

**COMMENTS ON Hospital Assessment FY 2016
Rec'd as of 07/15/2015**

Item #	Rule Cite Line #	Comment From and Date rec'd.	Comment	Analysis/ Recommendation
1.	R9-22-730	Dennis Dahlen Banner Health (written comment rec'd 07/13/15)	<p>Since this is an iterative process with opportunities for improvements, Banner would like, once again, to bring attention to one of the exclusions that gives a market advantage to a single hospital because of its high percentage of Medicare discharges. This exclusion, provided in R9-22-730, Subsection I, Paragraph 7, of the proposed amendments to the Hospital Assessment Rule, applies to acute care hospitals <i>“located in a city with a population greater than one million, which on average have at least 15 percent of inpatient days for patients who reside outside of Arizona, and at least 50 percent of discharges as reported on the 2011 Medicare Cost Report are reimbursed by Medicare”</i>. According to the FY 2016 assessment modeling, this exclusion applies only to Mayo Clinic Hospital in Phoenix.</p> <p>We believe the methodology continues to unjustly favor a single high-volume Medicare provider, Mayo Clinic Hospital, over other hospitals that serve significantly higher volumes of elderly patients.</p>	<p>The Administration understands that the comments submitted are the same as those submitted during the rule development process in 2013, and submitted as a comment on the original proposed rule. The Administration understands the objection to be that certain individual hospitals in the Banner Health System are not treated similar to other hospitals which Banner believes to be similarly situated. The Administrations' position has not changed.</p> <p>As part of its statutory requirements, the AHCCCS Administration was charged with designing an assessment that ensured that the costs of the assessment were not passed on to patients or other health care payors. As part of its efforts to do so, AHCCCS adopted as a guiding principle that it would make its best efforts to implement an assessment that minimized the negative impact to hospital systems – not individual hospitals. Banner Health Systems, viewed as a single entity rather than as individual hospitals, is not negatively impacted by the assessment.</p> <p>In addition, the statute requires AHCCCS to establish an assessment that meets federal requirements for the use of an assessment on providers as the basis for the funding of Medicaid services. AHCCCS was required to submit to the</p>
2.	R9-22-730	Dennis Dahlen Banner Health (written comment rec'd 07/13/15)	Banner has consistently supported a broad-based, “all-in” model, especially for hospitals that benefit under the coverage restoration and expansion. The other proposed exclusion criteria, particularly the requirement for a specified percentage of non-Arizona discharges, arbitrarily and capriciously exempts one high-volume Medicare provider, the Mayo Clinic Hospital, without any reasonable basis in policy or fact. If this exclusion remains as part of the methodology, it should treat similar hospitals equitably.	
3.	R9-22-730	Dennis	The proposed model for FY 16 continues to exclude one	

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		<p>Dahlen Banner Health (written comment rec'd 07/13/15)</p>	<p>hospital in one city of the state that barely meets the Medicare volume threshold, resulting in a significant gain on the assessment model for that hospital, while other hospitals that serve many more Medicare patients are still included in the assessment model with a significantly lower return. As such, Banner asks that AHCCCS revisit this policy and design an assessment methodology that is broad-based and treats all hospitals fairly.</p>	<p>federal government an analysis of the sources and expected benefits of increased Medicaid payments. In summary, the assessment paid by hospitals and additional payments made by AHCCCS to hospitals must not be correlated beyond a degree set forth in federal regulations.</p> <p>Recently, AHCCCS received federal approval for the assessment described in this rule. Modification of the assessment at this point would require additional analysis by AHCCCS and further review and approval by the federal government. This would cause an unacceptable delay in the implementation of the assessment.</p>
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