



Media Release

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Contact: Kristin Davis
(602) 445-4318

Federal Matching Funds to Generate \$480 Million for Arizona

Phoenix, Arizona – Congress is poised to pass legislation that will extend the increased federal Medicaid matching assistance percentage (FMAP) for states included in the *American Recovery and Reinvestment Act of 2009* (ARRA) for an additional six months, through June 30, 2011. According to the Arizona Health Care Cost Containment System (AHCCCS) Administration, this measure will generate approximately \$480 million in new federal funds for Arizona. These dollars should be used to avoid nearly all of the \$483 million in proposed cuts to AHCCCS, including rolling back Prop. 204 eligibility, eliminating KidsCare, Disproportionate Share Hospital (DSH) payments, Graduate Medical Education (GME) and cuts to AHCCCS plans and providers.

The Arizona Hospital and Healthcare Association (AzHHA), the Arizona Association of Health Plans and the Arizona Chamber of Commerce and Industry are urging lawmakers to avoid unnecessary healthcare cuts in anticipation of federal legislation that will generate \$480 million in savings for AHCCCS .

The proposed FY 2011 budget would eliminate healthcare coverage for 310,500 low-income adults and 47,000 children; cut off mental health treatment for 36,500 adults and children; zero out GME physician training funds; virtually eliminate DSH payments to safety net hospitals;



and authorize the AHCCCS Administration to freeze and reduce provider payments as necessary.

While the proposed budget plan is designed to save the state general fund \$910.4 million, it would cost Arizona's economy an additional \$1.8 billion in lost federal funds; removing \$2.7 billion from an industry—the healthcare community—that has helped bolster the state's economy throughout the recession.

These cuts to the AHCCCS programs and to behavioral health services will force hospitals—which are federally mandated to treat all patients who come to their emergency departments—to shift the cost of care provided to uninsured patients, driving up the hidden healthcare tax on business, families, and individuals. The \$480 million in new FMAP dollars should be used to prevent these cuts.

"We want to make sure that cuts aren't made to AHCCCS when they're not necessary," said John Rivers, AzHHA President and Chief Executive Officer. "The passage of this federal legislation will provide the alternative solution that many legislators have asked for to avoid devastating cuts to our healthcare system and to our state."

In order to qualify for the enhanced FMAP funds, Arizona must not reduce AHCCCS eligibility or benefits between now and June 30, 2011. The federal funds will effectively pay 75 percent of the cost of AHCCCS through that period.



About AzHHA

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 Kristin Davis at kdavis@azhha.org or the following phone numbers: (602) 445-4318 (office) or (602) 561-9646 (cell).

About Arizona Association of Health Plans Inc.

The Arizona Association of Health Plans is comprised of private health plans contracted to provide health care services for government programs. The Association is dedicated to fostering and maintaining the cost efficient and quality delivery of health care services to Arizonans. For more information, please contact Kathryn Busby at kbusby@azahp.org or (602) 254-2731.

About Arizona Chamber of Commerce and Industry

The Arizona Chamber of Commerce and Industry is committed to advancing Arizona's competitive position in the global economy by advocating free-market policies that stimulate economic growth and prosperity for all Arizonans. For more information, please contact Garrick Taylor at (602) 248-9172.

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