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*Via E-mail*

March 21, 2008

Mr. Anthony Rodgers  
Director  
Arizona Health Care Cost Containment System  
701 E. Jefferson Street  
Phoenix, AZ 85034

**RE: 2007 Cost Report**

Dear Director Rodgers:

Milliman Inc. (Milliman) was retained by the Arizona Health Care Cost Containment System (AHCCCS) to develop a comparison of AHCCCS inpatient and outpatient payment rates to the costs actually incurred by hospitals in providing such services. This is an update to a similar study AHCCCS retained us to do in 2002, although that previous study focused exclusively on inpatient costs.

In the course of this engagement, we have worked closely with AHCCCS staff and the Hospital Workgroup for the purpose of providing oversight and guidance to issues surrounding this analysis. The Hospital Workgroup consisted of representatives from a number of Arizona hospitals, ranging from large urban tertiary facilities to small rural community hospitals as well as representatives from the Arizona Hospital and Healthcare Association (AzHHA).

One of the key issues in this analysis was measuring cost: there is no standard, accepted way of calculating the costs a hospital incurs when it provides care to a specific patient. Working with AHCCCS staff and representatives from hospital facilities around the state, we have devised a methodology to estimate hospitals' costs for the AHCCCS patients they serve. The details of the methodology are discussed later in this report.

In our analysis, we measured costs two different ways: (1) only those costs permitted in the Medicare cost reports and (2) Medicare disallowed costs added back in. We have defined facility reimbursement two different ways: (1) AHCCCS per diem and outlier payments, and (2) other supplemental payments in addition to the per diem and outlier payments. These "supplemental payments" include:



- Disproportionate Share
- Critical Access
- Rural Hospital Inpatient Fund
- Prop 202 Emergency Department Funds
- Trauma payments
- Graduate Medical Education (included only when Medicare disallowable costs are included)

## **Important Caveats**

### Data Reliance

In the course of this engagement we have relied on data provided to us by AHCCCS, as well as data from Arizona hospitals and publicly available data from CMS. We have performed no independent audit of the data we received. To the extent that the data we received is inaccurate or incomplete, the results of our analyses will also be inaccurate or incomplete.

### Data Confidentiality

All data provided by the facilities in this analysis has been treated as confidential. While the data is publicly available data, this report does not present any results that are explicitly identifiable to any individual hospital. However, detailed models have been provided to AHCCCS and AzHHA which we understand may be shared with the individual facilities. We present results at a summary level only, in total and for certain broad subcategories of hospitals (rural vs. urban, for example).

### Limitations on Distribution

Milliman understands that this report may be publicly distributed. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Other parties may wish to consult with experts trained in actuarial and financial analysis when reviewing this report. Thus, the report should only be reviewed in its entirety. This report assumes that the reader is familiar with the Arizona Health Care Cost Containment System acute care programs – their eligibility, covered services, administration and other factors; hospital reimbursement methodologies and general statistical methods.

## **Summary of Results**

There has been discussion with AHCCCS and AzHHA regarding which hospitals should be included in this study. In the final analysis, we settled on three different hospital inclusion scenarios, and we present the results separately for each:

- The scenarios start with all facilities in the state except for specialty hospitals, rehab facilities, and new facilities (hospitals with no cost reports or insufficient paid claim data). All remaining hospitals in the state were included; this includes 60 facilities. The detailed listing of facilities in the full analysis is provided in Attachment 1. (Note that this scenario includes 45 hospitals when the cost calculation includes the Medicare disallowables. This is due to the nature of the disallowable cost calculation and data provided by the facilities – this is discussed in more detail below.)
- Additionally, we consider scenarios where five hospitals that opened since 2003 are excluded. The purpose of this exclusion is that start-up costs for newer facilities can be significant and tend to be front-loaded which could be reflected in the cost-to-charge calculations.
- Finally the results are shown excluding one facility that showed results that appeared to be anomalous.

These scenarios resulted in 5 models considered by the workgroup:

- Model 1 – Medicare Disallowed Costs Excluded, Exclude New Facilities and Anomaly
- Model 2 – Medicare Disallowed Costs Excluded, Exclude New Facilities
- Model 3 – Medicare Disallowed Costs Excluded, All Facilities
- Model 4 – Medicare Disallowed Costs Included, Exclude New Facilities
- Model 5 – Medicare Disallowed Costs Included, All Facilities

The table below provides the percentage of cost coverage for each model (AHCCCS payments divided by cost). The cost coverage percentages included in Table 1 reflect all sources of reimbursement from AHCCCS.

**Table 1**  
**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM**  
**Summary of Cost Coverage: All Facilities**

Model	Facilities in Model	Service Type		
		Inpatient	Outpatient	Total
Model 1	54	94.3%	106.6%	96.6%
Model 2	55	93.2%	106.3%	95.6%
Model 3	60	91.4%	98.9%	92.9%
Model 4	41	87.8%	93.1%	88.8%
Model 5	45	87.0%	92.9%	88.1%

The technical details described in this report – in particular, our discussion on estimating cost – should be understood by any reader before drawing conclusions based on the results we have shown.

## **Methodology**

### *Overall Approach*

Measuring a hospital's costs related to specific populations is difficult. There is no standard, accepted way of calculating the costs a hospital incurs when it provides care to a specific patient (e.g., a Medicare patient, an AHCCCS patient, etc.), and most hospitals do not even calculate their costs on a patient-specific basis.

Working with AHCCCS staff and the Hospital Workgroup, we devised a methodology to estimate hospitals' costs for the AHCCCS patients they serve. The methodology uses data from the Medicare Cost Reports as the base for the analysis. Hospitals report their costs and billed charges in the Medicare cost reports on a departmental basis for all patients they serve (not just Medicare patients). From these reports we can determine the "Cost to Charge Ratio" (CCR) for each department within each facility.

These CCRs are applied, after some necessary modification, to AHCCCS encounter data to estimate hospital costs for AHCCCS inpatient admissions and outpatient services. A modification is necessary because the AHCCCS database captures information on inpatient stays by revenue code (standard hospital inpatient billing codes), but not by hospital department as defined in the Medicare Cost Reports. Therefore, it is necessary to convert the departmental-based CCRs (from the Cost Reports) to revenue-code based CCRs using an algorithm or "crosswalk".

In our previous 2002 study, we used existing crosswalks that had been determined during the 1998 inpatient rebase. However, these crosswalks have not been updated and were determined to be too old to be used in this study. As a result, we needed to develop a new set of crosswalks. Our approach was to first produce a single crosswalk loosely based on the Medicare department groupings, expanded to more accurately reflect more detailed outpatient cost centers. This standard crosswalk was reviewed by the workgroup and then communicated to all hospitals in the state. Each facility was given the opportunity to modify the standard crosswalk to better reflect their facilities' own cost structure. In the end, most facilities did submit modified crosswalks for at least some revenue codes. All modifications were accepted at face value without audit. None of the modifications unreasonably affected the hospital cost calculations, however.

Once the crosswalks were established, we calculated "converted" CCRs, using cost-center CCRs from the cost reports to arrive at revenue-code CCRs. We then multiply these "converted" CCRs to billed charge data in the AHCCCS database to arrive at an estimated cost for each AHCCCS admission or outpatient service. The calculated cost is the sum of the costs

for each revenue code for which the hospital reported billed charges; the cost for each revenue code is equal to the billed charges times the CCR for that code.

This methodology provides a number of advantages in estimating the costs hospitals actually incur in serving AHCCCS patients:

- Each hospital's unique cost structure is reflected; we are not using the same set of cost to charge ratios for all hospitals.
- The use of CCRs at the revenue code level allows us to more accurately estimate costs for AHCCCS patients. Because hospital CCRs can vary substantially from one department to another, and because AHCCCS patients will tend to use a different mix of services and departments than do Commercial and Medicare populations, this is an important consideration.
- All hospitals already produce Medicare cost reports; no additional work was required on the part of the participating hospitals.
- Medicare cost reports are the closest thing to a standardized hospital cost report that exists. All hospitals are required to calculate costs following the same set of rules and guidelines.

While we believe that this approach is the best possible, given time constraints and data availability, it is important to note that we are only estimating the costs associated with AHCCCS patients.

An important issue in this study is the definition of "cost"; specifically, what costs should be included and excluded from the definition. The Medicare Costs Reports do not permit a hospital to claim certain items as costs. Examples of excluded costs are telephone, television, and gift shops among others. (Note also that AHCCCS staff has indicated that AHCCCS is not permitted, by law, to pay hospitals for these costs.) However, AHCCCS directed us to measure costs two ways, including and excluding Medicare disallowed costs.

The working group developed the methodology which required full Medicare cost reports. The detailed steps of this approach are provided in Attachment 2. The methodology required that hospitals submit detailed data to Milliman and over 75% of hospitals statewide provided us with this data.

#### *Data Received*

Initially, we obtained Medicare cost reports that are available for all facilities from the CMS website. These cost reports are limited in nature and do not provide the full detail and schedules needed to make the disallowed cost adjustment, but are sufficient to complete the study excluding the disallowed costs. To include the disallowed costs, we needed the full cost reports from the facilities. These were provided in the "Electronic Cost Report" or "EC" format,

and, as noted above, were received from over 75% of Arizona hospitals. We used the 2006 cost reports – audited if available, unaudited if not.

We also received from AHCCCS their inpatient and outpatient claims database. This database captures detailed information on all hospital services provided to AHCCCS members during calendar year 2006. In particular, as noted in the description of our methodology above, the database included billed hospital charges, by hospital billing revenue code, for each patient.

There were some adjustments that were made to the data. First, there are claims in the data that were from the dual-eligible (Medicare and Medicaid) population. In these cases, Medicare is usually the primary payer, and AHCCCS pays only the Medicare deductibles and/or coinsurance portion of the claim. Because AHCCCS is the secondary payer, it is not appropriate to include these claims in this study. These claims were removed if they met either of two criteria: (1) Medicare eligibility file provided by AHCCCS indicated claim occurred during a period of Medicare eligibility, or (2) if there are any Medicare payments recorded on the claims data.

Additionally, there are other cases where AHCCCS may not be the primary payer on a hospital claim (for example, third party liability). Like the dual eligible claims, these claims also needed to be removed from the claims data. Our approach was to calculate the effective per diem for each inpatient claim: if the claim had a per diem less than \$500, it was assumed that AHCCCS was not the primary payer and the claim was excluded from our analysis.

### **Description of Attachments**

Detailed results for each model are provided in Attachment 3. These attachments contain summarized results based on the following groupings of facilities:

- Total
- Urban/Rural (Maricopa/Pima)
- Trauma/Non-Trauma
- Teaching/Non-Teaching
- Profit/Non-Profit
- Number of Beds
- NICU level

The detailed reports show separate inpatient and outpatient results. The inpatient results are shown based on only the tier/outlier payments as well as for all sources of facility reimbursement.



Anthony Rodgers  
Arizona Health Care Cost Containment System  
**RE: 2007 Cost Report**  
March 21, 2008

After reviewing this letter and attachments, feel free to give me a call with any questions at (480) 348-9020.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hendrickson".

Jonathan M. Hendrickson, FSA, MAAA  
Principal & Consulting Actuary  
JMH/pc

## Attachment 1

# Arizona Health Care Cost Containment System

2007 Cost Study

Hospitals Included in Study

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## Hospital Name

Arizona Heart Hospital  
Arrowhead Community Hospital  
Banner Baywood Heart Hospital  
Banner Baywood Medical Center  
Banner Desert Medical Center  
Banner Estrella Medical Center  
Banner Good Samaritan MC  
Banner Mesa Medical Center  
Banner Thunderbird Medical Center  
Benson Hospital  
Carondelet Holy Cross Hospital  
Carondelet St. Joseph's Hospital  
Carondelet St. Mary's Hospital  
Casa Grande Regional MC  
Chandler Regional Hospital  
Cobre Valley Community Hospital  
Copper Queen Community Hospital  
Del E. Webb Memorial Hospital  
Flagstaff Medical Center  
Havasu Regional Medical Center  
John C. Lincoln - Deer Valley  
John C. Lincoln - N Mountain  
Kingman Regional Medical Center  
La Paz Regional Hospital  
Maricopa Medical Center  
Maryvale Hospital Medical Center  
Mayo Clinic Hospital  
Mesa General Hospital MC  
Mount Graham Regional Medical Center  
Navapache Regional Hospital  
Northern Cochise Community Hosp  
Northwest Medical Center  
Northwest Medical Center-Oro Valley  
Page Hospital  
Paradise Valley Hospital  
Payson Hospital Corp.  
Phoenix Baptist Hospital  
Phoenix Children's Hospital  
Phoenix Memorial Hospital  
Sage Memorial Hospital  
Scottsdale Healthcare - Osborn  
Scottsdale Healthcare - Shea  
Sierra Vista Community Hospital  
Southeast Arizona Medical Center  
St. Joseph's Hospital - Phoenix  
St. Luke's Medical Center  
Tempe St. Luke's Hospital  
Tucson Heart Hospital  
Tucson Medical Center  
University Medical Center  
University Physicians Healthcare Hospital at Kino Campus  
Verde Valley Medical Center  
Walter Boswell Memorial Hospital  
West Valley Medical Center  
Western Arizona Regional MC  
White Mountain Regional Medical Center  
Wickenburg Regional Hospital  
Winslow Memorial Hospital  
Yavapai Regional Medical Center  
Yuma Regional Medical Center

Attachment 2

**2007 Cost Study**

Medicare Disallowable Costs Capture Methodology

- I. Take the total cost allocation from worksheet B Part 1 column 25
  - a. Add back worksheet A-8-2 Column 18 all lines  $\geq 25$  to their respective cost center line numbers.
  - b. Add back worksheet A-8-2 Column 18 all lines  $< 25$  based on the percent to total for B Part 1 column 25 lines 25-94.
  - c. Add back worksheet B Part 1 column 25 line 98 based on the percent to total for B Part 1 column 25 lines 25-94.
  - d. Add back the following from worksheet A-8 (only negative adjustments).
    1. Lines  $\geq 1$  and  $\leq$  line 6 based on the percent to total for worksheet B Part 1 column 25 lines 25-94
    2. Lines  $\geq 37$  and  $\leq$  line 50 based on the percent to total for worksheet B Part 1 column 25 lines 25-94

Attachment 3

**Arizona Health Care Cost Containment System**  
2007 Cost Study

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**MODEL 1**

No Disallowed Costs, Exclude New Facilities and FMC

Hospital Name	No. of Beds	Inpatient											Outpatient						Total Cost Coverage					
		AHCCCS			Other			Total			Per Day Values			Cost Coverage		Services	Cost	AHCCCS		Per Service Values		Cost Coverage	Tier and OPFS Only	All Pymt Sources
		Admits	Days	Cost	Paid	DSH	Payments	Payments	Cost	Paid	Total Pymts	Per Diem	All Pymts	Per Diem	All Pymts			Paid	Cost	Cost	Paid			
All Facilities	54	163,451	625,910	1,035,904,653	913,965,195	29,415,080	33,496,517	976,876,793	1,655	1,460	1,561	88.2%	94.3%	3,478,729	238,861,628	254,619,947	69	73	106.6%	91.7%	96.6%			
Urban (Maricopa/Pima)	32	137,249	555,806	918,356,580	822,359,693	27,948,989	19,485,605	869,794,287	1,652	1,480	1,565	89.5%	94.7%	2,648,005	179,930,916	188,275,760	68	71	104.6%	92.0%	96.3%			
Rural	22	26,202	70,104	117,548,073	91,605,503	1,466,091	14,010,912	107,082,506	1,677	1,307	1,527	77.9%	91.1%	830,724	58,930,711	66,344,187	71	80	112.6%	89.5%	98.3%			
Trauma	6	51,782	238,105	423,414,650	375,412,973	12,002,808	18,444,980	405,860,761	1,778	1,577	1,705	88.7%	95.9%	896,112	63,524,926	64,160,433	71	72	101.0%	90.3%	96.5%			
Non-Trauma	48	111,669	387,805	612,490,003	538,552,222	17,412,272	15,051,538	571,016,032	1,579	1,389	1,472	87.9%	93.2%	2,582,617	175,336,701	190,459,514	68	74	108.6%	92.5%	96.7%			
Teaching	4	44,237	209,304	364,278,191	327,388,664	11,789,978	13,570,650	352,749,292	1,740	1,564	1,685	89.9%	96.8%	774,615	55,974,283	55,523,198	72	72	99.2%	91.1%	97.1%			
Non-Teaching	50	119,214	416,606	671,626,462	586,576,532	17,625,102	19,925,868	624,127,501	1,612	1,408	1,498	87.3%	92.9%	2,704,114	182,887,345	199,096,748	68	74	108.9%	91.9%	96.3%			
Profit	14	32,488	93,241	147,152,888	138,884,357	5,526,977	1,404,683	145,816,017	1,578	1,490	1,564	94.4%	99.1%	696,221	41,492,235	48,095,375	60	69	115.9%	99.1%	102.8%			
Non-Profit	40	130,963	532,669	888,751,765	775,080,838	23,888,103	32,091,834	831,060,776	1,668	1,455	1,560	87.2%	93.5%	2,782,508	197,369,393	206,524,572	71	74	104.6%	90.4%	95.5%			
<75 Beds	16	6,801	16,905	29,858,503	24,086,492	797,054	9,266,415	34,149,961	1,766	1,425	2,020	80.7%	114.4%	333,630	26,431,206	26,172,620	79	78	99.0%	89.3%	107.2%			
76-150	11	16,606	47,551	88,951,676	77,213,090	215,205	4,938,037	82,366,331	1,871	1,624	1,732	86.8%	92.6%	447,339	31,528,962	33,170,983	70	74	105.2%	91.6%	95.9%			
151-250	10	34,646	104,292	166,133,883	144,706,708	5,646,523	348,086	150,701,317	1,593	1,388	1,445	87.1%	90.7%	711,526	43,913,369	48,728,625	62	68	111.0%	92.1%	94.9%			
251-350	10	37,094	159,168	285,514,336	248,901,857	9,277,598	8,989,629	267,169,084	1,794	1,564	1,679	87.2%	93.6%	849,460	66,076,724	72,777,029	78	86	110.1%	91.5%	96.7%			
350+	7	68,304	297,994	465,446,255	419,057,049	13,478,700	9,954,351	442,490,100	1,562	1,406	1,485	90.0%	95.1%	1,136,774	70,911,367	73,770,690	62	65	104.0%	91.9%	96.3%			
NICU III	7	70,859	333,471	553,871,598	497,569,597	21,267,470	13,792,306	532,629,373	1,661	1,492	1,597	89.8%	96.2%	1,277,881	94,997,099	98,501,550	74	77	103.7%	91.9%	97.3%			
NICU II	14	58,171	177,799	275,210,500	237,711,637	5,486,614	7,177,588	250,375,839	1,548	1,337	1,408	86.4%	91.0%	1,071,443	65,561,392	73,739,183	61	69	112.5%	91.4%	95.1%			
Other	33	34,421	114,640	206,822,555	178,683,961	2,660,996	12,526,624	193,871,581	1,804	1,559	1,691	86.4%	93.7%	1,129,405	78,303,137	82,379,213	69	73	105.2%	91.6%	96.9%			

Note: Other Payments includes CA, RHIF, ED and Trauma

**Arizona Health Care Cost Containment System**  
2007 Cost Study

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**MODEL 2**

No Disallowed Costs, Exclude New Facilities

Hospital Name	No. of Beds	Inpatient											Outpatient						Total Cost Coverage				
		AHCCCS			Other			Total		Per Day Values			Cost Coverage		Services	Cost	AHCCCS		Per Service Values		Cost	Tier and OPFS Only	All Pymt Sources
		Admits	Days	Cost	Paid	DSH	Payments	Payments	Cost	Paid	Total Pymts	Per Diem	All Pymts	Paid			Cost	Paid	Coverage				
All Facilities	55	167,004	642,438	1,076,046,402	938,482,403	29,654,189	34,916,953	1,003,053,546	1,675	1,461	1,561	87.2%	93.2%	3,557,747	246,181,760	261,633,745	69	74	106.3%	90.8%	95.6%		
Urban (Maricopa/Pima)	32	137,249	555,806	918,356,580	822,359,693	27,948,989	19,485,605	869,794,287	1,652	1,480	1,565	89.5%	94.7%	2,648,005	179,930,916	188,275,760	68	71	104.6%	92.0%	96.3%		
Rural	23	29,755	86,632	157,689,822	116,122,710	1,705,200	15,431,348	133,259,259	1,820	1,340	1,538	73.6%	84.5%	909,742	66,250,844	73,357,985	73	81	110.7%	84.6%	92.3%		
Trauma	7	55,335	254,633	463,556,399	399,930,181	12,241,917	19,865,416	432,037,514	1,820	1,571	1,697	86.3%	93.2%	975,130	70,845,059	71,174,231	73	73	100.5%	88.2%	94.2%		
Non-Trauma	48	111,669	387,805	612,490,003	538,552,222	17,412,272	15,051,538	571,016,032	1,579	1,389	1,472	87.9%	93.2%	2,582,617	175,336,701	190,459,514	68	74	108.6%	92.5%	96.7%		
Teaching	4	44,237	209,304	364,278,191	327,388,664	11,789,978	13,570,650	352,749,292	1,740	1,564	1,685	89.9%	96.8%	774,615	55,974,283	55,523,198	72	72	99.2%	91.1%	97.1%		
Non-Teaching	51	122,767	433,134	711,768,211	611,093,739	17,864,211	21,346,304	650,304,254	1,643	1,411	1,501	85.9%	91.4%	2,783,132	190,207,477	206,110,546	68	74	108.4%	90.6%	94.9%		
Profit	14	32,488	93,241	147,152,888	138,884,357	5,526,977	1,404,683	145,816,017	1,578	1,490	1,564	94.4%	99.1%	696,221	41,492,235	48,095,375	60	69	115.9%	99.1%	102.8%		
Non-Profit	41	134,516	549,197	928,893,515	799,598,046	24,127,212	33,512,270	857,237,529	1,691	1,456	1,561	86.1%	92.3%	2,861,526	204,689,525	213,538,370	72	75	104.3%	89.4%	94.5%		
<75 Beds	16	6,801	16,905	29,858,503	24,086,492	797,054	9,266,415	34,149,961	1,766	1,425	2,020	80.7%	114.4%	333,630	26,431,206	26,172,620	79	78	99.0%	89.3%	107.2%		
76-150	11	16,606	47,551	88,951,676	77,213,090	215,205	4,938,037	82,366,331	1,871	1,624	1,732	86.8%	92.6%	447,339	31,528,962	33,170,983	70	74	105.2%	91.6%	95.9%		
151-250	10	34,646	104,292	166,133,883	144,706,708	5,646,523	348,086	150,701,317	1,593	1,388	1,445	87.1%	90.7%	711,526	43,913,369	48,728,625	62	68	111.0%	92.1%	94.9%		
251-350	11	40,647	175,696	325,656,085	273,419,065	9,516,707	10,410,065	293,345,837	1,854	1,556	1,670	84.0%	90.1%	928,478	73,396,856	79,790,827	79	86	108.7%	88.5%	93.5%		
350+	7	68,304	297,994	465,446,255	419,057,049	13,478,700	9,954,351	442,490,100	1,562	1,406	1,485	90.0%	95.1%	1,136,774	70,911,367	73,770,690	62	65	104.0%	91.9%	96.3%		
NICU III	7	70,859	333,471	553,871,598	497,569,597	21,267,470	13,792,306	532,629,373	1,661	1,492	1,597	89.8%	96.2%	1,277,881	94,997,099	98,501,550	74	77	103.7%	91.9%	97.3%		
NICU II	15	61,724	194,327	315,352,249	262,228,845	5,725,723	8,598,024	276,552,592	1,623	1,349	1,423	83.2%	87.7%	1,150,461	72,881,525	80,752,981	63	70	110.8%	88.3%	92.0%		
Other	33	34,421	114,640	206,822,555	178,683,961	2,660,996	12,526,624	193,871,581	1,804	1,559	1,691	86.4%	93.7%	1,129,405	78,303,137	82,379,213	69	73	105.2%	91.6%	96.9%		

Note: Other Payments includes CA, RHIF, ED and Trauma

**Arizona Health Care Cost Containment System**  
2007 Cost Study

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**MODEL 3**

No Disallowed Costs, All Facilities

Hospital Name	No. of Beds	Inpatient											Outpatient						Total Cost Coverage							
		Admits	Days	Cost	AHCCCS			Other		Total			Per Day Values			Cost Coverage		Services	Cost	AHCCCS		Per Service Values		Cost Coverage	Tier and OPFS Only	All Pymt Sources
					Paid	DSH	Payments	Payments	Payments	Cost	Paid	Total Pymts	Per Diem	All Pymts	Paid	Cost	Paid			Cost	Paid					
All Facilities	60	177,645	678,228	1,148,014,825	984,098,539	29,919,317	35,033,464	1,049,051,320	1,693	1,451	1,547	85.7%	91.4%	3,869,618	285,439,085	282,160,225	74	73	98.9%	88.3%	92.9%					
Urban (Maricopa/Pima)	37	147,890	591,596	990,325,003	867,975,829	28,214,117	19,602,116	915,792,062	1,674	1,467	1,548	87.6%	92.5%	2,959,876	219,188,241	208,802,240	74	71	95.3%	89.0%	93.0%					
Rural	23	29,755	86,632	157,689,822	116,122,710	1,705,200	15,431,348	133,259,259	1,820	1,340	1,538	73.6%	84.5%	909,742	66,250,844	73,357,985	73	81	110.7%	84.6%	92.3%					
Trauma	7	55,335	254,633	463,556,399	399,930,181	12,241,917	19,865,416	432,037,514	1,820	1,571	1,697	86.3%	93.2%	975,130	70,845,059	71,174,231	73	73	100.5%	88.2%	94.2%					
Non-Trauma	53	122,310	423,595	684,458,426	584,168,358	17,677,400	15,168,048	617,013,806	1,616	1,379	1,457	85.3%	90.1%	2,894,488	214,594,026	210,985,994	74	73	98.3%	88.4%	92.1%					
Teaching	4	44,237	209,304	364,278,191	327,388,664	11,789,978	13,570,650	352,749,292	1,740	1,564	1,685	89.9%	96.8%	774,615	55,974,283	55,523,198	72	72	99.2%	91.1%	97.1%					
Non-Teaching	56	133,408	468,924	783,736,634	656,709,875	18,129,339	21,462,814	696,302,029	1,671	1,400	1,485	83.8%	88.8%	3,095,003	229,464,802	226,637,027	74	73	98.8%	87.2%	91.1%					
Profit	16	35,215	101,080	159,172,793	149,907,890	5,731,367	1,449,518	157,088,774	1,575	1,483	1,554	94.2%	98.7%	766,066	45,418,570	53,147,647	59	69	117.0%	99.2%	102.8%					
Non-Profit	44	142,430	577,148	988,842,032	834,190,649	24,187,950	33,583,946	891,962,546	1,713	1,445	1,545	84.4%	90.2%	3,103,552	240,020,516	229,012,578	77	74	95.4%	86.5%	91.2%					
<75 Beds	18	9,528	24,744	41,878,408	35,110,024	1,001,444	9,311,250	45,422,718	1,692	1,419	1,836	83.8%	108.5%	403,475	30,357,541	31,224,892	75	77	102.9%	91.8%	106.1%					
76-150	13	21,519	65,503	130,779,832	99,229,521	215,205	4,951,345	104,396,071	1,997	1,515	1,594	75.9%	79.8%	628,461	62,516,921	44,514,121	99	71	71.2%	74.4%	77.0%					
151-250	11	37,647	114,291	184,254,245	157,282,880	5,707,261	406,454	163,396,594	1,612	1,376	1,430	85.4%	88.7%	772,430	48,256,400	52,859,695	62	68	109.5%	90.4%	93.0%					
251-350	11	40,647	175,696	325,656,085	273,419,065	9,516,707	10,410,065	293,345,837	1,854	1,556	1,670	84.0%	90.1%	928,478	73,396,856	79,790,827	79	86	108.7%	88.5%	93.5%					
350+	7	68,304	297,994	465,446,255	419,057,049	13,478,700	9,954,351	442,490,100	1,562	1,406	1,485	90.0%	95.1%	1,136,774	70,911,367	73,770,690	62	65	104.0%	91.9%	96.3%					
NICU III	7	70,859	333,471	553,871,598	497,569,597	21,267,470	13,792,306	532,629,373	1,661	1,492	1,597	89.8%	96.2%	1,277,881	94,997,099	98,501,550	74	77	103.7%	91.9%	97.3%					
NICU II	17	67,969	214,550	354,825,315	288,796,836	5,786,461	8,656,392	303,239,689	1,654	1,346	1,413	81.4%	85.5%	1,299,241	84,173,013	90,247,317	65	69	107.2%	86.3%	89.6%					
Other	36	38,817	130,207	239,317,913	197,732,106	2,865,386	12,584,766	213,182,259	1,838	1,519	1,637	82.6%	89.1%	1,292,496	106,268,974	93,411,358	82	72	87.9%	84.2%	88.7%					

Note: Other Payments includes CA, RHIF, ED and Trauma

**Arizona Health Care Cost Containment System**  
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**MODEL 4**

Include Disallowed Hospitals, Exclude New Facilities

Hospital Name	No. of Beds	Inpatient											Outpatient						Total Cost Coverage		
		Admits	Days	Cost	AHCCCS Paid	DSH	GME + Other Pymnts	Total Pymnts	Per Day Values			Cost Coverage		Services	Cost	AHCCCS Paid	Per Service Values		Cost Coverage	Tier and OPFS Only	All Pymt Sources
									Cost	Paid	Total Pymts	Per Diem	All Pymts				Cost	Paid			
All Facilities	41	156,531	612,442	1,108,289,476	895,768,071	27,972,929	49,751,760	973,492,760	1,810	1,463	1,590	80.8%	87.8%	3,185,114	252,119,018	234,658,703	79	74	93.1%	83.1%	88.8%
Urban (Maricopa/Pima)	28	134,159	543,971	973,012,436	801,468,089	26,700,332	41,143,115	869,311,536	1,789	1,473	1,598	82.4%	89.3%	2,568,816	202,836,705	183,129,633	79	71	90.3%	83.7%	89.5%
Rural	13	22,372	68,471	135,277,039	94,299,982	1,272,597	8,608,645	104,181,224	1,976	1,377	1,522	69.7%	77.0%	616,298	49,282,313	51,529,070	80	84	104.6%	79.0%	84.4%
Trauma	7	55,335	254,633	523,824,378	399,930,181	12,241,917	36,464,883	448,636,981	2,057	1,571	1,762	76.3%	85.6%	975,130	80,360,093	71,174,231	82	73	88.6%	78.0%	86.0%
Non-Trauma	34	101,196	357,809	584,465,098	495,837,890	15,731,012	13,286,877	524,855,779	1,633	1,386	1,467	84.8%	89.8%	2,209,984	171,758,925	163,484,472	78	74	95.2%	87.2%	91.0%
Teaching	4	44,237	209,304	418,453,600	327,388,664	11,789,978	29,990,341	369,168,983	1,999	1,564	1,764	78.2%	88.2%	774,615	63,804,247	55,523,198	82	72	87.0%	79.4%	88.1%
Non-Teaching	37	112,294	403,138	689,835,875	568,379,407	16,182,951	19,761,420	604,323,777	1,711	1,410	1,499	82.4%	87.6%	2,410,499	188,314,771	179,135,505	78	74	95.1%	85.1%	89.2%
Profit	11	29,408	81,439	128,793,742	118,026,160	4,278,320	1,651,497	123,955,977	1,581	1,449	1,522	91.6%	96.2%	624,019	40,097,613	43,600,427	64	70	108.7%	95.7%	99.2%
Non-Profit	30	127,123	531,003	979,495,734	777,741,910	23,694,609	48,100,264	849,536,783	1,845	1,465	1,600	79.4%	86.7%	2,561,095	212,021,404	191,058,276	83	75	90.1%	81.3%	87.3%
<75 Beds	6	4,137	9,042	17,071,348	12,414,151	574,505	5,035,543	18,024,199	1,888	1,373	1,993	72.7%	105.6%	153,619	13,548,524	13,279,560	88	86	98.0%	83.9%	102.2%
76-150	8	11,409	35,244	72,259,836	62,036,315	5,151	2,345,730	64,387,196	2,050	1,760	1,827	85.9%	89.1%	313,064	23,534,297	22,764,200	75	73	96.7%	88.5%	91.0%
151-250	9	32,034	94,466	153,705,049	128,841,490	4,397,866	499,071	133,738,428	1,627	1,364	1,416	83.8%	87.0%	653,179	43,751,445	45,053,426	67	69	103.0%	88.1%	90.5%
251-350	11	40,647	175,696	349,563,011	273,419,065	9,516,707	18,267,167	301,202,939	1,990	1,556	1,714	78.2%	86.2%	928,478	93,138,204	79,790,827	100	86	85.7%	79.8%	86.1%
350+	7	68,304	297,994	515,690,233	419,057,049	13,478,700	23,604,249	456,139,998	1,731	1,406	1,531	81.3%	88.5%	1,136,774	78,146,548	73,770,690	69	65	94.4%	83.0%	89.2%
NICU III	7	70,859	333,471	616,504,711	497,569,597	21,267,470	35,066,382	553,903,449	1,849	1,492	1,661	80.7%	89.8%	1,277,881	117,717,624	98,501,550	92	77	83.7%	81.2%	88.9%
NICU II	14	59,965	190,124	320,048,539	257,164,687	5,725,723	7,092,792	269,983,202	1,683	1,353	1,420	80.4%	84.4%	1,105,768	75,021,171	76,838,153	68	69	102.4%	84.5%	87.8%
Other	20	25,707	88,847	171,736,226	141,033,786	979,736	7,592,587	149,606,110	1,933	1,587	1,684	82.1%	87.1%	801,465	59,380,223	59,318,999	74	74	99.9%	86.7%	90.4%

Note: Other Payments includes CA, RHIF, ED and Trauma

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**MODEL 5**

Include Disallowed Costs, All Facilities

Hospital Name	No. of Beds	Inpatient											Outpatient					Total Cost Coverage			
		Admits	Days	Cost	AHCCCS Paid	DSH	GME + Other Pymts	Total Pymts	Per Day Values			Cost Coverage		Services	Cost	AHCCCS Paid	Per Service Values		Cost Coverage	Tier and OPFS Only	All Pymt Sources
									Cost	Paid	Total Pymts	Per Diem	All Pymts				Cost	Paid			
All Facilities	45	165,503	640,504	1,162,224,497	933,359,594	28,238,057	49,854,963	1,011,452,614	1,815	1,457	1,579	80.3%	87.0%	3,403,739	268,363,570	249,205,311	79	73	92.9%	82.7%	88.1%
Urban (Maricopa/Pima)	32	143,131	572,033	1,026,947,458	839,059,612	26,965,460	41,246,317	907,271,390	1,795	1,467	1,586	81.7%	88.3%	2,787,441	219,081,257	197,676,241	79	71	90.2%	83.2%	88.7%
Rural	13	22,372	68,471	135,277,039	94,299,982	1,272,597	8,608,645	104,181,224	1,976	1,377	1,522	69.7%	77.0%	616,298	49,282,313	51,529,070	80	84	104.6%	79.0%	84.4%
Trauma	7	55,335	254,633	523,824,378	399,930,181	12,241,917	36,464,883	448,636,981	2,057	1,571	1,762	76.3%	85.6%	975,130	80,360,093	71,174,231	82	73	88.6%	78.0%	86.0%
Non-Trauma	38	110,168	385,871	638,400,119	533,429,413	15,996,140	13,390,080	562,815,633	1,654	1,382	1,459	83.6%	88.2%	2,428,609	188,003,477	178,031,080	77	73	94.7%	86.1%	89.6%
Teaching	4	44,237	209,304	418,453,600	327,388,664	11,789,978	29,990,341	369,168,983	1,999	1,564	1,764	78.2%	88.2%	774,615	63,804,247	55,523,198	82	72	87.0%	79.4%	88.1%
Non-Teaching	41	121,266	431,200	743,770,896	605,970,930	16,448,079	19,864,622	642,283,631	1,725	1,405	1,490	81.5%	86.4%	2,629,124	204,559,323	193,682,113	78	74	94.7%	84.3%	88.2%
Profit	13	32,135	89,278	141,962,648	129,049,693	4,482,710	1,696,331	135,228,734	1,590	1,445	1,515	90.9%	95.3%	693,864	44,446,647	48,652,699	64	70	109.5%	95.3%	98.6%
Non-Profit	32	133,368	551,226	1,020,261,849	804,309,901	23,755,347	48,158,632	876,223,880	1,851	1,459	1,590	78.8%	85.9%	2,709,875	223,916,923	200,552,612	83	74	89.6%	80.8%	86.5%
<75 Beds	8	6,864	16,881	30,240,254	23,437,684	778,895	5,080,377	29,296,956	1,791	1,388	1,735	77.5%	96.9%	223,464	17,897,558	18,331,832	80	82	102.4%	86.8%	98.9%
76-150	9	14,653	45,468	94,566,959	76,028,134	5,151	2,345,730	78,379,015	2,080	1,672	1,724	80.4%	82.9%	400,940	30,902,640	28,127,465	77	70	91.0%	83.0%	84.9%
151-250	10	35,035	104,465	172,164,040	141,417,662	4,458,604	557,440	146,433,705	1,648	1,354	1,402	82.1%	85.1%	714,083	48,278,621	49,184,497	68	69	101.9%	86.5%	88.7%
251-350	11	40,647	175,696	349,563,011	273,419,065	9,516,707	18,267,167	301,202,939	1,990	1,556	1,714	78.2%	86.2%	928,478	93,138,204	79,790,827	100	86	85.7%	79.8%	86.1%
350+	7	68,304	297,994	515,690,233	419,057,049	13,478,700	23,604,249	456,139,998	1,731	1,406	1,531	81.3%	88.5%	1,136,774	78,146,548	73,770,690	69	65	94.4%	83.0%	89.2%
NICU III	7	70,859	333,471	616,504,711	497,569,597	21,267,470	35,066,382	553,903,449	1,849	1,492	1,661	80.7%	89.8%	1,277,881	117,717,624	98,501,550	92	77	83.7%	81.2%	88.9%
NICU II	16	66,210	210,347	360,814,654	283,732,678	5,786,461	7,151,160	296,670,299	1,715	1,349	1,410	78.6%	82.2%	1,254,548	86,916,689	86,332,490	69	69	99.3%	82.7%	85.5%
Other	22	28,434	96,686	184,905,132	152,057,319	1,184,126	7,637,421	160,878,867	1,912	1,573	1,664	82.2%	87.0%	871,310	63,729,257	64,371,272	73	74	101.0%	87.0%	90.6%

Note: Other Payments includes CA, RHIF, ED and Trauma