



Arizona Hospital and Healthcare Association

THERE TO CARE: STRONGER HOSPITALS FOR A HEALTHIER ARIZONA

M E D I A R E L E A S E

Release: March 4, 2009

Contact: Bridget O’Gara, vice president of communications, 602-445-4300
or bogara@azhha.org

Save the SAVE Rural Hospital Program: Arizona’s Rural Hospitals Threatened by State Budget Cut to Key Program

Rural hospitals throughout Arizona would face financial distress, with some even closing, if a \$12.2 million cut to hospitals in the FY 2009 state budget is not restored.

“It’s incredible that Arizona’s rural healthcare system could be decimated for \$12 million,” said Jim Dickson, CEO, Copper Queen Community Hospital and a member of the Arizona Hospital and Healthcare Association (AzHHA) Board of Directors.

As part of the FY 2009 state budget reduction, Arizona legislators approved a \$45 million cut to the Arizona Health Care Cost Containment System (AHCCCS), the state’s Medicaid program. AHCCCS officials—limited in their budget cutting options by voter-protected as well as federal mandates—have announced cuts to the Safe, Accessible, Viable and Efficient (SAVE) rural hospital program. According to AHCCCS leaders, the state will cut \$3.3 million from the SAVE program, resulting in a loss of \$8.9 million in federal matching funds and a total cut of \$12.2 million to Arizona’s SAVE hospitals. The SAVE cut would return rural hospital AHCCCS inpatient payments to 2004 levels, which only paid 62 cents for every \$1 of service provided to those patients.

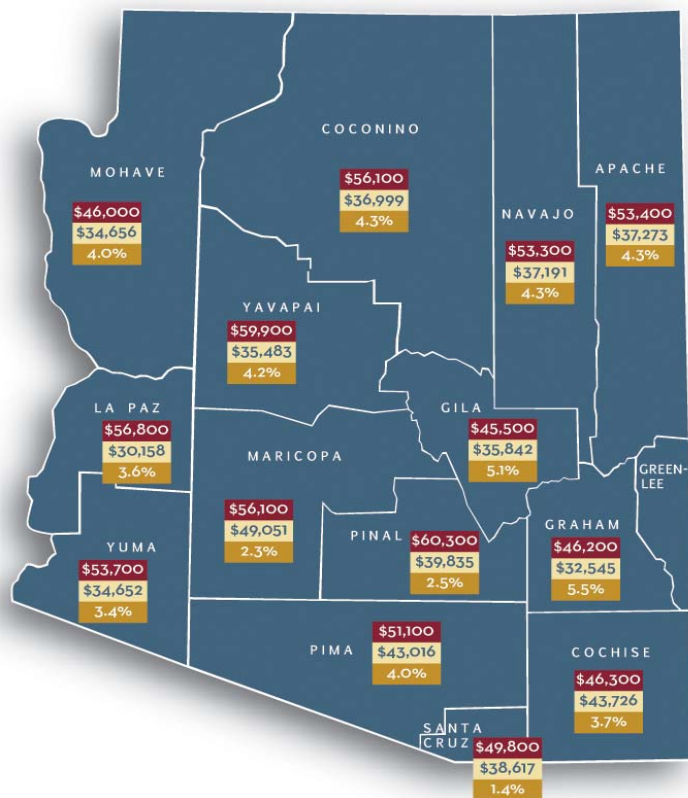
“It’s frustrating because the fix is simple,” said John Rivers, AzHHA’s president and CEO. “Funds from the American Recovery and Reinvestment Act (ARRA), which President Obama signed in February, could be used to restore SAVE.”

-more-

The SAVE rural hospital program was established by the legislature in 2005. The program’s goal is to maintain access to healthcare services in rural Arizona and prevent hospital closures in rural communities. When legislators passed SAVE, rural hospitals were paid 38 percent below their costs for services delivered to AHCCCS patients. The SAVE program offsets losses incurred by rural hospitals due to AHCCCS underpayment.

“There’s huge concern among hospitals about the future of healthcare in rural Arizona,” said Jeff Hamblen, CEO, Little Colorado Medical Center in Winslow. “Some rural hospitals could see their AHCCCS payment levels drop below 62 percent of cost. This would be devastating to the entire state.”

Prior to SAVE, the AHCCCS inpatient hospital payment system paid all hospitals the same rate for the same service, regardless of a hospital’s size or location. Arizona’s rural hospitals, however, faced unique challenges that were placing many in financial distress. Unlike urban hospitals, the rural facilities were unable to spread their fixed costs—medical liability insurance, capital expenditures and electricity, for example—over their small and unpredictable patient population.



SAVE Rural Hospitals and their respective Arizona counties are listed on page 3.

MAP KEY:

- Average Hospital Employee Compensation
- Average Employee Compensation—All Arizona Industries
- Hospital Employment as % of County Employment

“The SAVE program helped fix a flaw in the AHCCCS hospital payment system that financially disadvantaged rural hospitals and threatened their viability,” Hamblen said. “Without SAVE, hospital care in Arizona rural communities will be jeopardized.”

In addition to limiting access to healthcare for rural Arizonans, the loss of SAVE could result in rural hospitals—among the largest and highest paying employers in many rural communities—laying off employees or even closing their doors. The following Arizona hospitals will lose SAVE program funds in FY 2009 if ARRA dollars are not tapped to restore the program.

Arizona’s SAVE Rural Hospitals & The Communities as well as the Counties They Serve	Estimated Lost SAVE Funding FY ‘09*
Benson Hospital, Cochise County	\$76,536
Carondelet Holy Cross Hospital-Nogales, Santa Cruz County	\$734,670
Cobre Valley Community Hospital, Globe, Gila County	\$516,224
Copper Queen Community Hospital, Bisbee, Cochise County	\$46,725
La Paz Regional Hospital, Parker, La Paz County	\$170,084
Little Colorado Medical Center, Winslow, Navajo County	\$861,372
Mt. Graham Regional Medical Center, Safford, Graham County	\$966,814
Northern Cochise Community Hospital, Willcox, Cochise County	\$68,085
Page Hospital, Coconino County	\$329,038
Payson Regional Medical Center, Gila County	\$1,369,185
Sage Memorial Hospital, Ganado, Apache County	\$63,825
Sierra Vista Regional Health Center, Cochise County	\$1,575,472
Southeast Arizona Medical Center, Douglas, Cochise County	\$84,736
Summit Healthcare Regional Medical Center, Show Low, Navajo County	\$1,749,848
Valley View Medical Center, Fort Mohave, Mohave County	\$753,579
Verde Valley Medical Center, Cottonwood, Yavapai County	\$2,436,317
Wickenburg Community Hospital, Maricopa County	\$19,032
White Mountain Regional Medical Center, Springerville, Apache County	\$104,957
Yavapai Regional Medical Center-East, Prescott Valley, Yavapai County	\$231,602
Total Loss to All Rural Arizona Hospitals	\$12,158,100**

*Source: Arizona Health Care Cost Containment System

**Amounts are rounded.