



MARICOPA  
INTEGRATED  
HEALTH SYSTEM

*Count on us to care.*

Stephen A. Purves, FACHE  
President & CEO

March 11, 2014

Thomas Betlach  
Director  
Arizona Health Care Cost Containment System  
801 East Jefferson  
Phoenix, Arizona 85304

Re: FY 2015 Statewide Hospital Assessment

Dear Director Betlach,

Maricopa Integrated Health Systems (MIHS) appreciates the Arizona Health Care Cost Containment System (AHCCCS) in its continued efforts to identify equitable methodologies for funding health care services throughout the state.

On February 27, AHCCCS presented to the Hospital Assessment Workgroup two new models for funding the fiscal year 2015 assessments to the Medicaid Restoration and Expansion programs. These new models vary from the original methodology by removing Medicare utilization from the existing calculations. The net effect is that the assessment for a provider with high Medicare utilization receives a decrease in assessment while providers with low Medicare utilization have an increase in assessment. This change in the assessment does not result in a change in the anticipated payments received under the expansion and restoration.

The effect of these proposed changes on MIHS is significant. The existing allocation anticipates MIHS is to contribute \$6.629 million in matching funds to receive a total gross benefit of \$44.1 million for cost of approximately 14.9%. Under the second model MIHS would contribute \$8.0 million for the same level of gross benefit. This is a cost of 18.4%. The third model would require a \$9.2 million contribution and, at the same level of benefits, result in a 20.8% cost.

We agree that the assessment should have some supportable relationship to the benefit received and it is our belief that the current methodology attempts to recognize variations in hospitals based on provider type and size. Given the nature of our industry we recognize that no allocation methodology is fundamentally fair to all organizations, we believe it is imperative that the industry as a whole be balanced by recognizing that some organizations do not have the ability to absorb greater assessment.

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By definition, hospitals providing a disproportionately greater percentage of services to underserved populations at existing reimbursement levels simply do not have the ability to continue their mission.

MIHS, therefore, respectfully requests that AHCCCS continue implementing the existing methodology at least through fiscal 2015. This will allow both the agency and the hospitals to receive a better understanding of how the expansion and restoration programs are impacting utilization and where opportunities lie for adjustments within the assessment methodology.

Thank you for your consideration.

Sincerely,



Stephen A. Purves

President & CEO

Maricopa Integrated Health System

SP/mf

cc: Don Hughes, Policy Advisor, Health and Human Services, Office of the Governor  
Beth Kohler Lazare, Deputy Director, Arizona Health Care Cost Containment System  
Monica Coury, Assistant Director, Arizona Health Care Cost Containment System  
Greg Vigdor, President and Chief Executive Officer, Arizona Hospital and Healthcare Association