### Hospital Assessment Workgroup – FFY 2021

May 15, 2020





- Updated Assessment Amounts
- Financial Parameters
- Key Decisions for Directed Payments
- Timeline of Activities



### Base Assessment - Rebase

- Updated estimates due to COVID-19 & economic impacts
- Base assessment amount will increase by \$100.1M, from \$433.4M to \$533.5M for FFY 2021
  - \$71.3M for AHCCCS Budget Rebase, assuming 16.5% MM growth
  - \$18.1M for orig. estimate of expansion cost for practitioner rates
  - \$3.0M for additional cost of practitioner rates due to enrollment
  - \$7.7M due to Tobacco MSA shortfall to be backfilled
- Shifting assessment basis from State Fiscal Year to Federal Fiscal Year to align with Directed Payments



### New Assessment

- New assessment amount will be \$395.3M
  - \$316.8M for Directed Payments
  - \$4.0M for Directed Payments administration
  - \$64.0M for orig. estimate of non-exp. cost for practitioner rates
  - \$10.5M for additional cost of practitioner rates due to enrollment
- FFY 21 Total Assessment amount is \$928.8M
- Assumes enhanced FMAP does not apply to FFY 21



### **Financial Parameters**

- Ensure sufficient funding available for base assessment to fund expansion population costs
- Implement Direct Payments to result in same net benefit to hospitals as originally anticipated
- Ensure total assessment is within federal limit of 6.0%



## **Financial Summary**

Hospital Assessment	Original	Current	Diff.
Baseline	\$433.4	\$433.4	(\$0.0)
Practitioners - Exp.	\$18.1	\$21.1	\$3.0
Rebase	-	\$79.0	\$79.0
Base Assessment	\$451.5	\$533.5	\$82.0
New Assessment	\$352.5	\$395.3	\$42.8
Total Assessment	\$804.0	\$928.8	\$124.8
Directed Payment	\$1,119.0	\$1,243.8	\$124.8
Less Practioners & Rebase	(\$18.1)	(\$100.1)	(\$82.0)
Less New Assessment	(\$352.5)	(\$395.3)	(\$42.8)
Net Benefit	\$748.4	\$748.4	\$0.0
Eff. Rate Increase	28.6%	28.6%	0.0%

## Directed Payments – Key Decisions

- Rate Increase Methodology
- Payment Methodology
- Assessment Considerations
- Quality Criteria and Evaluation Plan

n

Submit feedback to HospitalAssessmentProject@azahcccs.gov by May 26

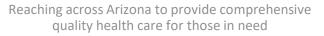


### Rate Increase Methodology

- Define reimbursement / payment classes or categories of providers
  - Not necessarily same as assessment categories
- Evaluate basing increase on % of cost, % of Average Commercial Rate (ACR), or other basis
   Increase applies only to MCO claims

#### Will evaluate impact to each hospital system

Arizona Health Care Cost Containment System



## Payment Methodology

- Outside of base MCO capitation rates
- Quarterly Lump Sum payments based on estimates
- Fixed dollar v. Fixed % options
- Reconciliation to actual utilization



## **Assessment Considerations**

- Use same assessment basis 2018 data
- Evaluate current variable rates and exclusions
- Ensure total amount is within 6.0% federal limit in current period as well as over the long-term



# **Quality Criteria & Evaluation Plan**

- CMS requires provider performance measures
  connected to Quality Strategy and Evaluation Plan
- Intend to request simplified approach for Year 1
- Years 2-3 targeted measures based on input
  Establish a component of the rate increase that is value based



## **Tentative Directed Payments Timeline**

- 5/26/20
- 6/4/20
- 6/24/20
- By 6/30/20
- 7/1/20
- August 2020
- September 2020
- 10/01/20

Initial feedback deadline Workgroup meeting Workgroup meeting Model finalized 438.6(c) Pre-Print due to CMS Post proposed rule Post final rule Implement



# **Questions?**

