are already operating on unfair playing field when it comes to purchasing of supplies and the proposed cuts will only tip that playing field even more.

WHS is working towards meeting all Meaningful use guidelines as well as PQRS, including EHR upgrades, and communicating with Arizona Health- e connection to further position WHS to meet, if not exceed AHCCCS value based reimbursement standards.

WHS is the only clinic in the Yuma community with a perinatologist on staff. One of the two in the Yuma community. In addition to the perinatologist, we have 7 board certified OB/GYN's and 2 certified nurse midwives as well as a nurse practitioner. We know you are well aware of the heavy percentage of AHCCCS patients in comparison to the entire population of over 200,000. That makes it very hard for WHS to even hope of offsetting these reductions. Then when you consider the very limited commercial insurance presence in Yuma County, it is not only very hard but impossible.

Women's Health Specialists is part of the Yuma Community, its medical providers and staff live and work every day in a community we love. We hope that AHCCCS will consider the efforts being made by WHS and other medical providers in the Community of Yuma to enhance the health of our patients and our community.

Sincerely,

John L. Stanley

Practice Administrator

Phoenix Perinatal Associates

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MEDICAL GROUP

Christopher Kevin Huls M.D., M.Sc.
Phoenix Perinatal Associates
3877 N. 7th St, Suite 400
Phoenix, AZ, 85014
May 15, 2015

Arizona Health Care Cost Containment System
AHCCCS
accessstocare@azahcccs.gov

Dear AHCCCS:

Please consider the impact on Arizona's high risk perinatal services and neonatal services secondary to the planned 5% reimbursement cut for health care providers. I am writing to request an exception for pediatric subspecialty and high risk obstetrics. Our practice is comprised of Perinatologists, a Radiologist, Neonatologists, OB Hospitalists and Advance Practice Nurses who provide care to women with complex, high-risk pregnancies and neonates throughout Arizona regardless of the presence or type of insurance coverage. As a practice, we do not limit or cap in any way the number of Medicaid patients for whom we provide services. We are often the provider of last resort for when these patients become too complex or too dangerous for their obstetrical providers. As of 2015, over 50% of our patients have AHCCCS as their source of health care coverage. Therefore, the anticipated 5% rate reduction for this population will have a significantly negative impact upon our ability to provide care for these venerable patients.

The need to fund high risk pregnancy services is critical. There is both precedent and rationale for exempting perinatal and neonatal funding in

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- Estrella Office, 9250 W. Thomas Rd., Suite 300, Phoenix, AZ 85037 602.810.5410 Fax 623.877.1226
- Glendale Office, 5757 W. Thunderbird Rd., Suite E-151, Glendale, AZ 85306 602.942.1027 Fax 602.978.2636
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- Scottsdale Office, 10210 N. 92nd St., Suite 105, Scottsdale, AZ 85258 480.661.1332 Fax 480.661.1364

Appointment Scheduling: 1-888-890-3066 ♦♦♦ Regional Billing Office: Ph: 602-256-4628 Fax: 602-356-4631

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other states. (Example: due to budget shortfalls, California implemented an across-the-board rate reduction in 2011, but exempted pediatric services). In addition, the Medicaid population with proper prenatal care can result in a normal delivery and a healthy baby. Inadequate funding for these services could result in less access to care, which may prevent mothers from obtaining these services. Women who receive proper prenatal care have better neonatal outcomes, thereby reducing the need for expensive inpatient neonatal intensive care services. The result is an overall reduction in cost of care for both mother and newborn. Furthermore, data demonstrates the investment in quality care during the formative years through age six has the highest return on investment. As a result, pediatric and obstetric services must be exempt from further decreases to physician compensation.

In closing, I would like to thank you for considering my request for excluding perinatology and neonatology from the 5% cut in AHCCCS reimbursement. I am confident that you are equally committed to the health care needs of this vulnerable population.

Sincerely,



Christopher Kevin Huls M.D., M.Sc.

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Monique G Lin, MD, MSPH
Phoenix Perinatal Associates
10210 North 92nd Street, Ste 105
Scottsdale, AZ 85258

May 18, 2015

Mr. Tom Betlach, Director
And
Dr. Sarah Salek, CMO
Arizona Health Care Cost Containment System
801 E. Jefferson St.
MD 4100
Phoenix, AZ 85034

Dear Mr. Betlach and Dr. Salek,

Please consider the impact on Arizona's high-risk perinatal services and neonatal services secondary to the planned 5% reimbursement cut for health care providers. I am writing to request an exception for pediatric subspecialty and high-risk obstetrics. I am a perinatologist in a multi-physician practice that is comprised of Perinatologists, a Radiologist, Neonatologists, OB Hospitalists and Advance Practice Nurses who provide care to women with complex, high-risk pregnancies and neonates throughout Arizona regardless of the presence or type of insurance coverage.

As a practice, we do not limit or cap in any way the number of Medicaid patients for whom we provide services. We are often the

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provider of last resort for when these patients become too complex or too dangerous for their obstetrical providers. As of 2015, over 50% of our patients have AHCCCS as their source of health care coverage. Therefore, the anticipated 5% rate reduction for this population will have a significantly negative impact upon our ability to provide care for these venerable patients.

The need to fund high risk pregnancy services is critical. There is both precedent and rationale for exempting perinatal and neonatal funding in other states. (Example: due to budget shortfalls, California implemented an across-the-board rate reduction in 2011, but exempted pediatric services). In addition, the Medicaid population with proper prenatal care can result in a normal delivery and a healthy baby. Inadequate funding for these services could result in less access to care, which may prevent mothers from obtaining these services. Women who receive proper prenatal care have better neonatal outcomes, thereby reducing the need for expensive inpatient neonatal intensive care services. The result is an overall reduction in cost of care for both mother and newborn. Furthermore, data demonstrates the investment in quality care during the formative years through age six has the highest return on investment. As a result, pediatric and obstetric services must be exempt from further decreases to physician compensation.

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In closing, I would like to thank you for considering my request for excluding perinatology and neonatology from the 5% cut in AHCCCS reimbursement. I am confident that you are equally committed to the health care needs of this vulnerable population.

Sincerely,

Monique Lin, MD

Monique G. Lin, MD, MSPH
Associate Director
Phoenix Perinatal Associates

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May 15, 2015

Tom Betlach, Director
AHCCCS
801 E. Jefferson Street, MD4100
Phoenix, AZ 85034

Dear Director Betlach:

On behalf of the Arizona Medical Association (ArMA) I would like to offer these comments on the fee cuts that have been mandated by this year's state budget.

AHCCCS is generally regarded as one of our country's best-run Medicaid plans. Other states have previously approached us to learn how our Medicaid program can help them improve their system. The reasons for our success are complex and include your exceptional leadership. ArMA was proud to have openly and eagerly supported the AHCCCS restoration and expansion as our members saw how destructive the lack of adequate health care coverage is for those of our community that are the most vulnerable. This is a vantage point not always available to policy makers.

Now we find our physician services, as the backbone of the program, worried that our legislature has seriously damaged the foundation of our system mandating that cuts totaling 5% be extracted from an already lean program. It is our belief that this has put you as the Director in the impossible position of deciding who are the "haves" and who are the "have-nots" for patient care. The mandate that you have been given will determine who receives care and cure, and who does not.

Physicians have already sustained a 12.9 percent cut in AHCCCS reimbursements since 2008. We have polled our membership and can tell you, without differentiating where cuts will fall, the majority of those who responded have said they cannot financially sustain an across-the-board 5% cut for AHCCCS patients as it will put them into an unsustainable negative cost situation. In our recent of survey of over 400 physicians, we found that previous AHCCCS cuts already forced physicians to make difficult staffing and availability decisions. As a result of these cuts:

- 38.7% of physicians responded that they have already reduced staffing
- 54.1% of physicians reported they have less time to spend with patients
- 50.4% of physicians said they have considered seeing fewer AHCCCS patients
- 35.8% of physicians said they are considering no longer accepting AHCCCS patients

A critical strength of AHCCCS is that it has not previously created a two-tiered system and AHCCCS patients are not differentiated by who is their payer. Now, for the first time in its history, physicians and other providers will be forced to determine if they can afford to underwrite the cost of providing care to AHCCCS patients as payment levels will drop below cost levels.

Anything that can be accomplished to explain the severity of what has occurred through this budget cut has our support. We stand ready to provide information from physicians on how these cuts will impact their practice and their patients.

Sincerely:

Chic Older
Executive Vice President