

July 17, 2017

Ms. Jessica Woodard
Project Officer
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, MD 21244-1850

**RE: Arizona's 1115 Waiver: Phoenix Children's Hospital Safety Net Care Pool (SNCP)
Technical Clarification**

Dear Ms. Woodard:

The Arizona Health Care Cost Containment System (AHCCCS) hereby submits a formal request to amend Arizona's Section 1115 Research and Demonstration Waiver. The state's current waiver extends authority for uncompensated care payments under the Safety Net Care Pool (SNCP) to Phoenix Children's Hospital (PCH) through December 31, 2017. AHCCCS proposes technical amendments to the language of the Special Terms and Conditions (STC 32 and Attachment E) to clarify that this authority permits PCH to receive SNCP payments for two years after the end of the expenditure authority for costs incurred by PCH on or before December 31, 2017. The proposed technical clarifications do not impact the total cap on SNCP funds that are available to PCH or otherwise substantively amend the SNCP program.

Please see the enclosed document for the proposed technical amendments. AHCCCS appreciates your consideration of this request, and looks forward to working with the Centers for Medicare & Medicaid Services to accomplish these changes.

Sincerely,



Thomas J. Betlach
Director

cc: Andrea Cassart, CMS
Bryan Zolynas, CMS

Phoenix Children's Hospital SNCP Technical Clarification

VI. FUNDING POOLS AND PAYMENTS UNDER THE DEMONSTRATION.

32. Safety Net Care Pool (SNCP). Payments from this pool will assist Phoenix Children's Hospital (PCH), which has high levels of uncompensated care related to medical assistance provided to Medicaid eligibles or to individuals who have no source of third party coverage. For PCH, for each demonstration year (DY), the annual SNCP will be distributed to PCH based on its uncompensated care (based on prior period data). Payments to PCH for each DY will be subject to a limit computed in accordance with Attachment E, based on PCH's uncompensated care costs incurred up to December 31, 2017. Specifically, the SNCP for PCH is \$110,000,000 ~~in~~ for calendar year 2016; and \$90,000,000 ~~in~~ for calendar year 2017. Any unspent cap amount cannot be transferred to the following DY in order to increase the annual cap amount. SNCP uncompensated care payments for costs incurred on or before December 31, 2017 (including for years prior to calendar year 2017) will be made to PCH within two years of the applicable DY.

ATTACHMENT E SAFETY NET CARE POOL CLAIMING PROTOCOL

Hospital Inpatient and Outpatient Uncompensated Care Costs

To be eligible for Federal financial participation (FFP), SNCP uncompensated care payments to PCH (eligible up to December 31, 2017) cannot exceed the uncompensated care costs as computed by the following steps:

Interim Computation of Uncompensated Care Costs

SNCP uncompensated care payments ~~for costs incurred must be made to PCH~~ on or before December 31, 2017 must be made to PCH within two years of the applicable DY. Each DY's SNCP will be distributed based on the provider's projected uncompensated care subject to the PCH Limit described in STC paragraph 27_32(c), to the extent that sufficient local matching funds are available. This interim computation of uncompensated care costs will be used as the basis for SNCP distribution and will also serve as the uncompensated care cost limit for SNCP payments made to the provider in each demonstration year.

Physician Professional Service Uncompensated Care Costs

To be eligible for Federal financial participation (FFP), SNCP uncompensated care payments to each provider cannot exceed the uncompensated care costs as computed by the following steps. The eligible provider is Phoenix Children Hospital, which employs and contracts for physician services and incur physician professional service costs (whether the professional services are billed by the hospital or by the physicians).

Interim Computation of Uncompensated Care Costs

SNCP uncompensated care payments for cost incurred will be made to PCH on or before December 31, 2017 will be made to PCH within two years of the applicable DY. Each DY's SNCP will be distributed based on the provider's projected uncompensated care subject to the PCH limit as described in STC paragraph 27_32(c), to the extent that sufficient local matching funds are available. This interim computation of uncompensated care costs will be used as the basis for SNCP distribution and will also serve as the uncompensated care cost limit for SNCP payments made to the provider in each demonstration year.