



Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

Janice K. Brewer, Governor
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October 30, 2009

John R. Rivers, FACHE
President and Chief Executive Officer
Arizona Hospital and Healthcare Association
2901 N. Central Avenue, Suite 900
Phoenix, AZ 85012-2729

Dear John:

Pursuant to Arizona Administrative Code, R9-22-712.40 and R9-22-701, AHCCCS is beginning the rebase of the Outpatient Fee Schedule (OPFS). Overall, the rebased OPFS will be budget-neutral for the State. We expect that hospital outcomes will vary and we anticipate having individual hospital projections available in the spring of 2010.

AHCCCS welcomes stakeholder input in this effort. At any time, correspondence regarding the OPFS can be sent to Jean Ellen Schulik at JeanEllen.Schulik@azahcccs.gov. Additionally, AHCCCS will be seeking stakeholder input as part of the formal process at a later date. That date will be sent to AzHHA and posted on the AHCCCS website once it is scheduled.

Because peer group modifiers (PGMs) are implicitly linked to the fee schedule, PGM percentages will be analyzed as part of this rebase. Any changes to PGM percentages will necessitate a Rule change before the rebased fee schedule can be implemented.

As you know, changes to the Arizona Administrative Code take an average of nine months from submission to promulgation. Since the rate analysis has not yet begun, it is not feasible for AHCCCS to submit a Proposed Rule until approximately mid-2010. Therefore, AHCCCS does not expect that the new fee schedule and associated PGMs will be effective until October 1, 2011. If an interested stakeholder would like to pursue rule exemption language in the 2010 Legislative Session, it should be possible to implement the new fee schedule and PGM percentages for October 1, 2010.

Please do not hesitate to contact me at shelli.silver@azahcccs.gov or (602) 417-4647 if you have any comments or questions.

Sincerely,

Shelli Silver
Assistant Director
Division of Health Care Management

c: Anthony Rodgers
Tom Betlach
Jean Ellen Schulik