



Acting Director Carmen Heredia
AHCCCS
801 E. Jefferson
Phoenix, Arizona 85034

March 5, 2023

Dear Acting Director Heredia:

Thank you for the opportunity to comment on the AHCCCS Administration's CYE 2024 Differential Adjusted Payment (DAP) Preliminary Public Notice. I am responding on behalf of the Arizona Hospital and Healthcare Association (AzHHA). AzHHA is a statewide association of more than 75 hospital, healthcare and affiliated health system members, representing short-term acute care, behavioral health, post-acute care and critical access hospitals, as well as their affiliated clinics and staff.

The DAP payments have resulted in significant progress, especially with reporting information to the state's health information exchange (HIE), and we believe that continued progress is important for advancing equity of care. Overall, AzHHA strongly supports these payments, but we have several recommendations regarding the proposed CYE 2024 differential adjusted payments.

Overall Payment Rate

The most common feedback we received from our hospitals is the large decrease in potential payments for hospitals in CYE 2024. Hospitals subject to APR-DRG Reimbursement, Critical Access Hospitals (CAHs), Other Hospitals and Inpatient Facilities, and Indian Health Services and 638 Tribally Owned and/or Operated Facilities all face a potential cut of 0.75 percentage points in payments for CYE 2024.

Over the past year, hospitals have faced a profound financial toll, with hospitals experiencing continued increases in expenses and a large percentage experiencing negative operating margins. National [data](#) shows that average operating margins have ranged from (0.7)% to (3.6)% in 2022. AzHHA members have [reported](#), on average, negative operating margins ranging from (0.5)% to (5.7)% in each quarter in 2022. Expense pressures are unlikely to recede anytime soon, and hospitals are concerned that reducing DAP payments at this time could put additional financial pressures on these hospitals and ultimately impact access to care. Therefore, we urge AHCCCS not lower DAP payments for hospitals in the upcoming year.

Arizona Health Directives Registry

Overall, AzHHA strongly supports including the Arizona Health Directives Registry (AzHDR) in the DAP program so that patient wishes are more easily accessed and able to be honored in an emergency. However, we urge AHCCCS to reconsider the “one-size fits all” approach for all types of hospitals. While requiring at least ten patient document uploads or queries each month would be reasonable for hospitals subject to APR-DRG reimbursement, this requirement could be challenging to meet for other types of hospitals. For example, according to the 2021 Uniform Accounting Reports, Avenir Behavioral Health Center (a behavioral health hospital) had 883 patient admissions, Rehabilitation Hospital of Northern Arizona (a rehabilitation hospital) had 636 patient admissions and Select Specialty Hospital-Tucson Northwest (a long-term acute care hospital) had 122 patient admissions. Meanwhile, in 2021, Northern Cochise Community Hospital (a CAH) had only 25 patient admissions, 49 outpatient surgeries and 3,108 total emergency department visits.

Based on this data, some of these hospitals may not receive ten new admissions each month. Even when they do, it may not always be logical or feasible to query or upload information for ten patients every month. Of these patients, those under age 18 will not have advance directives and others would be the same patient visiting the hospital multiple times. Some of these patients would indicate verbally that they do not have an advance directive, in which case it would not be necessary to query the information. When visits take place in the emergency department, providers will not always have the time to discuss signing advance directives if a patient has not already done so, and some patients may not be interested in completing them during their visit. Moreover, in smaller hospitals, there may be only one person who is trained on this initiative. If they resign, it may not be possible to train a new person and meet that requirement every month. Therefore, we recommend re-evaluating this requirement for smaller sized hospitals and using the average number per month rather than a minimum number each month.

Similar challenges will exist for some Indian Health Services and 638 Tribally Owned and/or Operated Facilities, some of which are also classified as Critical Access Hospitals. This is also a sensitive topic for many Native Americans and may be more challenging for Indian Health Services and 638 Tribally Owned and/or Operated Facilities to meet this requirement.

Finally, we believe that AHCCCS is missing an important opportunity for physicians, physician assistants, nurse practitioners, and those practicing at a federally qualified health center or rural health center to discuss advanced care directives with patients and upload the directives into the registry. We encourage AHCCCS to consider adding this as a DAP metric for these providers either in the upcoming year or future years.

Social Determinants of Health (SDOH) Closed Loop Referral Platform

AzHHA also strongly supports DAP payments for the SDOH closed loop referral platform, but we have two concerns that we are hoping will be addressed in the final rule. Similar to our comments on the AzHDR, we believe that a “one-size fits all” approach is not appropriate for all types of hospitals, and this approach should be re-evaluated. In order to participate with the

CommunityCares screening tool, patients need to sign that they agree to be referred to services. Certain cultures are less likely to be willing to sign something and may not feel comfortable receiving services. Some rural areas have fewer services in the immediate areas and lack transportation to obtain services in other locations. This could discourage providers from referring services. Given these concerns, AzHHA recommends that AHCCCS adjust this number for smaller hospitals, especially those located in rural areas.

Finally, some hospitals (in both urban and rural areas) have also expressed concern about the need to “utilize the social needs screening tool in CommunityCares”. While they believe it is appropriate to facilitate the referrals in CommunityCares, their workflow already includes utilizing a superb screening tool in their current electronic health record, and they would like to retain the ability to utilize their existing screening tool. These hospitals recommend changing this requirement to state: “This will be measured by facilitating at least 10 referrals per month in CommunityCares.”

Once again, we thank you for your consideration of this request. Please do not hesitate to contact me if you have any questions or would like to discuss this in more detail.

Sincerely,

A handwritten signature in cursive script that reads "Amy Upston".

Amy Upston
Director of Financial Policy and Reimbursement

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