

HEALTHCARE CUTS HURT ARIZONA



FY 2011 Executive Budget Proposal and JLBC Options

Budget Proposal	FY 2011 Executive Budget Plan				FY 2011 JLBC Budget Options				Impact of Proposed Cuts
	General Fund	Federal Dollars*	Total	Impact to Hospitals	General Fund	Federal Dollars (Projected)*	Total	Impact to Hospitals	
Prop. 204 Rollback	\$765 M	\$1.5 B	\$2.3 B	\$1.04 B					<ul style="list-style-type: none"> • 310,500 individuals will lose their health benefits • Hospital uncompensated care will increase, driving up the hidden healthcare tax
Eliminate KidsCare	\$22.9 M	\$96.5 M	\$119 M	\$44 M	\$21.8 M	\$65.4 M	\$87.2 M	\$32.3 M	<ul style="list-style-type: none"> • 47,000 children will lose their health benefits • In 2008, children comprised 23% of ED visits • Arizona will lose \$3 for every \$1 in state KidsCare funds
Optional Benefits Elimination	\$8.4 M	\$16.8 M	\$25.2 M	unknown	\$16 M	\$32 M	\$48 M	unknown	AHCCCS enrollees would no longer receive emergency dental services, insulin pumps, or podiatry care, among other services.
Optional Acute Populations					\$3.8 M	\$7.6 M	\$11.4 M	unknown	<ul style="list-style-type: none"> • Services will be eliminated for women under 65 who need treatment for breast or cervical cancer who are not otherwise eligible for Medicaid, children who have aged out of foster care age 18 up to 21, and "Freedom to Work" individuals.
Eliminate Graduate Medical Education	\$13.3 M	\$24 M	\$37.3 M	\$37.3 M	\$14.6 M	\$29.2 M	\$43.8 M	\$43.8 M	<ul style="list-style-type: none"> • Arizona's number of physicians per capita is currently well below the national average. The elimination of these funds will worsen the existing shortage of doctors.

Eliminate Disproportionate Share Hospital Payments	\$7.8 M	\$15.1 M	\$22.9 M	\$22.9 M	\$13.1 M	\$26.2 M	\$39.3 M	\$30.3 M	<ul style="list-style-type: none"> • Uncompensated care will increase, driving up the hidden healthcare tax by shifting costs to businesses and individuals. • Runs contrary to DSH Program intent to shore up safety net hospitals • Unfair for state to profit \$68 million from care hospitals provide for free
Budget Proposal	Governor's FY 2011 Budget Plan				Legislature's FY 2011 Budget Plan				Impact of Proposed Cuts
	General Fund	Federal Dollars*	Total	Impact to Hospitals	General Fund	Federal Dollars (Projected)*	Total	Impact to Hospitals	
Limit Capitation Growth; Freeze and Reduce Provider Rates	\$57.1 M	\$110 M	\$167.1 M	unknown	\$55 M	\$110 M	\$165 M	unknown	<ul style="list-style-type: none"> • AHCCCS now pays hospitals just 76% of costs • AHCCCS will have the discretion to freeze or reduce provider rates as necessary to limit capitation growth to 0 percent. Additional freezes and cuts will widen the gap between AHCCCS payments to hospitals and the cost hospitals incur caring for AHCCCS patients.
Eliminate Rural Hospital Payments					\$4.6 M	\$9.2 M	\$13.8 M	13.8 M	<ul style="list-style-type: none"> • Hospitals in rural areas will suffer. This will devastate communities that already struggle for access to quality healthcare.
AHCCCS Lump Sum					\$7.7 M	N/A	\$7.7 M	unknown	Impact Unknown
Behavioral Health Services	\$35.9 M	N/A	\$35.9 M	unknown	\$39.9 M	N/A	\$39.9 M	unknown	<ul style="list-style-type: none"> • Potential elimination of mental health services for 14,600 seriously mentally ill adults and elimination of virtually all non-Title XIX behavioral health funding, terminating services for 4,200 children, 6,600 adult substance abusers, and 11,100 adults with general mental health-related illnesses. • Mental health patients without appropriate care can become a threat to themselves and to others, threatening public safety.
DHS Lump Sum					\$10.8 M	N/A	\$10.8 M		Impact Unknown
Total	\$910.4 M	\$1.8 B	\$2.7 B	\$1.15 B	\$187.3 M	\$279.6 M	\$466.9 M	\$120.2 M	

calculations are based on annualized amounts

* assumptions based on a 2:1 federal matching rate except KidsCare which is based on a 3:1 federal matching rate

****Hospitals have already sustained \$424.5 million as a result of reductions in FYs 2008 - 2010****

