

Historical Impact of AHCCCS Rate Cuts on Hospitals

Note	Description	Dollar Amount	Percentage
(1)	AHCCCS FFY 2011 Inpatient and Outpatient Payments	2,398,147,831	
(2)	Estimated 2010 impact of Outlier Model Change	82,700,000	
(3)	Rate Increases that were eliminated:		
(a)	10/1/2008		3.6%
(b)	10/1/2009		2.1%
(c)	10/1/2010		2.6%
(d)	10/1/2011		3.0%
(e)	10/1/2012		2.6%
(f)	10/1/2013		2.5%
(g)	10/1/2014		2.9%
(g)	Cumulative Lost Rate Increases		21.0%
(4)	Impact of eliminating rate increases on hospital payments	502,751,348	
(5)	October 2010 5 percent rate cut impact	119,907,392	
(5)	April 2011, 5 percent rate cut impact	119,907,392	
(6)	Impact of imposing 25 day limit effective 10/1/2011	77,817,532	
(7)	State Funded DSH reduction	16,862,200	
(8)	CAH Payment Increase	(8,800,000)	
(9)	Total Reductions	911,145,864	
(10)	Percentage impact on 2014 payments		38%
(11)	State General fund saving	287,275,405	

Table Notes

- (1) Figure is the sum of *AHCCCS Inpatient and Outpatient Payments 2011* located on the AHCCCS website on 2/9/15: <http://www.azahcccs.gov/commercial/HospitalSupplements/HospitalSupplements.aspx>.
- (2) *AHCCCS Outlier Report to JLBC (November 2006)* projects 2010 expenditures at \$253.4M without the Outlier change, and \$170.7M with the Outlier change, resulting in the \$82.7M reported in the schedule.
- (3) The rate increases that the hospitals have foregone is from the CMS website on 2/10/15, the section titled actual regulation market basket updates. Hospitals used to receive these until 10/1/2008 when they were eliminated because of state budget issues.
- (4) The figure is the product of (2) and (3)(g)
- (5) The figure is the product of 5% and (1)
- (6) Figures provided by AHCCCS in personal correspondence with AzHHHA
- (7) AHCCCS provides historical DSH payments at the hospital level. In 2009, DSH payments from AHCCCS were 26.1M. In 2011, DSH payments from AHCCCS dropped to \$9.3M.
- (8) AHCCCS estimate of the impact of the 2015 increase in CAH payments to hospitals
- (9) This figure is the sum of (4) - (7)
- (10) This figure is the ratio of (8) divided by (1)
- (11) The state federal assistance Medicaid Percentage (FMAP) for 2015 is 68.46%. Accordingly the state match is 31.54%. This figure is multiplied by the total reductions to estimate the annual state impact