

Release: IMMEDIATE
January 11, 2010

Contact: Kristin Davis
(602) 445-4318

AHCCCS Fund Sweep Threatens Arizona's Hospitals and Economy

Phoenix, Arizona – Arizona's economic recovery may be severely threatened by the Arizona Health Care Cost Containment System (AHCCCS) Administration's plan to implement a recent legislative lump sum cut and transfer remaining state Graduate Medical Education (GME) funds and Disproportionate Share Hospital (DSH) funds for other uses within its budget. This action means a loss of \$67.7 million that hospitals rely on to train physicians and to care for AHCCCS and uninsured patients.

The Arizona Hospital and Healthcare Association (AzHHA) strongly opposes this plan in light of the fact that Arizona's hospital community has been a major economic driver for the state. Ultimately, the plan will cut millions of dollars of integral funding from an industry with a proven track record as an economic catalyst. This proposed plan comes at a time when hospitals are already feeling the pain of the state's dire fiscal situation.

"At a time when it is crucial for Arizona to experience an increase in jobs, this plan would do further harm to our economy," said John R. Rivers, AzHHA President and Chief Executive



Arizona Hospital and Healthcare Association

MEDIA RELEASE

Officer. “Healthcare is the second largest employer in the state and one area that has kept the state’s economy from collapsing entirely.”

In a recent AzHHA survey, 64 percent of responding hospitals indicated they had raised rates charged to private health plans as a result of the economic downturn combined with recent AHCCCS payment cuts and freezes. Thirty-six percent have implemented hiring freezes and 71 percent have delayed planned capital projects. The additional fund sweeps proposed by AHCCCS are expected to have dire financial consequences for the hospitals that are already suffering in the current economy. An attached spreadsheet details the impact of these cuts.

On Tuesday, January 12, AHCCCS will hold a public hearing regarding the transfer of GME and DSH funds, giving the public an opportunity to voice their comments. The hearing will take place at 10:00 a.m. at three locations simultaneously; Phoenix, Tucson and Flagstaff. In addition, the AHCCCS Administration will accept written comments until January 30, 2010.

About AzHHA



Arizona Hospital and Healthcare Association

MEDIA RELEASE

AzHHA is an organization of hospitals and healthcare systems dedicated to providing leadership on issues affecting the delivery, quality, accessibility and cost effectiveness of healthcare. For more information, please contact the Communications Department at AzHHA; communications@azhha.org or (602) 445-4318.

###