



Hospital Assessment/HEALTHII Workgroup

May 14, 2021

HCIF Collection Update

- After reviewing more current expenditure data, and in consideration of your feedback, AHCCCS has determined that it will maintain the current collection amount in QESep21. This amount reflects the enhanced FMAP.
- The QEDec21 the Health Care Investment Fund (HCIF) will be assessed at the regular FMAP rate.
 - Currently, the public health emergency (PHE) ends in July. Therefore, the enhanced FMAP ends 9/30/21 unless the PHE is extended.
 - The rulemaking exemption for HCIF is only for first year. AHCCCS must submit proposed rule for QEDec21 no later than 7/16/21.

Feedback/Questions Received

In addition to retaining the same cost-based HEALTHII payment methodology for FFY 2022, the Health Services Alliance of Arizona (HSAA) strongly recommends increasing the HEALTHII payment pool for FFY 2022 by making simple adjustments to the current cost-based payment methodology that CMS has already approved. Specifically, AHCCCS could support an increase to the FFY 2022 HEALTHII payment pool by:

- 1) adding an annual inflation adjustment to the same Medicaid cost data AHCCCS used to support the HEALTHII pay pool for FFY 2021, and
- 2) increasing the FFY 2022 target HEALTHII pay-to-cost ratios for all hospital classes to 110 percent. This approach would be more expedient and less administratively burdensome than other options for increasing the FFY 2022 HEALTHII payment pool, (such as an ACR methodology).

AHCCCS Response

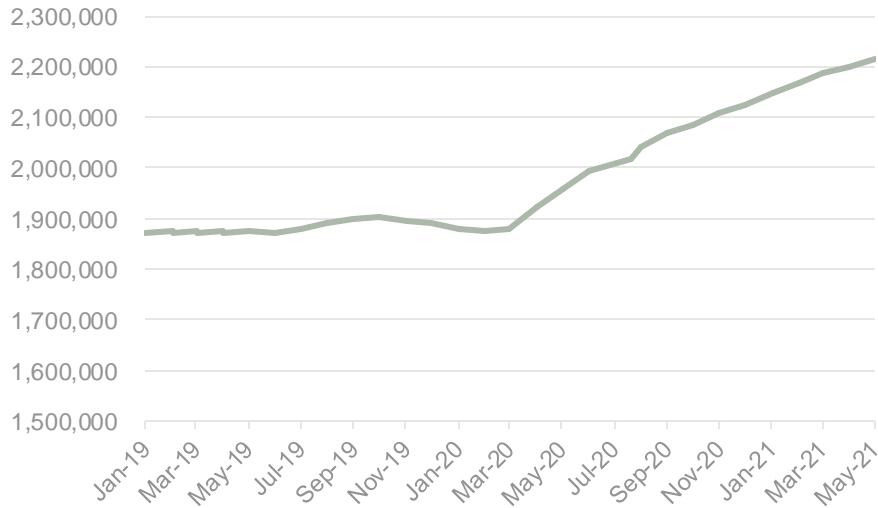
- The HEALTHII program became effective a little over six months ago and AHCCCS has not yet been able to evaluate its impact. Given this, AHCCCS intends to keep the program largely unchanged for FFY 22.
- However, due to feedback, the updated model includes an additional 5 percent increase in HEALTHII payments since the 3/30 model.

Feedback/Questions Received

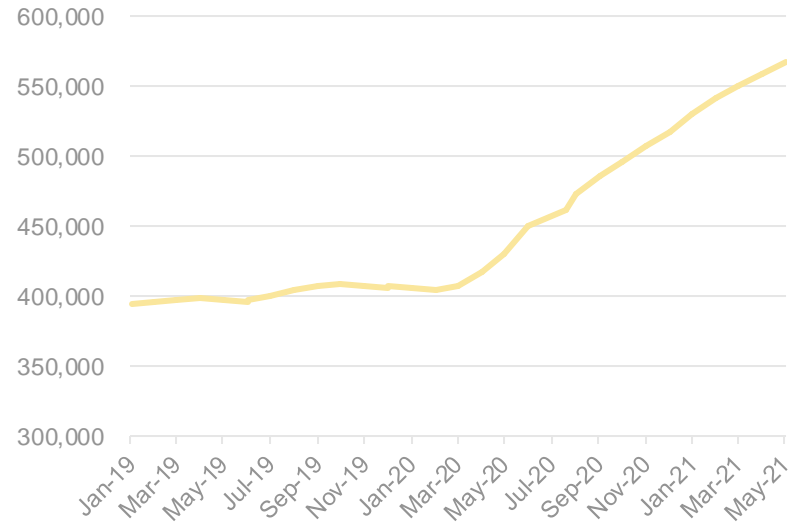
- The Alliance supports AHCCCS' decision to abide by the HCIF authorizing statute, which was intended to protect hospitals subject to the assessment, by limiting the set-aside for practitioner rate increases to the lesser of \$70.5 million or 20 percent of the assessment funds. (HSAA)
- The Alliance supports AHCCCS' decision to evaluate incremental quality or value-based purchasing payment opportunities that will "supplement, not supplant," HEALTHII payments to hospitals. (HSAA)
- The Alliance supports AHCCCS' decision to collect the June 2021 assessment based on the enhanced FMAP and reevaluate required assessment amounts for future quarters to ensure assessment fund balances do not exceed the level needed to prevent disruptions to the HEALTH II payment program. (HSAA)

Enrollment Update

Total Enrollment Jan 2019 - May 2021



NEA + ESA Enrollment Jan 2019 - May 2021



AHCCCS Enrollment

- Since March 2020, overall enrollment has increased by 18 percent or 338,200 members.
 - o Expansion State Adults (up to 100 percent) are up by 25.8 percent or 85,600 members.
 - o Newly Eligible Adults (up to 133 percent) are up by 99.6 percent or 74,500 members.

Quality Metrics Update

- AHCCCS does not intend to make adjustments this year.
- It has been requested that we revisit this topic and develop Medicaid specific metrics.
- AHCCCS is considering issuing a task order for this project and having workgroup meetings in the fall or winter.

Financial Summary

Hospital Assessment	3/30 Model	5/26 Model	Difference
HAF Assessment	\$533.6	\$533.6	\$0.0
HCIF Assessment for HEALTHII and Administrative Costs	\$349.9	\$367.3	\$17.4
HCIF Assessment for Practitioner Payments	\$70.5	\$70.5	\$0.0
Total HCIF Assessment	\$420.4	\$437.8	\$17.4
Total Assessment	\$954.0	\$971.5	\$17.5
Total modeled HEALTHII payments	\$1,297.1	\$1,362.0	\$64.9
Less HCIF Assessment	(\$420.4)	(\$437.8)	(\$17.4)
Estimated HEALTHII Net Gain	\$876.7	\$924.1	\$47.4
<i>Eff. Rate Increase</i>	35.9%	37.8%	1.9%

Tentative Timeline

- 5/26/21 Third workgroup meeting
- By 6/12/21 Model finalized
- 7/1/21 438.6(c) preprint due to CMS
- July 2021 Post proposed rule
- Sept 2021 Post final rule

Questions?