



February 27, 2025

Carmen Heredia, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

Dear Director Heredia:

Thank you for the opportunity to comment on the AHCCCS Administration's CYE 2026 Differential Adjusted Payment (DAP) Preliminary Public Notice. I am responding on behalf of the Arizona Hospital and Healthcare Association (AzHHA). AzHHA is a statewide association of more than 75 hospital, healthcare, and affiliated health system members, representing short-term acute care, behavioral health, post-acute care, and critical access hospitals, as well as their affiliated clinics and staff.

The DAP payments have resulted in significant progress, and we believe that continued progress is important for advancing equity of care. While AzHHA mostly supports this proposal, including the addition of the Medications for Opioid Use Disorder Enhancement Program, we have some feedback for your consideration.

Naloxone Distribution Program

Naloxone is a proven life-saving medication that can rapidly reverse opioid overdoses. By distributing naloxone, hospitals can significantly reduce the number of opioid-related deaths. In Arizona, more than five people died every day from drug overdoses in 2021, and 77.4% of these deaths had at least one opportunity for intervention. Given this, the Naloxone Distribution Program has been pivotal in ensuring that emergency departments (EDs) are distributing naloxone to individuals who are at risk for opioid overdose and potentially saving people's lives. Yet, more work is needed both within and outside of the ED to ensure that life-saving medication gets into the hands of those who need it.

While our hospitals have expressed great interest in continuing this program, not all hospitals have been able to obtain naloxone at no charge, particularly larger hospitals. They have instead used the money they have received from this DAP initiative to obtain naloxone for their ED. Without the continuation of this DAP, many have expressed they will reluctantly end the program if they are not able to receive naloxone free of charge. **Therefore, we urge AHCCCS to continue the Naloxone Distribution Program for hospitals that participated in Contract Year Ending (CYE) 2024 and 2025.**

AzHHA recommends that AHCCCS consider implementing a second Naloxone Dispensing Access Program (DAP) with an increased payment. This would ensure that pregnant and postpartum women with a substance use disorder who visit the hospital but do not go to the emergency department can receive naloxone free of charge.

In Arizona, the rates of substance use disorder (SUD) among women are alarming. From 2017 to 2021, the state observed a 41% increase in Neonatal Abstinence Syndrome cases, rising from 592 cases in 2017 to 835 cases in 2021. Mental health conditions, including SUD, are the most common underlying cause of pregnancy-related deaths in Arizona. The postpartum period up to a full year is associated with an increased risk for substance use and drug-related overdose, making it essential to integrate naloxone distribution into reproductive healthcare settings. Many hospitals with OB services manage OB patients outside of the ED. The patient is seen in OB triage, admitted to the labor and delivery floor, seen in postpartum, and discharged home from there. Many of these patients, due to physical trauma from the birthing process or C-sections, are sent home on an opioid for pain management. Our providers are highly skilled in safe opioid prescribing; however, we must recognize that the risk of addiction is always a concern. By having a DAP to support Naloxone distribution in these areas, hospitals can significantly reduce the number of opioid-related deaths and improve maternal and infant outcomes.

Maternal Syphilis Program

While AzHHA understands that Arizona has one of the highest rates of congenital syphilis and is fully supportive of efforts to reduce syphilis rates, our member hospitals have concerns with the Maternal Syphilis Program DAP initiative. Their concerns are as follows:

- Patients arriving at the hospital are often not alone, and conversations about sexually transmitted infections are particularly challenging when partners and relatives are present.
- It's important to consider that patients may feel uncomfortable if they are asked to undergo syphilis testing during a visit for an unrelated condition. This discomfort could potentially discourage them from seeking care in the future.
- Engaging in discussions about testing for syphilis and other sexually transmitted infections can be more effective when conducted in a primary care setting. Patients may feel more at ease if these important conversations are initiated by their primary care physicians, including OB-GYNs. This approach fosters a supportive environment and encourages open dialogue about sexual health.
- The policy guidelines do not clarify the process for patients who wish to opt out of testing if they are not interested in receiving a test. This will impose an additional burden on an already overstressed system, especially as hospitals are grappling with staffing shortages and financial difficulties.

- The cost of syphilis tests is often included in larger hospital payments and may remain uncompensated. AHCCCS reimburses at a rate lower than the cost of these tests, meaning that the DAP will likely not cover the deficit.

In light of this, AzHHA encourages AHCCCS to limit this DAP to individuals who are already pregnant or those who have expressed a desire to become pregnant. If AHCCCS is unable to implement this limitation, we request that they provide further details on the “opt-out” approach mentioned in the policy standards by March 14. Additional information regarding patients opting out of testing will help hospitals make informed decisions about whether to participate in this DAP initiative. Furthermore, AHCCCS may want to consider adding a DAP for primary care physicians.

Social Determinants of Health (SDOH) Closed Loop Referral Platform

As AzHHA has stated for the prior two years, our members support DAP payments for the SDOH closed-loop referral platform but continue to be concerned about the “one-size fits all” approach. While 15 screenings/referrals per month may make sense for larger facilities, there are 23 facilities, based on their 2023 Uniform Accounting Reports (UARs), which would need to screen/refer more than 10% of their patients to meet this goal, and seven facilities that would need to screen/refer more than 33% of their patients. For most facilities, it is improbable that such a large percentage of patients are interested in referrals for social determinants of health (SDOH) services. Even if a high percentage of individuals do require referrals, communities may lack available services in their area or have insufficient local options listed on the Community Cares platform to achieve such an ambitious goal. **If AHCCCS is unwilling to set a more flexible goal, we ask that AHCCCS and Contexture continue to be extremely lenient with hospitals that are trying to screen/refer individuals but do not meet these strict goals.**


Financial Considerations

As AHCCCS is likely aware, hospitals are currently facing some of the most significant financial challenges they have seen in recent years. Members of the Arizona Hospital and Healthcare Association (AzHHA) report a substantial increase in uncompensated care, which has risen between 12.4% and 50.3% from the first half of 2024 (January- June) to the second half (July- December). More importantly, hospitals are bracing for unprecedented cuts on the federal level, especially given the passage of the House budget resolution on February 25 that directs the House Energy and Commerce Committee to cut \$800 billion of spending, which will likely devastate the Medicaid program if signed into law.

While our members care greatly for their patients and communities, hospitals need to make tough choices, including cutting back on important programs for which they are not adequately reimbursed. It is partly through this lens that our hospitals will decide whether to continue participating in DAP initiatives. We also ask that AHCCCS keep this in mind as the DAP proposal is finalized and adequately fund all proposals.

Once again, we thank you for considering this request. Please do not hesitate to contact me if you have any questions or would like to discuss this in more detail.

Sincerely,

A handwritten signature in black ink that reads "Amy Upston". The signature is written in a cursive, flowing style.

Amy Upston
Director of Financial Policy and Reimbursement

cc: Margaret Hackler, Value-Based Purchasing Manager

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