



## **Special Healthcare Assessment Overview**

The Arizona Healthcare Cost Containment System (AHCCCS) provides essential healthcare services to the poorest and most vulnerable Arizonans. Yet, due to the dire fiscal crisis the state faces, 280,000 AHCCCS members are in jeopardy of losing access to these services. In an effort to save \$540 million in FY 2012, the executive budget proposal eliminates coverage for childless adults who were added to AHCCCS under Prop. 204 and caps other populations (approximately 30,000 disabled and parents) at a level to be supported by tobacco tax and tobacco settlement monies.

The Arizona Hospital and Healthcare Association (AzHHA) and our 104 member hospitals are deeply committed to preserving healthcare coverage for AHCCCS members and are concerned that an additional 280,000 Arizonans could soon become uninsured. In light of this situation, AzHHA is proposing a special healthcare assessment on hospitals for the specific purpose of generating matching federal Medicaid funds. These funds would be used to partially fill the current FY 2012 shortfall in the AHCCCS program. In conjunction with other revenue enhancements or budget reduction options identified by lawmakers, this financing stream provides a viable alternative to the proposed rollback of Prop. 204.

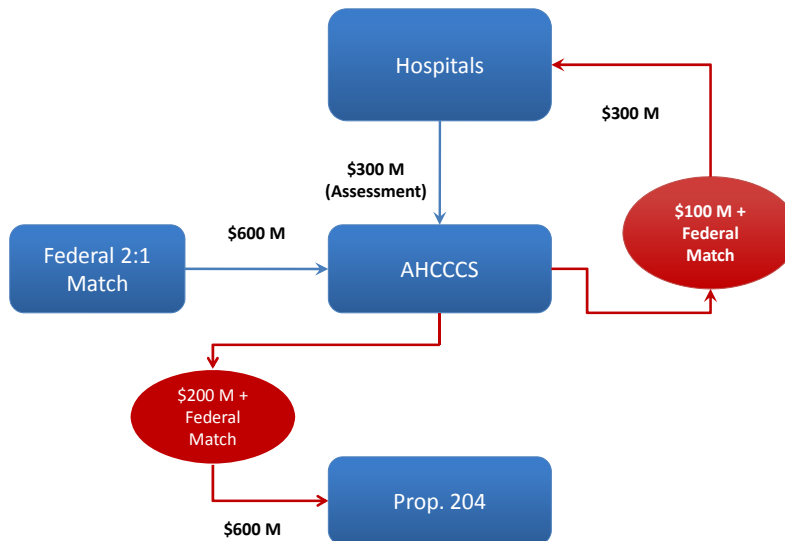
### **Special Healthcare Assessment**

AzHHA proposes a \$300 million one-year hospital assessment based on inpatient days. Under this proposal, the state would use the \$300 million assessment to draw down federal Medicaid matching dollars at a two-to-one matching rate. The assessment would be allocated as follows:

- \$200 million would be used for the specific purpose of preserving Prop. 204 eligibility.
- \$100 million would be used to provide a financing stream for hospitals to mitigate cost-shifting pressure so that the assessment is not passed on to private insurers and patients.

During the time the assessment is in place, there would be no additional cuts to hospital payments and no reductions in AHCCCS eligibility. In addition, AHCCCS, health plans and healthcare providers would be directed to work on collaborative payment arrangements to improve quality of care, reduce utilization, and lower costs. These would include such delivery system reforms as accountable care organizations and medical homes.

## Special Hospital Assessment Distribution



### Impact of Special Assessment on FY 2012 AHCCCS Budget

	Title XIX Spending		
			Total
	State	Federal Government	Funds
FY 2012 Budget	3,603,757,400	6,948,972,907	10,552,730,307
Cut Proposed by Governor	(540,000,000)	(1,080,000,000)	(1,620,000,000)
Revised Title XIX Program	3,063,757,400	5,868,972,907	8,932,730,307
\$ from Hospital Assessment	200,000,000	400,000,000	600,000,000
Remaining Shortfall to be Filled	340,000,000	680,000,000	1,020,000,000
Title XIX Program	3,603,757,400	6,948,972,907	10,552,730,307

Title XIX programs include AHCCCS and the Department of Health Services programs for behavioral health and children’s rehabilitative services. State funds include general funds, tobacco tax and settlement funds, and other state matching funds.

If you have any questions, please contact AzHHA’s Debbie Johnston, vice president of advocacy, at 602 445-4300 or [djohnston@azhha.org](mailto:djohnston@azhha.org).