

Fiscal Note

BILL # HB 2198

TITLE: AHCCCS; reimbursement rates; rural hospitals

SPONSOR: Willoughby

STATUS: As Introduced

PREPARED BY: Maggie Rocker

Description

The bill would require AHCCCS to increase the fee-for-service (FFS) reimbursement rates for emergency hospitalization and medical care provided by rural hospitals by 30% from FY 2025 reimbursement rates. The bill defines "rural hospital" as hospitals located in counties with fewer than one million persons.

Estimated Impact

Based on 2024 rural hospital utilization data from AHCCCS, we estimate that the bill could increase General Fund costs by \$20.1 million and Hospital Assessment costs by \$5.5 million annually, with a Total Funds impact of \$115.8 million. The Total Fund estimate includes federal matching funds.

AHCCCS's cost estimate, however, exceeds the scope of the bill. AHCCCS's hospital rate codes do not distinguish between emergency and non-emergency medical care. As a result, the agency would plan to increase both emergency and non-emergency rural inpatient and outpatient services for acute care hospitals by 30%. The agency would also intend to exclude federally or tribally-operated hospitals, as such facilities are not reimbursed using the fee-for-service schedule.

Analysis

Under its FFS health plans, AHCCCS pays providers directly according to a set fee schedule for covered services received by Medicaid members. FFS populations within AHCCCS include, most notably, the American Indian Health Program as well as FFS Regular, which is typically assigned when a member has fewer than 30 days of prospective eligibility.

Local Government Impact

The agency estimates the bill would increase county costs for the long-term care program by \$450,000 annually if the bill were implemented according to AHCCCS's assumptions above.

2/14/25

