ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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KATIE HOBBS
GOVERNOR

October 15, 2026

The Honorable Warren Petersen
Arizona State Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable Steve Montenegro
Arizona House of Representatives
1700 West Washington
Phoenix, AZ 85007

Richard Stavneak
Director of the Joint Legislative Budget Committee
1716 W. Adams
Phoenix, AZ 85007

SUBJECT: Arizona Health Care Cost Containment System Report on GME

Dear President Petersen, Speaker Montenegro, and Mr. Stavneak:

Pursuant to A.R.S. § 36-2903.01(G)(9)(f), the Arizona Health Care Cost Containment System (AHCCCS) is required to annually report to the President of the Senate, the Speaker of the House of Representatives and to the Director of the Joint Legislative Budget Committee on the amount of Graduate Medical Education (GME) money contributed and the number of residency positions funded by local, tribal and county governments, and state universities, including the amount of federal matching monies used.

The Centers for Medicare and Medicaid Services (CMS) requires an annual State Plan Amendment (SPA) for implementation of this program, and further requires that Arizona provide copies of the intergovernmental transfer agreements once the agreements are finalized and available for review. AHCCCS received intergovernmental transfer agreements relating to 36 GME hospitals.

Table 1 below shows the governmental contributors by recipient hospital.

Table 1: 2025 GME Contributor and Recipient

Government Contributor	Recipient Hospital
Arizona State University	• Phoenix Children's Hospital • Mayo Hospital
Hospital District No. One of Mohave County	• Kingman Regional Medical Center
University of Arizona	• Banner Baywood Medical Center • Banner Behavioral Health • Banner Boswell Hospital • Banner Casa Grande Medical Center • Banner Del Webb Hospital • Banner Desert Medical Center • Banner Estrella Medical Center • Banner Gateway Medical Center • Banner Heart Hospital • Banner Payson Medical Center • Banner Thunderbird Medical Center • Banner UMC Phoenix • Banner UMC South • Banner UMC Tucson • Dignity Chandler Regional Hospital • Dignity St. Joseph's Phoenix • HonorHealth Deer Valley • HonorHealth Mountain Vista • HonorHealth Scottsdale Osborn • HonorHealth Scottsdale Shea • HonorHealth Scottsdale Thompson Peak • HonorHealth John C Lincoln • HonorHealth Rehabilitation Hospital • Mercy Gilbert Medical Center • Northwest Medical Center • Oro Valley Hospital • Phoenix Children's Hospital • Tucson Medical Center • Yuma Regional Medical Center
Valleywise Health	• Abrazo Arrowhead Campus • Abrazo Central Campus • Abrazo West Campus • Canyon Vista Medical Center • Phoenix Children's Hospital • Valleywise Health Medical Center

These contributions provided partial funding for 2,476 full-time residents training at those hospitals. The resident count reported here reflects all residents who were funded under subdivisions (a), (b), and (c) of the statute for the 36 hospitals.

Table 2 below illustrates the amounts distributed.

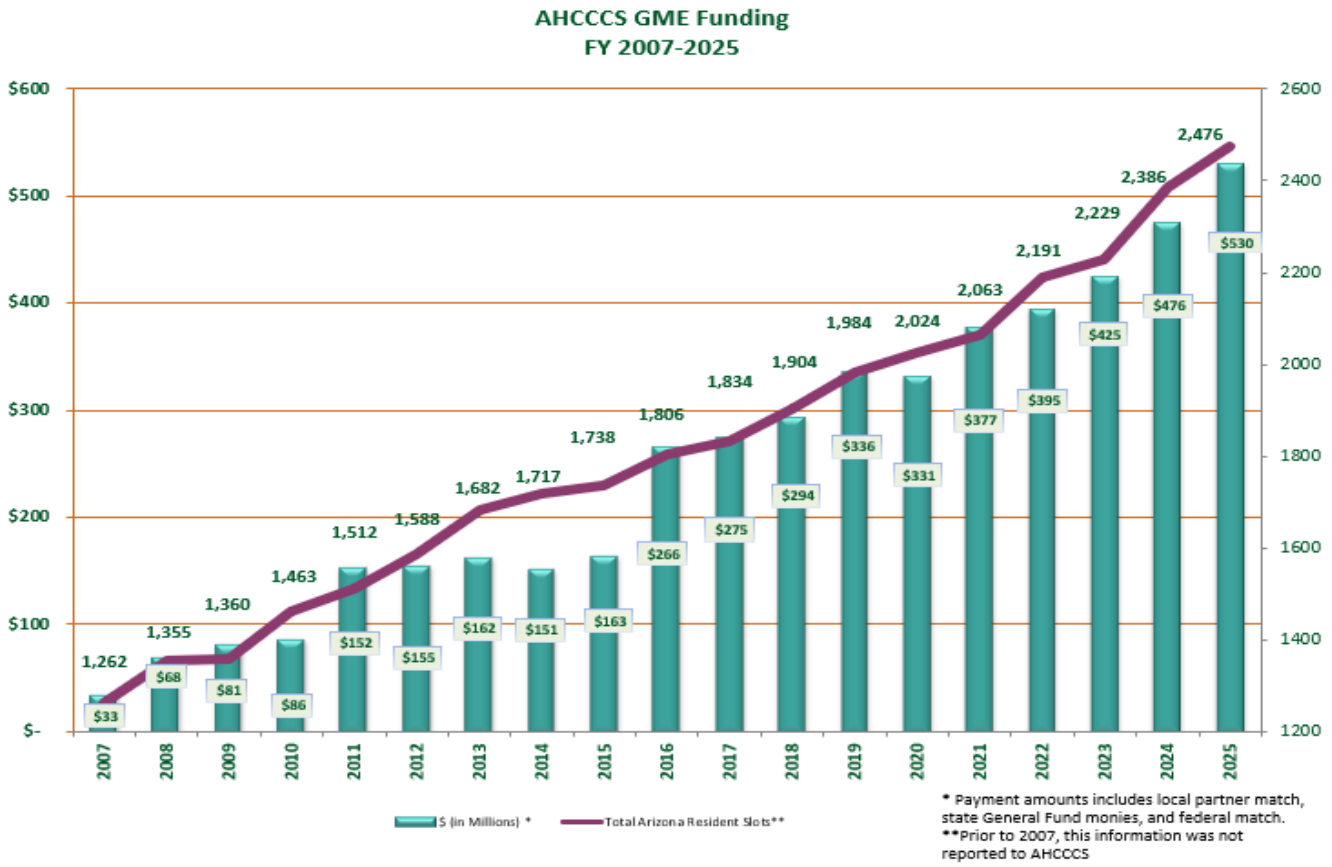
Table 2: 2025 GME Funding Breakout

Recipient Hospital	Local Matching Funds	Federal Matching Funds	Total Distribution
Abrazo Arrowhead	$3,394,919.06	$6,655,166.97	$10,050,086.03
Abrazo Central	$926,510.69	$1,816,268.15	$2,742,778.84
Abrazo West	$2,735,459.82	$5,362,408.21	$8,097,868.03
Banner Baywood	$3,023.90	$5,927.86	$8,951.76
Banner Behavioral Health	$757,678.31	$1,485,300.69	$2,242,979.00
Banner Boswell	$360,339.50	$706,384.88	$1,066,724.38
Banner Casa Grande	$17,401.11	$34,111.95	$51,513.06
Banner Del Webb	$77,438.01	$151,804.17	$229,242.18
Banner Desert MC	$661,664.79	$1,297,082.38	$1,958,747.17
Banner Estrella MC	$118,549.44	$232,396.21	$350,945.65
Banner Gateway MC	$228,190.07	$447,328.19	$675,518.26
Banner Heart Hospital	$102,293.70	$200,529.56	$302,823.26
Banner Payson	$725,970.30	$1,423,142.50	$2,149,112.80
Banner Thunderbird MC	$809,544.73	$1,586,976.07	$2,396,520.80
Banner UMC Phoenix	$23,872,626.25	$46,798,262.58	$70,670,888.83
Banner UMC South	$6,981,967.68	$13,686,971.56	$20,668,939.24
Banner UMC Tucson	$34,623,346.37	$67,873,238.51	$102,496,584.88
Canyon Vista MC	$1,260,591.47	$2,471,177.24	$3,731,768.71
Dignity Chandler Regional	$918,571.95	$1,800,705.59	$2,719,277.54
Dignity St. Joseph's Phoenix	$15,021,772.79	$29,447,655.25	$44,469,428.04
HonorHealth Deer Valley	$948,551.52	$1,859,475.47	$2,808,026.99
HonorHealth Mountain Vista MC	$2,706,970.06	$5,306,558.84	$8,013,528.90
HonorHealth Osborn MC	$2,376,102.52	$4,657,948.74	$7,034,051.26
HonorHealth Rehab	$735,179.90	$1,441,196.36	$2,176,376.26
HonorHealth Shea MC	$1,473,179.93	$2,887,921.12	$4,361,101.05
HonorHealth Thompson Peak	$1,908,735.69	$3,741,754.82	$5,650,490.51
John C Lincoln MC	$1,631,348.19	$3,197,983.35	$4,829,331.54
Kingman Regional MC	$1,687,795.40	$3,308,638.58	$4,996,433.98
Mayo Clinic Hospital	$6,500,000.00	$12,742,155.12	$19,242,155.12
Mercy Gilbert	$434,371.28	$851,511.74	$1,285,883.02
Northwest Medical Center	$1,451,818.26	$2,846,045.14	$4,297,863.40
Oro Valley Hospital	$1,002,986.10	$1,966,185.30	$2,969,171.40
Phoenix Children's	$26,520,672.98	$51,989,312.17	$78,509,985.15
Tucson MC	$3,849,912.05	$7,547,104.09	$11,397,016.14
Valleywise Health MC	$25,588,350.66	$50,161,651.30	$75,750,001.96
Yuma Regional MC	$1,290,008.59	$2,528,844.55	$3,818,853.14
Total	**$173,703,843.07**	**$340,517,125.21**	**$514,220,968.28**

*Phoenix Children's Hospital received funding from multiple partners. Arizona State University (ASU) contributed $20,000,000.00, University of Arizona (U of A) contributed $6,020,672.98, and Valleywise Health contributed $500,000.00.

The contributions from these local match sources permit the State of Arizona to leverage non-General Fund monies to invest in critical physician training, with the goal of retaining the majority of these physicians in our state upon completion of their education.

Historical levels of GME funding and the total number of GME slots are displayed below. Please note that the chart below displays all GME slots, not just the ones funded by the local matching funds mentioned above.



Please feel free to contact Jeff Tegen, Assistant Director, Division of Business and Finance, at (602) 417-4705 or via email at Jeffery.Tegen@azahcccs.gov if you have any questions.

Sincerely,

Roberta Harrison
AHCCCS Interim Director

cc: Ben Henderson, Director, Governor's Office of Strategic Planning and Budgeting
Meaghan Kramer, Health Policy Advisor, Office of the Governor