Phoenix Access to Care Ordinance

Issue: Throughout the economic downturn, an increasing number of uninsured individuals have flooded hospitals, causing a sharp spike in uncompensated costs. While all hospitals throughout Arizona are facing this hardship, the hospitals in the City of Phoenix are facing an especially heavy burden of uncompensated costs due to their centralized geographic location and the specialized health care they provide. In fact, hospitals in the City are expected to incur more than $540 million in uncompensated costs in fiscal year 2013.

Arizona hospitals are a major economic engine, generating almost $28 billion of economic activity, accounting for almost 3% of all jobs in the state. During the economic downturn health care was one of the only a few sectors in our economy to grow jobs. The jobs created by hospitals in Phoenix, and throughout Arizona, are high-quality jobs that pay well and provide benefits. Without relief, the hospitals, the jobs they create, and the high-quality health care they provide for all Phoenix residents are in jeopardy.

Proposal: To address this issue, Phoenix acute care hospitals and City officials have come forward with a proposed solution known as the Phoenix Access to Care Ordinance, which would create a new funding source for Arizona Health Care Cost Containment System (AHCCCS) payments to acute care hospitals within the City that provide significant amounts of uncompensated care to uninsured and low income patients.

- The ordinance would authorize the City to impose a short-term license assessment on Phoenix acute care hospitals based on a percentage of their inpatient revenues.
- Certain hospitals would be exempt from the short-term assessment due to their special nature: government hospitals (Maricopa Integrated Health System), specialty hospitals, small children's hospitals (Los Niños Hospital), and hospitals that provide a significant percentage of care to out-of-state and Medicare patients (the Mayo Clinic).
- A separate Access to Care Fund would be created into which the short-term assessment revenues would be deposited. The City would then transfer this funding to the State (minus a small set-aside to cover the City's administrative costs) to be used as the State's share of new AHCCCS payments to the City's hospitals. The federal government would provide matching funds for its share of the payments – ultimately funding 66% of the payments. While commonly done at the state level (over 40 states have a provider assessment) this model has begun to be utilized by cities, with Philadelphia recently passing a similar ordinance.
- Phoenix acute care hospitals that provide significant amounts of uncompensated care to uninsured and low-income patients would receive payments based on their share of the uncompensated care.

In addition, ten percent of the monies collected from the hospitals would be used to restore AHCCCS coverage for uninsured adults across Arizona. A portion of the assessment would also be set aside to fund uncompensated care payments to the Maricopa Integrated Health System through an already existing AHCCCS program.

What the Phoenix Access to Care Program Will Do for the City of Phoenix:

1. Bring over $200 million in federal funding to the City to support uncompensated care for Phoenix residents;
2. Promote economic development by protecting and expanding jobs in the health care sector and related fields within the City of Phoenix;
3. Promote access to health care for residents, including low-income, uninsured and otherwise vulnerable individuals, by ensuring the financial stability and viability of acute care hospital systems in the City; and
4. Help individuals in Phoenix and throughout the State to gain insurance coverage through partial restoration of AHCCCS coverage;

What the Phoenix Access to Care Program Will *Not* Do:

- It will *not* require increased spending by the City.
- It will *not* result in increased costs to patients or private third-party payers. The ordinance would prohibit hospitals subject to the license assessment from passing the cost onto patients or onto private third-party payers liable to pay for the care on the patient's behalf.