



April 1, 2020

VIA EMAIL

Jami Snyder, Director
Arizona Health Care Cost Containment System (AHCCCS)
801 E Jefferson St
Phoenix, AZ 85034

Dear Jami,

I'm writing to ask for immediate action by AHCCCS to help keep hospitals open during and following the current COVID-19 pandemic response. Hospitals need immediate cash infusion, notwithstanding relief that may come from recent federal legislation and a pending special legislative session. Hospitals are facing severe cash shortages NOW. Cash reserves are being depleted drastically and many facilities will have no cushion to pay salaries and purchase needed supplies to respond to the disaster.

Hospital revenues are down 20-30% primarily as a result of adherence to CMS guidance and state public health order to restrict elective procedures. That does not even begin to estimate the full cash flow impact that would include the additional COVID-19 costs of mobilization.

As an illustration, I provide the below narrative from a hospital CEO about the challenges of hospital operations during the COVID-19 pandemic.

Every staff member of our hospital, from housekeeper to nurse, from volunteer to CEO, stands ready to combat the COVID-19 pandemic in our community and the surrounding area. We are blessed to have talented nurses, doctors, aides, and support staff willing to put their health, and quite possibly their life, on the line to assist the sick and dying in our community. Truly, heroes walk among us. During this time of need, the nation once again turns to its healthcare system for help and leadership. We will respond. We will stand up for the sick and afflicted in our communities. We will stand up for doctors, nurses and our staff in this hour of need. We ask you as the Director of AHCCCS to stand up for us, the hospitals and healthcare providers in Arizona.

During this historic period of American history, the COVID-19 pandemic is taxing our staff and facilities to the limit. We are constantly dealing with shortages of equipment to protect our staff and patients from further exposure to harm. To best protect our staff and community from further contamination and to prevent the spread of this diabolical virus, we, like so many others, have eliminated non-urgent elective procedures within our facility and system. This is the best medicine for patients, staff and our community.

However, the best medicine is not necessarily the best business.

We are experiencing historic lows in volumes in our Emergency Room, Surgery, and in Ancillary testing area, specifically within radiology. Based on our actions to reduce the spread of this virus, we expect to experience a reduction of approximately \$14,000,000 in cash collections monthly during this pandemic. This represents an approximately 30% decrease in our expected collections. At this same time, we are still paying our staff. In the first 2 weeks, we have paid out more than \$735,000 in salaries to employees to stay home. We have committed to our employees and to our community that we will be there for them during this hour of need.

We ask that AHCCCS and the State of Arizona stand with the front-line warriors in this battle against COVID-19. Please relieve the financial burdens facing all hospital and providers in the state. Eliminate the worry and concern for financial survival. Allow us to concern ourselves with the survival of the communities in which we serve.

We therefore ask you to take quick action to support Arizona hospitals. Funding for these immediate steps is already available.

- Accelerate and advance in lump sum any possible monthly or quarterly payment based on historical volumes and make adjustments at a later date. These would include:
 - Critical access hospital payments
 - Disproportionate Share payments
 - Rural hospital inpatient fund payments
 - Graduate medical education payments
- Allocate the full benefit of the new 6.2% enhanced FMAP to hospital payments

Further steps need to be taken on the administrative front. Since most Arizona Medicaid enrollees are covered through MCOs, we ask that you direct the plans to speed payment, streamline administration, and delay audits to the extent legally permissible.

Following are a series of ideas that we ask you to implement by giving direction to the MCOs:

- Limit administrative burdens during the crisis period by eliminating prior authorization requirements, concurrent review, retrospective review, discharge planning and associated requirements and instead depend on the medical judgment of our physicians and caregivers with full trust and confidence.
- Throughput of patients needing care is the number one priority, and speed to discharge is a key in ensuring we can provide maximum access to all patients that need treatment.
- Clarify that coverage decisions can be made on the presenting symptoms, not the final diagnosis.
- Implement either a pay and pursue policy or make available advance claim payments to providers based on historical payments (periodic interim payments) with the final settlement process occurring after this national emergency is over. Cash flow to providers is critical for our ability to continue to procure supplies and human resources

necessary to combat the COVID-19 impact. Ensuring a steady supply of cash to the provider community is perhaps one of the most important steps payers can take at the current time.

- Enhance access to care by allowing members to use out-of-network providers utilizing their in-network benefits while paying providers directly for services rendered for:
 - 1) testing, diagnosis and treatment relating to COVID-19; and,
 - 2) diagnosis and treatment of any other illnesses, injuries or conditions where in-network providers are not reasonably available due to staffing shortages, cancellation of surgeries or other procedures, closure of units, and other actions taken by providers as a result of the COVID-19 pandemic.

- Commit to payment of full contractual allowable amounts for all treatment related to COVID-19-19 suspected and confirmed cases. Urging adherence to recent guidance is one of the keys to ensuring patients will be willing to seek medical care and testing and help prevent spread of the virus.
- Suspend medical record reviews and audits to allow hospital staff to fully focus on the pandemic response.
- Allow providers to implement emergency credentialing and enrollment to ensure all providers are available to care for patients in response to this crisis.
- Suspend or delay any HEDIS or risk adjustment medical record audits if permitted by CMS.
- And we'd welcome other ideas to expedite care and minimize administrative burden

Hospitals and our courageous healthcare professionals are on the COVID-19 frontlines and are the new 911 responders rushing into a collapsing building. While all of the testing, treatment and public health response occurs for COVID-19, hospitals are still maintaining care for trauma, obstetrics and wide range of conditions that present in emergency rooms.

Thank you for your partnership during this incredible public emergency.

Sincerely,



Ann-Marie Alameddin
President and Chief Executive Officer

cc: Governor Doug Ducey
Dr. Cara M. Christ, Director, Arizona Department of Health Services