



February 23, 2017

Mr. Tom Betlach
Director
Arizona Health Care Cost Containment System
801 E Jefferson St. MD 4200
Phoenix, AZ 85034

Dear Director Betlach:

On behalf of Vitalyst Health Foundation, thank you for the opportunity to provide comments on the AHCCCS Administration's proposed 1115 Waiver Amendment to waive Prior Quarter Coverage (PQC). For over 20 years, Vitalyst has been focused on improving access to care and coverage for all Arizonans. We have convened stakeholders to collectively move change, invested in local organizations to improve care and provided timely publications to help inform public policy and practice transformation. While we commend the Administration for its efforts to advance and integrate our health care system, we cannot support this proposal to eliminate PQC, as it does not align with our goal to improve access to care and coverage throughout Arizona.

We are concerned that the elimination of PQC, as proposed, will abruptly shift health care costs to Arizona's low-income children and families. According to the Proposal, PQC covered more than \$21 million of Arizonans' health care costs in FY2017 and is forecasted to cover nearly \$31 million in FY2019. In a future without such coverage, these costs would be shifted to consumers and health systems, likely resulting in increased out-of-pocket spending, medical bankruptcies and uncompensated care. Historically, this has led to health systems passing these increased costs to private insurance companies, which in turn raise rates for their beneficiaries – a phenomenon known as “the hidden health care tax.” This is a future we opposed during last summer's Congressional attempts to repeal the Affordable Care Act, and while the PQC waiver is much smaller in scale, its potential effect on health coverage is analogous.

To the extent possible, we encourage AHCCCS to publish information about the geographic, sociodemographic, AHCCCS population-type and facility-type breakdown of PQC expenditures to help inform the public input process prior to submitting the Proposal. The opportunity to understand the Proposal's implications for urban and rural areas, the young and elderly, communities of color, hospitals, health centers and various provider-types would enable a more comprehensive set of public comments and fully-informed policymaking.

If AHCCCS is granted approval to waive PQC, we urge the Administration to consider instituting a phase-out approach. According to the Proposal, waiving PQC will encourage members to 1) obtain and maintain coverage; and 2) quickly apply for Medicaid. While this may prove true, we know that behavior change requires significant time and effort. Therefore, creating a phase-out period would allow for both patients and providers to adapt and change practices as need. This approach would provide time to build awareness, plan for changes and help mitigate potential adverse impacts to consumers.

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Finally, we are pleased to see in the Proposal that AHCCCS “will increase efforts to educate and encourage Arizona residents to apply for AHCCCS coverage.” We are eager to learn more about how AHCCCS plans to implement this enhanced outreach and we are happy to offer our assistance.

Thank you again for the opportunity to provide comment on this Proposal. Vitalyst Health Foundation stands by to answer any questions and we look forward to continuing to work with the AHCCCS Administration on improving access to care and coverage for all Arizonans.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne Pfister". The signature is written in a cursive, flowing style.

Suzanne Pfister
President & CEO
Vitalyst Health Foundation