

## **AHCCCS Receives Approval of Two Important Waiver Amendments**

On Friday, April 6, 2012, AHCCCS received approval to move forward with two new programs critical to Arizona's safety net healthcare delivery system – the Safety Net Care Pool and the Indian Health Services/tribal 638 facilities supplemental payment program. These two new programs were approved under the State's Section 1115 Research and Demonstration Waiver.

### **Avoiding Cost Shift to Indian Health Services and Tribal 638 Facilities**

AHCCCS provides care to qualified Native Americans who receive services at Indian Health Services (IHS) or tribally operated 638 facilities with 100% federal dollars. Recent reductions to the AHCCCS program have placed an undue burden on these fragile networks without yielding any savings to the State. The waiver was requested as part of a partnership with Arizona's 22 tribes to address this cost shift to IHS and tribally operated 638 facilities.

This approval allows AHCCCS to make supplemental payments through December 31, 2013 to IHS and tribally operated 638 facilities to cover their uncompensated care costs associated with AHCCCS benefit reductions and the childless adult enrollment freeze. These payments are critical to ensuring the viability of these programs dedicated to providing care to Arizona's Native American population.

### **Safety Net Care Pool**

#### *Safety Net Care Pool*

The Safety Net Care Pool (SNCP) was passed by the Legislature and signed into law by Governor Brewer on April 25, 2011 as SB1357. SNCP is a funding pool that uses monies from political subdivisions to draw down federal matching dollars. The funds are then distributed to participating hospitals to help defray the costs of uncompensated care provided to AHCCCS members and the uninsured.

The SNCP is open to all Arizona hospitals, including rural hospitals, safety net hospitals and hospitals receiving Disproportionate Share Hospital (DSH) payments. The non-federal match must be provided by a political subdivision. This program gives local governments, like counties, cities or special healthcare districts, the ability to directly support hospital systems in their communities.

As approved, the SNCP will provide \$332 million each year for two years to three participating hospitals – Maricopa Medical Center, Phoenix Children's Hospital and University Medical Center. The program terminates January 1, 2014.

#### *Coverage for KidsCare II*

Approval of the SNCP also opens the door to additional coverage for children in the Children's Health Insurance Program (CHIP), known as KidsCare in Arizona. KidsCare

enrollment has been frozen since January 1, 2010. The approval of SNCP permits the three participating hospitals – Maricopa Medical Center, Phoenix Children’s Hospital and University Medical Center – to apportion some of their political subdivision dollars toward coverage for 21,700 children in what is being called “KidsCare II.”

KidsCare II is a statewide program with the same benefits offered and the same premium requirements as regular KidsCare. Coverage for KidsCare II will also be handled by the same AHCCCS health plans. Additionally, KidsCare II children are not limited to receiving their healthcare services at the participating SNCP hospitals.

There are a few differences, however, between KidsCare II and the regular KidsCare program. KidsCare II has a lower income eligibility threshold; it is only open to children in households with incomes from 100% to 175% of the Federal Poverty Level. In addition, KidsCare II is temporary. Coverage for KidsCare II begins May 1, 2012 and will end January 1, 2014.

Finally, KidsCare II is only open to children currently on the KidsCare waiting list and to children currently enrolled in Medicaid who will “age out” of the SOBRA children eligibility category<sup>1</sup>. There are over 100,000 children currently on the KidsCare waiting list and there will be 21,700 openings for KidsCare II. Notices will be sent beginning Monday, April 9, 2012 to households of children on the waiting list in the order their original application was received. Households receiving a notice will be required to apply using Health-e-Arizona, the online application process. Applications for KidsCare will still be accepted and applicants will be placed on the waiting list in the order their application was received. Households on the waiting list will be notified as additional slots for KidsCare II become available. For more information, visit the KidsCare section of the AHCCCS website at [www.azahcccs.gov](http://www.azahcccs.gov).

#### *Federalizing Prop. 202 Trauma/Emergency Department Fund*

Proposition 202 is a fund that assists Arizona hospitals with the cost of operating trauma centers and Emergency Departments. Currently, this funding pool distributes approximately \$20 million annually to Arizona hospitals. Approval of the SNCP will add just over \$13 million in new federal funds that will be directed primarily to rural hospitals, and also to hospitals with Emergency Departments and trauma centers across the State to assist these facilities in managing their uncompensated care costs.

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<sup>1</sup> These are children currently enrolled in SOBRA 0-5 who turn 6. The income limit for SOBRA children ages 0-5 is 133% FPL; the income limit for SOBRA children who turn 6 is 100% FPL.