

NOTICE OF PUBLIC INFORMATION

1. **Name of the agency:** Arizona Health Care Cost Containment System (AHCCCS)
2. **The topic of the public information notice:** Disproportionate Share Hospital (DSH) funding for Federal Fiscal Year (FFY) 2026
3. **The public information relating to the topic:**

Starting the State Fiscal Year (SFY) 2026 budget allocates \$28.5 million in DSH payments for Arizona State Hospital and \$0.9 million for Arizona private hospitals, Indian Health Services, and tribally operated 638 facilities ([Law 2025, Chapter 239, Section 13](#)) After these distributions are made, the remaining Arizona DSH allotment is allocated to “Pool 5” payments pursuant to A.R.S. § 36-2903.01(P), and shall be made available in the following order to qualifying private hospitals that are:

1. Located in a county with a population of fewer than four hundred thousand persons.
2. Located in a county with a population of at least four hundred thousand persons but fewer than nine hundred thousand persons.
3. Located in a county with a population of at least nine hundred thousand persons.

A.R.S. § 36-2903.01(P) permits local, county, and tribal governments and any university under the jurisdiction of the Arizona Board of Regents to provide additional matching funds to draw down federal dollars to support the costs of the uninsured and Medicaid recipients via Intergovernmental Agreements.

In order for hospitals to qualify for DSH payments, hospitals must apply for DSH during Spring 2026 and must meet the DSH eligibility requirements. DSH application dates will be posted at a later date at: <https://www.azahcccs.gov/PlansProviders/RatesAndBilling/DSH.html>. Hospitals which are determined eligible for DSH will be notified and receive an initial payment no later than December 31, 2026. The DSH eligibility requirements and methodology for determining DSH payments can be found in the [State Plan for Medicaid](#), Attachment 4.19A.

The amounts allocated for DSH payments will be impacted by the federal DSH allotment, which has yet to be determined, and may be less than the amount in the SFY 2026 budget.

In order for a hospital to receive DSH “Pool 5” funds, if any “Pool 5” funds are available, a hospital must partner with a local, county or tribal government or any university under the jurisdiction of the Arizona Board of Regents. “Pool 5” applications are due March 31, 2027, and must be submitted by local, county, and tribal governments and any university under the jurisdiction of the Arizona Board of Regents. A final, executed intergovernmental agreement must be received by AHCCCS no later than June 20, 2027 in order to receive 2026 DSH “Pool 5” funds.

Please direct any comments, which must be received no later than 5:00 p.m. on August 31, 2025 to:

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