

Release: IMMEDIATE
November 29, 2011

Contact: Pete Wertheim
(602) 445-4318

AzHHA Official Statement on Litigation to Prevent AHCCCS Five Percent Hospital Payment Cut

Phoenix, Ariz. – The Arizona Hospital and Healthcare Association (AzHHA) today filed a complaint in federal court seeking to prevent a five percent cut in Arizona Health Care Cost Containment System (AHCCCS) hospital payment rates. AHCCCS is Arizona’s Medicaid program.

Federal law requires that Medicaid payments to hospitals be “consistent with efficiency, economy, and quality of care, and sufficient to ensure that beneficiaries have equal access to services.” Federal courts have interpreted this to mean that Medicaid rates must be “reasonably related to hospital costs.” The five percent cut AzHHA seeks to prevent, when added to four years of rate freezes and payment reductions, would result in AHCCCS hospital payments that fall 33 percent below the actual cost of caring for patients.

“We are asking the court to intercede in order to protect access to care for patients in communities throughout our state,” said AzHHA President and Chief Executive Officer Laurie Liles. Previous budget cuts have already forced some hospitals to eliminate services, reduce staff, close beds and raise rates charged to commercial health plans in an effort to reduce costs and make up lost revenue. “Businesses and families already pay too much for private health insurance,” said Liles. “We’re asking the court to prevent an AHCCCS payment cut that will otherwise force hospitals to attempt to shift costs to the purchasers of private health insurance. That cost shift amounts to a hidden healthcare tax on all consumers—exactly the wrong prescription for our ailing economy.”



Arizona Hospital and Healthcare Association

MEDIA RELEASE

AzHHA officials hope the lawsuit, if successful, will help to ensure hospitals can maintain the level of care Arizonans need and deserve. Authorized by the state budget passed earlier this year, the five percent rate cut was scheduled to take effect October 1, but federal officials did not approve the reduction until November 18, 2011.

About AzHHA

AzHHA is an organization of hospitals and healthcare systems dedicated to providing leadership on issues affecting the delivery, quality, accessibility and cost-effectiveness of healthcare. For more information, please contact Pete Wertheim at pwertheim@azhha.org or the following phone numbers: (602) 445-4318 (office) or (602) 515-3847 (cell).

###