



Board of Supervisors Memorandum

October 20, 2020

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

Background

The Centers for Medicaid and Medicare Services (CMS) determine health care priorities and the amount of supplemental federal funding provided to local 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 care to low-income populations.

Since 2008, Pima County has partnered with the State of Arizona's Medicaid agency and local hospitals to leverage this federal funding to support initiatives such as Graduate Medical Education, Disproportionate Share Hospital Payments and Safety Net Care Pool initiatives. Hospitals and health systems use these funds to 1) offset uncompensated care; 2) augment critical services; and 3) grow residency-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 matching funds. 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 local hospital partners including TMC, Banner University Hospital (and predecessor entities) and St. Joseph's Hospital.

The Access to Professional Services Initiative (APSI) is the newest federal match program designed to preserve and enhance access to, and 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 and program and the high proportion of Medicare, AHCCCS and uncompensated-care patients served by this hospital. The County entered into an agreement with AHCCCS to support the APSI initiative on behalf of TMC, with an initial 2019 investment that was matched 4:1, leveraging a \$3.3 million dollar infusion of critical funding into the community.

This fiscal year, the County has a continued opportunity to bring economic support to the community, especially when hospitals have been forced to reduce the provision of services that comprise a large portion of their revenue stream in order to transform hospital space to adequately respond to the novel Coronavirus (COVID-19 pandemic). This federal match opportunity will infuse necessary dollars into the community and further support economic viability of Pima County's area hospitals.

The Honorable Chairman and Members, Pima County Board of Supervisors
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If approved by the Board of Supervisors, Pima County has the opportunity to transfer resources directly to AHCCCS via the proposed intergovernmental agreement (IGA), to be used as part of the local match. CMS on behalf of the federal government provides resources directly back to the hospital. The federal government has set the matching ratio for APSI program at a continued 4:1 match, and the proposed investment represented by the IGA, \$576,000 will yield a \$2,380,165 to TMC.

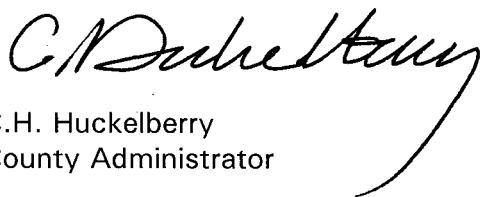
This investment is more than offset by savings accrued to Pima County due to TMCs historic contributions in support of community efforts that assists our low-income individuals access to care, enhance enrollment with Medicaid entities (through Pima County Access Program) and provide wrap around behavioral health services to victims of sexual assault (CODAC). Historically, the Health and Behavioral Health Departments have contracted directly with service providers to support these types of services, at 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 healthy safety net for low-income people in this community.

Recommendation

I recommend the Board approve the proposed IGAs with AHCCCS to total \$576,000 for the purpose of drawing down federal match payment of approximately \$2,380,165.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/mp – October 6, 2020

- c: Jan Leshar, Chief Deputy County Administrator
Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services
Paula Perrera, Director, Behavioral Health
Jonathan Pinkney, Pima County Attorney