

May 25, 2023

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

The Honorable Ben Toma
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

The Honorable David Livingston
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

The Honorable John Kavanagh
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

Richard Stavneak
Director of the Joint Legislative Budget Committee
1700 W. Washington
Phoenix, AZ 85007

SUBJECT: Arizona Health Care Cost Containment System Report on Community Health Center GME

Dear President Petersen, Speaker Toma, Representative Livingston, Senator Kavanagh, and Mr. Stavneak:

A.R.S. § 36-2907.06(l)(3) and A.R.S. § 36-2907.06(l)(4) include the following requirements:

The administration shall report to the joint legislative budget committee on or before July 1 of each year on the number of new residency positions as reported by the primary care graduate medical education programs pursuant to this paragraph.

The administration shall report to the president of the senate, the speaker of the house of representatives and the director of the joint legislative budget committee on or before July 1 of each year on the amount of monies contributed and the number of residency positions funded by local, county and tribal governments and any university under the jurisdiction of the Arizona board of regents, including the amount of federal matching monies used.

The requirement under A.R.S. § 36-2907.06(I) for AHCCCS to establish a Medicaid-funded CHC GME payment program is “contingent on approval by the Centers for Medicare and Medicaid Services[(CMS)]”. AHCCCS has submitted multiple state plan amendments to CMS to implement the program but has been unable to obtain federal approval. CMS has denied the agency’s requests and has indicated that it will not authorize Medicaid funding to directly reimburse CHC GME costs. As a result, AHCCCS is not able to establish the CHC GME program authorized under A.R.S. § 36-2907.06(I) using Medicaid funding.

While AHCCCS is not able to receive CMS approval to implement a Medicaid-funded CHC GME payment program, the SFY 2024 budget (Laws 2023, Chapter 133) does include a one-time General Fund appropriation of \$5 million to the Arizona Area Health Education System for primary care residency programs. Pursuant to Laws 2023, Chapter 140, the Arizona Board of Regents shall distribute the funding to establish a payment program for qualifying community health centers, rural health clinics, and tribal health clinics.

Please feel free to contact Jeff Tegen, Chief Financial Officer, at (602) 417-4705 or via email at Jeffery.Tegen@azahcccs.gov if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carmen Heredia', written in a cursive style.

Carmen Heredia
Director

cc: Sarah Brown, Director, Governor’s Office of Strategic Planning and Budgeting
Zaida Dedolph Piecoro, Health Policy Advisor, Office of the Governor