



March 1, 2024

Carmen Heredia  
Cabinet Executive Officer and Executive Deputy Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

Dear Director Heredia:

Thank you for the opportunity to comment on the AHCCCS Administration's CYE 2025 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 DAP payments, but we are particularly concerned about the removal of the Inpatient Psychiatric Facility Quality Reporting Program DAP initiative. We also have some suggested improvements on other initiatives. Please find our comments below.

Inpatient Psychiatric Facility Quality Reporting (IPFQR) Program

While the Preliminary Public Notice includes a 0.5% reduction for most hospitals, it also includes an additional 2.0% reduction for behavioral health hospitals due to the elimination of the IPFQR program initiative. The IPFQR program initiative reduction will result in decreased payments of more than \$5 million to behavioral health facilities at a time when there is a behavioral health crisis in the state of Arizona, and reimbursement has not kept up with inflation. Continued funding reductions puts an already taxed system at further risk. This could result in decreased beds due to lack of operational resources, decreased quality and specialty programs that require niche training and offerings, ED boarding, and heavier burden on SMI teams unable to place patients for acute stabilization.

While AzHHA greatly appreciates the increases that have resulted from supplemental payments, the increases do not offset the increased costs. For example, one hospital has reported that since 2018, they have seen a 42% increase in salaries, 70% in professional fees, and 10% in food costs.

Another reports a 29% increase in salaries, 25% in provider fees, and 34% in food costs. However, unlike urban acute care hospitals, they have not received HEALTHII payment increases sufficient to offset the increase in costs.

**If AHCCCS believes that the IPFQR program has outlived its usefulness, we encourage AHCCCS to either replace this with a more effective initiative, or at least phase it out over a few years.** We also once again reiterate our request to have an ongoing quality workgroup which will bring together experts and help AHCCCS develop a long-term quality initiative strategy.

#### Crisis Bed Registry

AzHHA is extremely supportive of the Crisis Bed Registry DAP initiative, and recommends opening it up to behavioral health hospitals, a vital component for crisis stabilization. Currently, the initiative is limited to those who submitted an executed Statement of Work (SOW) by December 31, 2022 which excludes a number of behavioral health hospitals which would like to be part of this initiative. **AHCCCS could consider adjusting the timing of the SOW for the Crisis Bed Registry to April 1, 2024 or later and adjust the milestones so more behavioral health hospitals could participate in this initiative.**

#### Social Determinants of Health (SDOH) Closed Loop Referral Platform

While AzHHA supports DAP payments for the SDOH closed loop referral platform, we would like to reiterate the same concern we shared last year regarding the “one-size fits all” approach. While 10 screenings/referrals per month may make sense for larger facilities, there are at least 3 facilities, based on their 2022 Uniform Accounting Reports (UARs), which would need to screen/refer more than 33% of their patients to meet this goal, and 23 facilities that would need to screen/refer more than 10% of their patients. **Given this, we recommend that hospitals with less than 1,200 admissions that do not have an emergency department be required to screen/refer no more than 2-5% of their patients.** The admission criteria should be based on either the 2022 UARs or the most recent UAR submitted as of April 1, 2024.

Hospitals have also expressed concerns about the number of services which still need to be added to CommunityCares and other limitations with the referral platform. AzHHA hospitals are having additional conversations with Contexture in hopes of further improving the CommunityCares platform. That said, this will take time. **Therefore, we are requesting that Milestone #3 be changed to “all referrals, with or without screening in CommunityCares” to be counted toward the submission rate.** Additionally, we are requesting clarification that the referral targets are for each applicable AHCCCS facility ID, not facility location.

#### HIE Participation

We have been informed that not all hospitals utilize VPNs for exchange of information with outside parties. Instead, some utilize direct IP address to IP address information exchange. For Milestone #7 we request that additional modes of data sharing be allowed.

#### HIE Data Quality Indicators

Hospitals have also expressed concern about the large number of parameters that need to be

reviewed. Given this, they are concerned that 60 days may not be enough time to remediate any high-risk data quality issues. We recommend extending that beyond the 60-day and December 1, 2024 timeframe.

#### Overall Payment Rate

Hospitals also expressed concerns regarding the 0.5% decrease in DAP payments for most hospitals, especially given the large inflationary pressures without corresponding reimbursement. If AHCCCS is unable to continue DAP at the same level, we recommend implementing a corresponding increase for HEALTHII base payments.

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,



Amy Upston

Director of Financial Policy and Reimbursement

cc: Margaret Hackler, Value Based Purchasing Manager

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