MEMORANDUM

Date: October 7, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Intergovernmental Agreement with Arizona Health Care Cost Containment System for the Access to Professional Services Initiative**

The Centers for Medicaid and Medicare Services (CMS) determine health care funding priorities and the amount of supplemental federal resources provided to hospitals in response to local or state needs. These federal matching programs provide a critical infusion of dollars for local hospitals that provide a disproportionate share of health care to low-income populations.

Since 2008, Pima County has collaborated with the State of Arizona's Medicaid agency and local hospitals to leverage this federal funding in support of initiatives such as Graduate Medical Education, Disproportionate Share Hospital Payments and Safety Net Care Pool initiatives. Hospitals use these funds to 1) offset uncompensated care; 2) augment critical services; and 3) grow resident physician training programs.

Through these federal matching programs, eligible hospitals with qualified local match partners enter into a public/private agreement to draw down these federal resources. Arizona law (ARS 36-2903.01) compels qualifying health providers like Tucson Medical Center (TMC) and Banner University Hospital to work with local, county, and tribal governments to identify resources to use as a match for this program, rather than turning to the State for this support. Pima County has entered into agreements with Arizona Health Care Cost Containment System (AHCCCS) for the federal-matching funds on behalf of three eligible local hospital partners including TMC, Banner University Hospital (and predecessor entities) and St. Mary's Hospital.

The Access to Professional Services Initiative (APSI) is the newest federal match program designed to enhance access and promote the retention of graduate medical professionals who deliver essential health services to AHCCCS beneficiaries. TMC is one of the facilities eligible for the APSI program because of its residency training program and the high proportion of Medicare, AHCCCS and uncompensated-care patients served.

If approved by the Board of Supervisors, Pima County has the opportunity to transfer resources to AHCCCS via the proposed intergovernmental agreement (IGA), to be used as part of the local match. The federal government provides support back to the hospital using

a matching ratio for APSI program at almost 4:1 and the proposed investment represented by the IGA ($819,400) will yield $3,321,000 to TMC.

This investment is more than offset by savings accrued to Pima County due to TMCs historic contributions in support of community efforts that assist low-income individuals access care, enhance enrollment with Medicaid entities (through Pima County Access Program) and provide wrap around behavioral health services to victims of sexual assault (CODAC). Historically, the Health and Behavioral Health Departments have contracted directly with service providers to support these services, at a cost of approximately $490,000 per year. However, our continued partnership with TMC has allowed us to decrease this direct investment in community services without affecting end users of these services.

Pima County and TMC share a commitment to improve the overall health and well-being of Pima County residents. Hospitals such as TMC that serve large populations often absorb the lower reimbursement related to a disproportionate share of indigent or low-income patients. I believe that Pima County's investment, if approved, is critical in preserving a health safety net for low-income people in this community.

Recommendation

I recommend the Board approve the proposed IGAs with AHCCCS to total $819,400 to provide matching funds that will draw down federal match payment of $3,321,000.

CHH/lab

c: Jan Lesher, Chief Deputy County Administrator
Francisco Garcia, Deputy County Administrator
Paula Perrera, Director, Behavioral Health
Bob England, Interim Director, Health Services
Andrew Flagg, Pima County Attorney