



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

AMENDED

FACT SHEET FOR H.B. 2534

AHCCCS; payment methodology

Purpose

Requires the Arizona Health Care Cost Containment System (AHCCCS) Administration (Administration) to obtain legislative approval before adopting a hospital reimbursement methodology for inpatient services beginning October 1, 2013 and to establish workgroups to provide input on a new payment methodology.

Background

AHCCCS was originally established in 1981 as Arizona's Medicaid program to provide health insurance coverage for low-income individuals and families who meet specified eligibility requirements. In administering the state Medicaid program, one of AHCCCS' duties is to adopt rules for the reimbursement of hospitals for inpatient stays.

Current law requires AHCCCS to reimburse hospitals for inpatient services using a prospective tiered per diem methodology. In using this methodology, AHCCCS reimburses hospitals based on the number of days a patient is in the hospital, taking into account other prescribed factors.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Stipulates the current methodology (prospective tiered per diem) used for reimbursing hospitals for inpatient services shall continue in effect through September 30, 2013.
2. Requires the Administration to obtain legislative approval before adopting a hospital reimbursement methodology consistent with Title XIX of the Social Security Act for inpatient dates of service on and after October 1, 2013.
3. Eliminates provisions relating to the reimbursement methodology of inpatient and outpatient hospital services prior to March 1, 1993.
4. Specifies that AHCCCS' requirement to annually adjust tiered per diem rates effective for inpatient care ended September 30, 2011.

5. Requires the Administration to establish workgroups to study and provide input on a new inpatient payment methodology and prescribes workgroup membership.
6. States that before the effective date of a new or amended rule on a new inpatient payment methodology, the Director of AHCCCS shall provide for public hearings in both rural and critical access hospital communities on the proposed rule.
7. Changes *Veterans Administration* to *United States Department of Veterans Affairs*.
8. Makes numerous technical and conforming changes.
9. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Requires the Administration to obtain legislative approval before adopting a hospital reimbursement methodology consistent with Title XIX of the Social Security Act for inpatient dates of service effective October 1, 2013.
2. Requires the Administration to establish workgroups to study and provide input on a new payment methodology and prescribes workgroup membership.
3. Removes the exemption from rule making and states that before the effective date of a new or amended rule on a new inpatient payment methodology, the Director of AHCCCS shall provide for public hearings in both rural and critical access hospital communities on the proposed rule.

Amendments Adopted by the Committee of the Whole

- Clarifies that the established workgroups must study and provide input on a new *inpatient* payment methodology.

House Action

HHS 2/1/12 DPA 7-0-0-2-0
3rd Read 2/29/12 54-0-5-0-1

Senate Action

HMLR 3/14/12 DPA 6-0-0-0-0
3rd Read 3/26/12 28-0-2-0-0

Prepared by Senate Research
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MY/tf