Hospital Assessment Public Comments

Numb:	**Date/ Commentor:**	**Comment:**	**Response:**
1.	01/10/14 Jason Bezozo Banner Health	R9-22-730 The proposed model unfairly excludes from the assessment a number of hospitals that benefit from the restoration and expansion of AHCCCS coverage while including some hospitals in the assessment that will not benefit from the restoration and expansion. Exclusion of one hospital because of its high percentage of Medicare discharges. applies only to one hospital located in Phoenix. The requirements for a qualifying hospital to be located in a city of one million and for 15 percent of its inpatient days ("on average", whatever that may mean) be attributed to out –of –state patients seem at best anachronistic when considering: (a) the long-term nature of the statewide assessment; and (b) the intended use of the resulting funds to support the wholesale restoration and expansion of a portion of the AHCCCS program. Banner believe the exclusion as drafted unjustly favors a single high-volume Medicare provider over other hospitals that serve significantly higher volumes of elderly patients. Particularly the requirement for a specified percentage of non-Arizona discharges, arbitrarily and capriciously exempts one high-volume Medicare provider. The current design results in an exclusion for one hospital in one city of the state that barely meets the Medicare volume threshold, resulting in a significant gain on the assessment for that hospital, and forcing at least three others with much higher percentages of Medicare volumes to pay the highest assessment rates, resulting in significant losses. Banner is requesting that AHCCCS modify the exclusion to (a) make it better suited for a statewide assessment design, and (b) avoid the disparate and inequitable treatment of other high-volume Medicare hospitals. Specifically (a) expand the location requirement to include hospitals in	The only comments received on the proposed rule were received from Banner Health System which was a member of the stakeholder group that provided input on the design of the assessment. AHCCCS established a robust stakeholder participation process in which the workgroup was provided an opportunity to review and consider all suggested modifications to the assessment. On January 10, 2014, shortly before the close of the comment period, Banner submitted as comments on the proposed rules, a copy of comments that were provided in September of 2013, as part of that workgroup. Those comments were considered prior to publication of the proposed rule. AHCCCS understands the objection to be, in essense, that certain individual hospitals in the Banner Health System are not treated similar to other hospitals which Banner believes to be similarly situated. As part of its statutory requirements, the AHCCCS Administration was charged with designing an assessment that ensured that the costs of the assessment were not passed on to patients or other health care payors. As part of its efforts to do so, AHCCCS adopted as a guiding principle that it would make its best efforts to implement an assessment that minimized the negative impact to hospital systems – not individual hospitals. Banner Health Systems, viewed as a single entity rather than as individual hospitals, is not negatively impacted by the assessment. In addition, the statute requires AHCCCS to establish an assessment that meets federal requirements for the use of an assessment on providers as the basis for the funding of Medicaid services. AHCCCS was required to submit to the federal government an analysis of the sources and expected benefits of increased Medicaid payments. In summary, the assessment paid by hospitals and additional payments made by AHCCCS to hospitals must not be correlated beyond a degree set forth in federal regulations. Recently, AHCCCS received federal approval for the assessment described in this rule. Modification of the assessment at this point would require additional analysis by AHCCCS and further review and approval by the federal government. This would cause an unacceptable delay in the implementation

		unincorporated areas; (b) eliminate the out-of-state requirement; (c) maintain the minimum qualifying threshold of 50 percent Medicare volume; and (d) require an additional minimum qualifying threshold of 5,000 Medicare cases, in recognition of the burden borne by other high-volume Medicare hospitals.	of the assessment. AHCCCS has made a commitment to the stakeholder hospitals to review the assessment rates and the assessment methodologies on an on-going basis in order to ensure to the greatest extent possible that the amounts expected to be collected by the assessment are adequate to meet – but not exceed – the cost of the populations described in statute as funded by the assessment. Because the changes suggested in this comment would have significant impacts on other hospitals, AHCCCS believes it is most appropriate to address it through the stakeholder process as we develop the rates for the next rate period. While AHCCCS will consider the suggestions of Banner Health Systems and other stakeholders as part of future revisions to the assessment rule, AHCCCS has chosen to move forward with the proposed rule to achieve implementation consistent with statutory requirements.