



Hospital Assessment/HEALTHII Workgroup

February 12, 2021

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 1/1/2021: 394k ESA + 137k NEA = 531k members (grew by approximately 124k 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 15th of the second month of each quarter (Feb 15, May 15, Aug 15, Nov 15)
- HCIF payments are due to AHCCCS on the 20th of the second month of each quarter (Feb 20, May 20, Aug 20, Nov 20)

HEALTHII Payments

- Hospital Enhanced Access Leading To Health Improvements Initiative (HEALTHII) payments are directed payments made to hospitals on a quarterly basis
- Over \$1.2B in total payments to be made in FFY 2021, reflecting a net benefit of \$800M (over 30% rate increase)
- 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

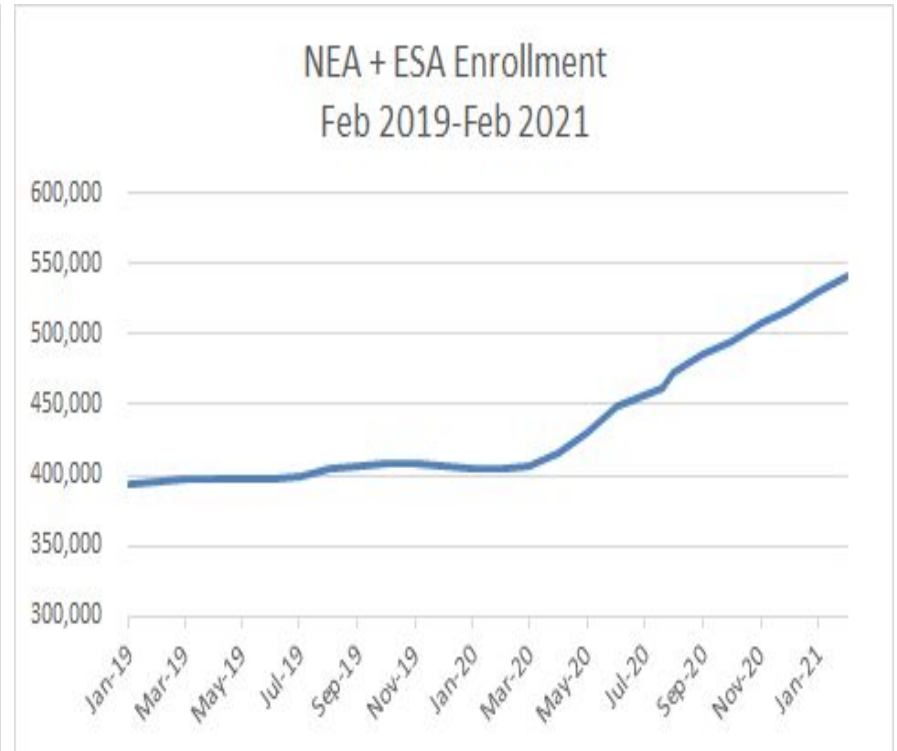
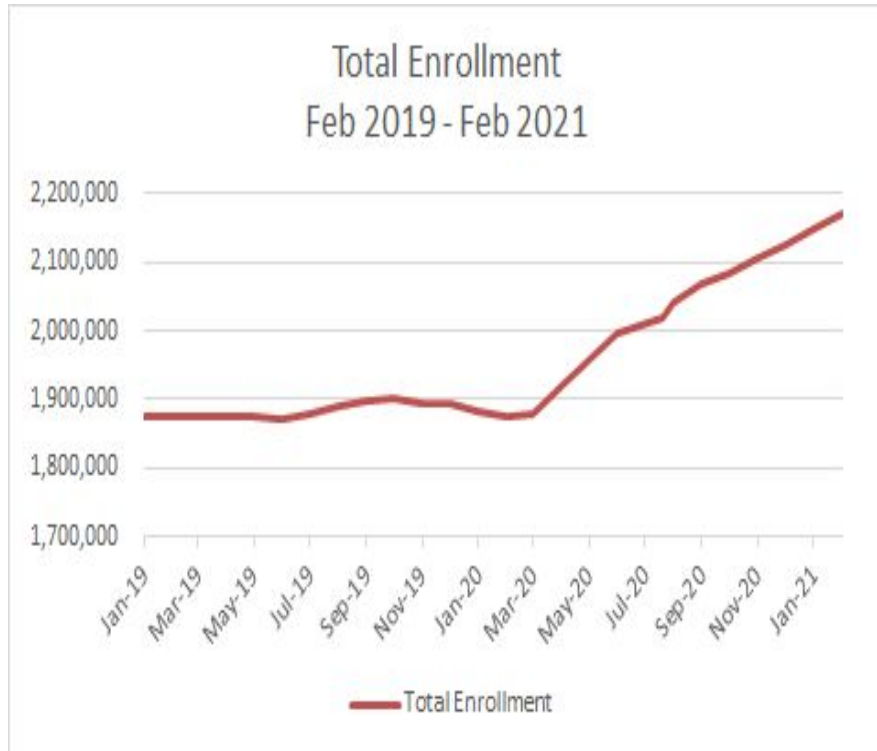
Timely HEALTHII Payments

- 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
 - Set up electronic fund transfers with health plans
 - See January 28, 2021 email for instructions

FFY 2021 HCIF Payments

- AHCCCS temporarily reduced the HCIF collection amounts in QEDec20 and QEMar21
- AHCCCS intends to collect HCIF amounts equivalent to the original estimated amounts in QEJun21 and QESep21
 - This will ensure adequate HCIF is available to provide the full State Match required to fund the physician and dental rate increases
 - In general, AHCCCS will not have available funding in other state match sources to temporarily cash flow these expenditures.

Enrollment Feb 2019-2021



AHCCCS Enrollment

- Since February 2020, overall enrollment has increased by 15.6% or 292,903 members
 - o Expansion State Adults (up to 100%) are up by 21.1% or 69,807 members
 - o Newly Eligible Adults (up to 133%) are up by 89.7% or 66,765 members

FFY 2022 Forecasts

- Enrollment has grown by 293K from 2/1/20 to 2/1/21
- 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 6 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 for at least the remainder of CY 2021

FFY 2022 Updates

- Preliminary modeling assumes HAF Assessment remains at \$533.5M; this will be updated based on enrollment and expenditure forecasts
- HCIF Assessment adjusted to include growth and new hospitals
- Assumes regular FMAP
 - AHCCCS will continue to review each quarter and may adjust
- HEALTHII payments adjusted to include new hospitals
- Updating model so that payments based on data through 12/31/19
- AHCCCS continues to review enrollment growth and may adjust HAF Assessment

Financial Summary

Hospital Assessment	FFY 2021	FFY 2022	Difference
HAF Assessment	\$533.5	\$533.5	\$0.0
HCIF Assessment for HEALTHII and Administrative Costs	\$302.8	\$347.1	\$44.3
HCIF Assessment for Practitioner Payments	\$70.4	\$75.1	\$4.7
Total HCIF Assessment	\$373.2	\$422.1	\$48.9
Total Assessment	\$906.8	\$955.7	\$48.9
Total modeled HEALTHII payments	\$1,275.5	\$1,302.2	\$26.7
Less HCIF Assessment	(\$373.2)	(\$422.1)	(\$48.9)
Estimated HEALTHII Net Gain	\$902.3	\$880.1	\$(22.2)
<i>Eff. Rate Increase</i>	<i>38.0%</i>	<i>36.0%</i>	<i>(2.0)%</i>

Quality Measures- Inpatient

Measure Name	Data Collection Methodology
Hospital Consumer Assessment of Healthcare Providers and Systems Survey (HCAHPS) Summary Star Rating	Facility Specific Quality Net Report Hospital Compare (Publicly Available)
Hospital-Wide All-Cause Unplanned Readmission Measure (READM-30-HWR)	Facility Specific Quality Net Report Hospital Compare (Publicly Available)

Quality Measures- Outpatient

Measure Name	Data Collection Methodology
Median Time from ED Arrival to ED Departure for Discharged ED Patients (OP-18)	Facility Specific Quality Net Report Hospital Compare (Publicly Available)
Hospital Visits after Hospital Outpatient Surgery	Facility Specific Quality Net Report Hospital Compare (Publicly Available)

Quality Measures- Inpatient Psychiatric

Measure Name	Data Collection Methodology
Follow-up after Hospitalization for Mental Illness (FUH)	Facility Specific Quality Net Report* Hospital Compare (Publicly Available)
30-Day All-Cause Unplanned Readmission Following Psychiatric Hospitalization in an Inpatient Psychiatric Facility (IPF)	Facility Specific Quality Net Report* Hospital Compare (Publicly Available)

Quality Measures- All Hospitals

Measure	Data Collection Methodology
Maintain a sufficient number of hospitals in each managed care plan's network	At the end of the contract year, AHCCCS staff will compare the percent of enrollees who do not need to travel more than 30 miles and/or 45 minutes in Maricopa and Pima counties and no more than 95 minutes or 85 miles in all other counties to the nearest network hospital relative to the percent one year prior

438.6(c) Updates

- In January, CMS released additional guidance and a new template for 438.6(c) programs
- New template includes two different sections of questions for VBP/Delivery System Reform directed payments and Fee Schedule Directed Payments
 - CMS seems to be moving more towards VBP approach
- CMS is requiring states to benchmark directed payments against a standardized measure
- For directed payments with health care provider tax/assessments, additional questions on uniformity and waivers

Tentative Timeline

- 2/12/21 First workgroup meeting
- 3/5/21 Feedback due
- 3/30/21 Second workgroup meeting
- May 2021 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?