



Arizona Hospital and Healthcare Association

March 27, 2014

Director Thomas J. Betlach
AHCCCS
801 East Jefferson
Phoenix, AZ 85034

Dear Mr. Betlach,

Thank you for the opportunity to participate in the Statewide Hospital Assessment Workgroup. Overall, the approach of convening a workgroup of hospital representatives and consultants to share ideas about the design of a workable hospital provider assessment has worked very well. The discussion about operating principles and the pros and cons of various models has been very helpful toward the goal of identifying the fairest methodology for the hospital assessment.

The three versions that were shared with the workgroup on February 27 appear to comply with the principle adopted by AzHHA's Board of Directors that the provider assessments not create any "net losers". From this perspective, all three models appear to be acceptable. Having said this, our position since the approval of the first methodology has been that any future changes to the assessment should be based on a retroactive analysis of actual enrollment changes and new coverage payments that hospitals receive. This will allow new methodologies for structuring the payment to focus on real documented problems rather than simply shifting around the allocation.

While none of the versions appear to violate our core principle, we are concerned that not enough data is available to evaluate whether or not a shift in the model is warranted at this point. In particular, we have reservations regarding version 2, which has a large impact on the allocation of the assessment for many hospitals, and may be too dramatic of a shift at this time.

Thank you for your consideration of these comments. We look forward to continuing to work with the AHCCCS Administration on refining the assessment as we gather new data and information.

Sincerely,

Greg Vigdor
President and CEO
Arizona Hospital and Healthcare Association