



# Hospital Assessment/HEALTHII Workgroup

March 17, 2022

# Hospital Assessment Fund (HAF) Assessment

- Implemented in SFY 2014 to fund Prop 204 population and expand Medicaid to 133% for adults
  - Passed in 2000, Prop 204 expanded eligibility to 100% FPL for adults
- Funds state share for Prop 204, which is not paid for by the tobacco settlement and tobacco taxes, excluding behavioral health services
  - Prop 204 TANF Parents
  - Prop 204 Expansion State Adults (ESA) up to 100% FPL
- Funds state share of Newly Eligible Adults (NEA) up to 133% FPL
- Enrollment as of 3/1/2022: 484k ESA + 148k NEA = 632k members (grew by approximately 225k since March 2020)
  - Prop 204 Childless Adult Population frozen during recession
    - Declined from 225k to less than 70k

# Health Care Investment Fund (HCIF) Assessment

- Laws 2020, Chapter 46 established a second hospital assessment beginning 10/1/2020. The assessment is used to:
  - Make directed payments to hospitals that supplement the base reimbursement level for hospitals services for AHCCCS recipients
  - Increase base reimbursement rates for the dental and physician fee schedules to rates in effect before Great Recession
    - Limits the portion of the assessment that can be used for this purpose to the lesser of \$70.5M or 20%

# Assessment Implementation

- Based on total inpatient discharges and outpatient net patient revenues
- Excludes certain types of hospitals and assesses others at lower rates
- HAF payments are due to AHCCCS on the 15<sup>th</sup> of the second month of each quarter (Feb 15, May 15, Aug 15, Nov 15)
- HCIF payments are due to AHCCCS on the 10<sup>th</sup> of the second month of each quarter (Feb 10, May 10, Aug 10, Nov 10)

# HEALTHII Payments

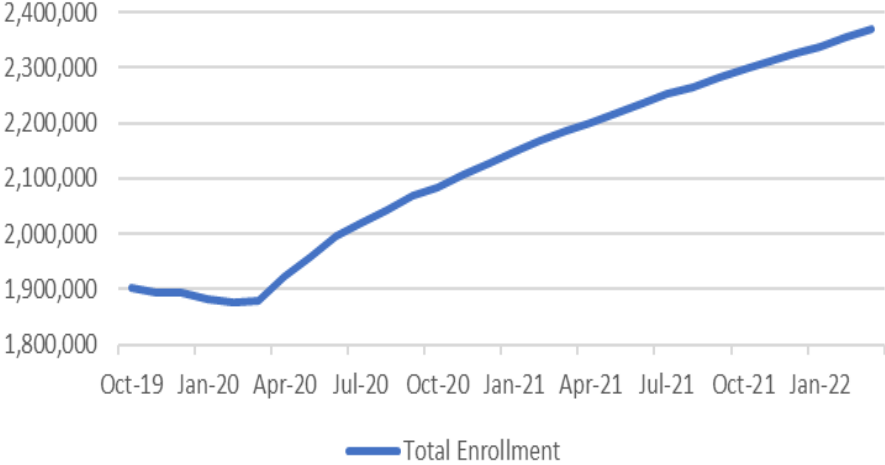
- Hospital Enhanced Access Leading To Health Improvements Initiative (HEALTHII) payments are directed payments made to hospitals on a quarterly basis
- Over \$1.3B in total payments to be made in FFY 2022, reflecting a net benefit of \$900M
- 438.6(c) initiative
  - Payment amounts associated with AHCCCS MCO payments
  - Payments made directly to MCOs and MCOs make payments to hospitals
  - Must receive annual CMS approval
  - Must include quality metrics

# Timely HEALTHII Payments

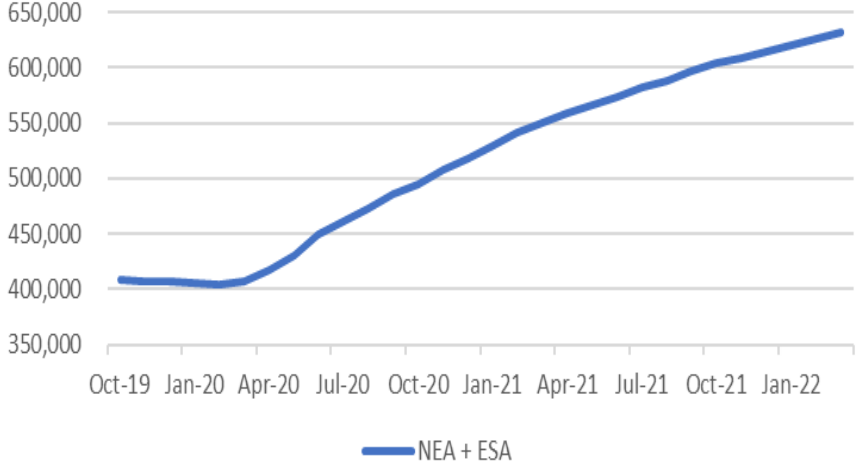
- It is AHCCCS' intent that HEALTHII payments are received before the end of each quarter
- AHCCCS will send a quarterly email with contact information for each health plan
- Please contact health plans directly for payment questions
- Hospitals can help facilitate timely payments by making timely assessment payments
  - Late payments by any hospital could result in late HEALTHII payments or pro-rated payments

# Enrollment- 2019-2022

### Total Enrollment October 2019-March 2022



### NEA & ESA Population October 2019-March 2022



# AHCCCS Enrollment

- Since March 2020, overall enrollment has increased by 26.1% or 490,528 members
  - Expansion State Adults (up to 100%) are up by 45.9% or 152,363 members
  - Newly Eligible Adults (up to 133%) are up by 98.0% or 73,267 members



# FFY 2021/FFY 2022 Status

- **FFY 2021**
  - All interim payments have been made. Final Reconciliation will be completed by September 2022.
- **FFY 2022**
  - 2nd interim payment will be made at the end of the month.
  - The 3rd payment will be made by June 2022 and 4th payment by September 2022.
  - FFY 2022 reconciliation will be completed in 2023.
  - Due to HCIF not being exempt from administrative code rulemaking, no FMAP adjustments due to the Public Health Emergency will be made this year.

# FFY 2023 Forecasts

- Enrollment has grown by 490K from 3/1/20 to 3/1/22
- The Families First Coronavirus Response Act increased the federal match rate by 6.2 percentage points
  - Increased federal match rate ends the last day of the quarter in which public health emergency (PHE) is in effect
  - States are prohibited from disenrolling individuals from Medicaid during this period
  - AHCCCS anticipates that it will take 9-12 months to disenroll unqualified Medicaid recipients after federal match decreases
  - End of PHE is uncertain, but most recent guidance from federal government suggests it will be in effect at least through June 2022.

# FFY 2023 Updates

- Preliminary modeling assumes HAF Assessment increases to \$587.9M
  - AHCCCS continues to review enrollment growth and may adjust HAF Assessment
- HCIF Assessment has been held flat at \$437M
- HEALTHII payments adjusted to include new hospitals
- Estimated HCIF Fund Balance is used to increase HEALTHII payments in FFY 2023
  - Estimated HCIF Fund Balance to increase HEALTHII payments is \$59.9M
- Updating model so that payments based on data through 9/30/21
- No change to assessment base data from FFY 2022 model
- A new exempted hospital assessment group (Public Acute Hospitals) was established for FFY 2023
- Assumes the Public Health Emergency will expire and that the regular FMAP will be in effect for FFY 2023

# Financial Summary

Hospital Assessment	FFY 2022	FFY 2023	Difference
<b>HAF Assessment</b>	<b>\$ 533.5</b>	<b>\$ 587.9</b>	<b>\$ 54.4</b>
HCIF Assessment for HEALTHII and Administrative Costs	\$ 367.4	\$ 367.4	\$ 0.0
HCIF Assessment for Practitioner Payments	\$ 70.5	\$ 70.5	\$ 0.0
<b>Total HCIF Assessment</b>	<b>\$ 437.9</b>	<b>\$ 437.9</b>	<b>\$ 0.0</b>
<b>Total Assessment</b>	<b>\$ 971.4</b>	<b>\$ 1,025.8</b>	<b>\$ 54.4</b>
Total modeled HEALTHII payments	\$ 1,362.0	\$ 1,587.4	\$ 225.4
Less HCIF Assessment	\$ (437.9)	\$ (437.9)	\$ 0.0
Estimated HEALTHII Net Gain	\$ 924.1	\$ 1,149.5	\$ 225.4

# HEALTHII Reconciliation

- AHCCCS is required to perform a reconciliation on HEALTHII payments after the end of the fiscal year.
- HEALTHII payments to hospitals are considered interim payments at the time of payment.
  - To make interim payments, AHCCCS utilizes estimated Medicaid managed care claims to estimate HEALTHII payment amount by hospital.
  - During the reconciliation process, AHCCCS is required to utilize actual claim payment data to determine final HEALTHII payment.

# FFY 2021 HEALTHII Reconciliation

- Interim Payments made in December 2020, March 2021, June 2021, & September 2021
- FFY 2021 HEALTHII Program is required to be reconciled to actual managed care claim payments with 9 months of runout from the end of the contract period
- FFY 2021 Reconciliation adjustments will be offset with the Interim FFY 2022 HEALTHII payment made in September 2022.

# FFY 2021 HEALTHII Reconciliation

- With the utilization period ending September 2021, AHCCCS will be required to use data as of June 2022.
- AHCCCS will calculate a final HEALTHII Payment Increase Percentage for each hospital class based on actual utilization data.
- AHCCCS will calculate the Final HEALTHII payment for each hospital by multiplying the Final HEALTHII payment Increase Percentage with each Hospital's actual managed care payments.
- Any differences in final vs. interim HEALTHII payments will be settled as part of the reconciliation process.
- AHCCCS is working to pull to data in April to evaluate if there are any concerns and may share some high-level data if appropriate.

# Tentative Timeline

- 3/17/22 First workgroup meeting
- 4/6/22 Feedback due
- 4/20/22 Second/Final workgroup meeting
- 5/4/22 Feedback due
- May 2022 Model Finalized
- May 2022 Post Proposed rule
- 7/1/22 438.6(c) preprint due to CMS
- Sept. 2022 Post Final Rule





Thank You