



Phoenix Access to Care Ordinance

Keeping our Citizens and our Hospitals
Healthy

MAG Economic Development Committee
August 2013

Problem: Arizona Hospitals Facing Unsustainable Financial Pressures

- ▶ Impact of recession on state's budget and unemployment = sharp spike in hospital uncompensated costs
 - Increase in uninsured patients
- ▶ Phoenix hospitals expected to incur more than \$540 million in uncompensated costs in fiscal year 2013
 - Especially heavy burden due to their centralized geographic location and the specialized health care



Destabilizing a Major Economic Engine in Phoenix

- ▶ Arizona hospitals generate almost \$28 billion of economic activity
- ▶ Hospitals account for almost 3% of all jobs in the state
- ▶ Jobs created by hospitals in Phoenix and throughout Arizona are high-quality, pay well and provide benefits.

Current situation was putting hospitals, jobs and our health-care system at risk

Opportunity Under State Law

- ▶ In 2011, the legislature and governor created an opportunity to create economic funding pools from political subdivisions to draw down federal matching dollars
 - Gives local governments the ability to directly support hospitals in their communities
- ▶ City staff and the hospitals worked with the Arizona Health Care Cost Containment System (AHCCCS)



Solution: Access to Care Ordinance

- ▶ Create a new funding source for AHCCCS payments to acute care hospitals within the City
 - Payments based on hospitals' share of uncompensated care to uninsured and low income patients
- ▶ Payments funded by an assessment on Phoenix hospitals (6% of net inpatient revenue)
 - Exemptions for certain hospitals due to special nature
- ▶ Funds transferred to AHCCCS draw down an approximately 2-to-1 match of federal dollars
- ▶ Provider assessments are in place in almost 50 states, including Arizona

Solution: Access to Care Ordinance

- ▶ Portion of funding to support uncompensated care payments to the Maricopa Integrated Health System through existing AHCCCS program
- ▶ A percentage of the monies collected from the hospitals is being used to expand coverage in the state, primarily to help children from low income families throughout Arizona to gain insurance coverage under KidsCare, Arizona's Children's Health Insurance Program.

What the Program Will Do for the City of Phoenix:

- ▶ Bring approximately \$200 million in federal funding to the City to support uncompensated care for Phoenix residents
- ▶ Promote access to health care for residents by ensuring the financial stability of City hospitals
- ▶ Help individuals in Phoenix and across the State gain insurance coverage
- ▶ Promote economic development by protecting and expanding jobs in the health care sector

What the Phoenix Access to Care Program Does Not Do:

- ▶ No additional costs or taxes for Phoenix residents
- ▶ Costs cannot be passed onto patients, businesses or insurance carriers
- ▶ No increased spending by the City

Public Input

- ▶ Two public input meetings:
 - Sunnyslope Community Center, October 25
 - 77 attendees
 - Maryvale Community Center, October 29
 - 80 attendees
- ▶ Input via e-mail
 - 24 comments
- ▶ Overwhelmingly in support

Supported by Hospital and Business Leaders



Review and Approval Process

- ▶ Phoenix City Council Approval – December 2012
- ▶ Ordinance approved by the Municipal Tax Code Commission (MTCC) as an inclusion to the Model City Tax Code – March 2013
- ▶ Approval by CMS – April 2013
- ▶ IGA with AHCCCS – April 2013
- ▶ Initial Tax Assessment– May 2013
- ▶ First payment by AHCCCS to hospitals – June 2013
- ▶ Upcoming payments– July, September, December
- ▶ Program ends – December 2013
- ▶ Other Arizona cities underway: Mesa, Casa Grande, Globe and Tucson

Results

- ▶ Tax Assessments Collected – \$98,431,670
- ▶ Payments by AHCCCS to hospitals – \$257,992,918
- ▶ To Maricopa Integrated Health System – \$5,925,000
- ▶ AHCCCS Expansion – \$3,940,550
 - Up to 33,191 kids
 - Up to 13,000 parents
- ▶ Future payments– September, December
- ▶ Program ends – December 2013