



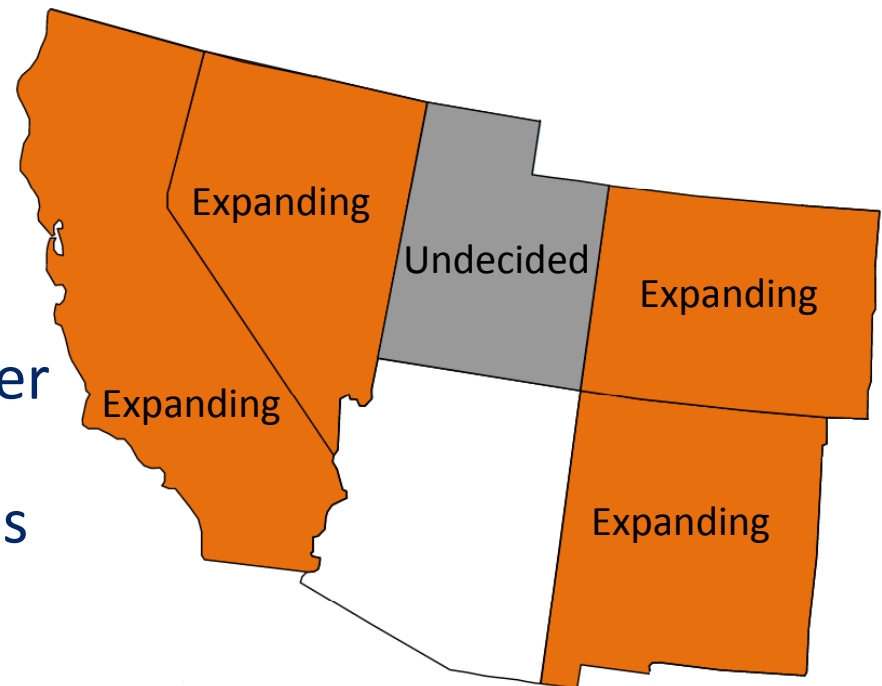
# Medicaid Expansion

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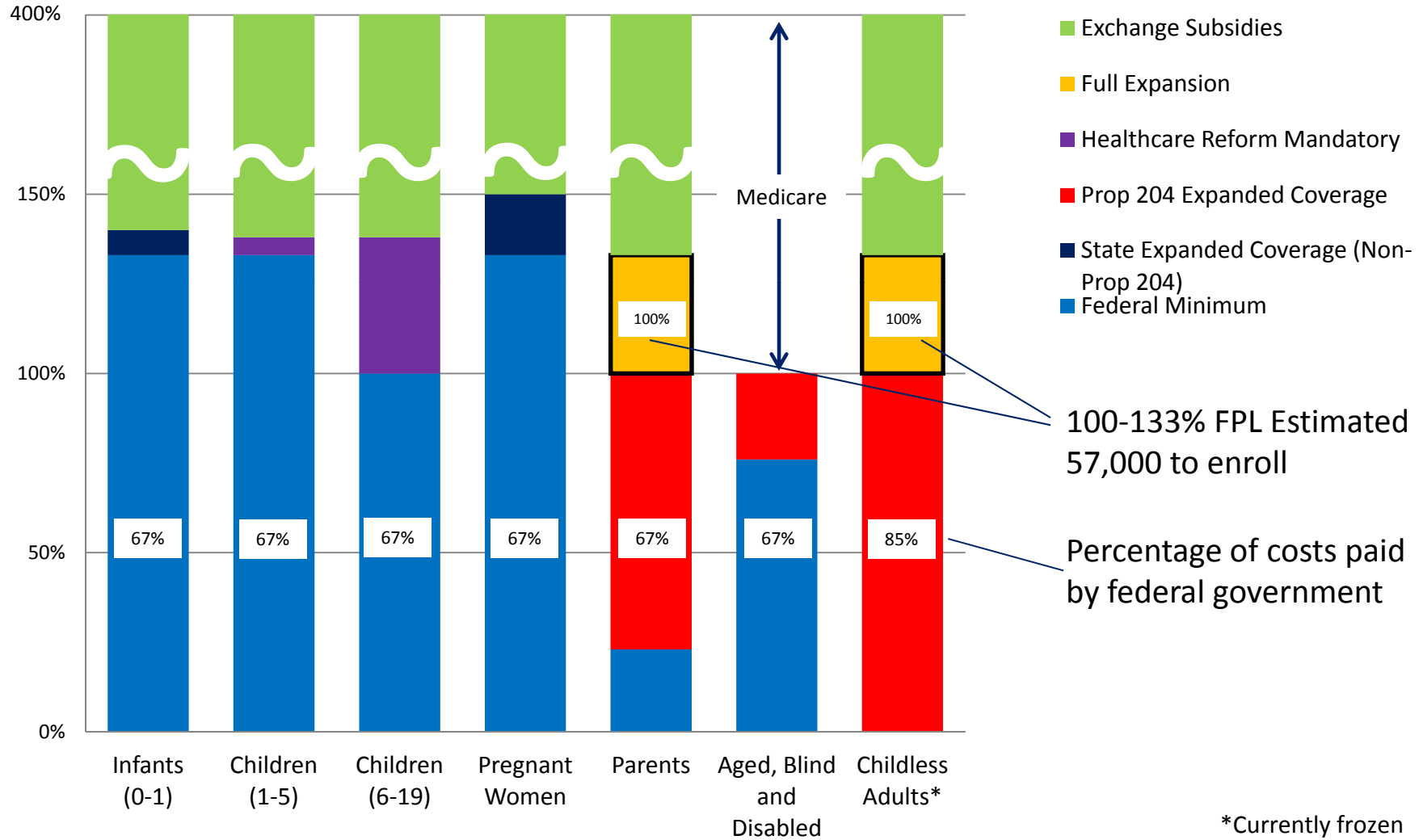
January 2013

# Expanding will Maintain Arizona's Economic Competitiveness

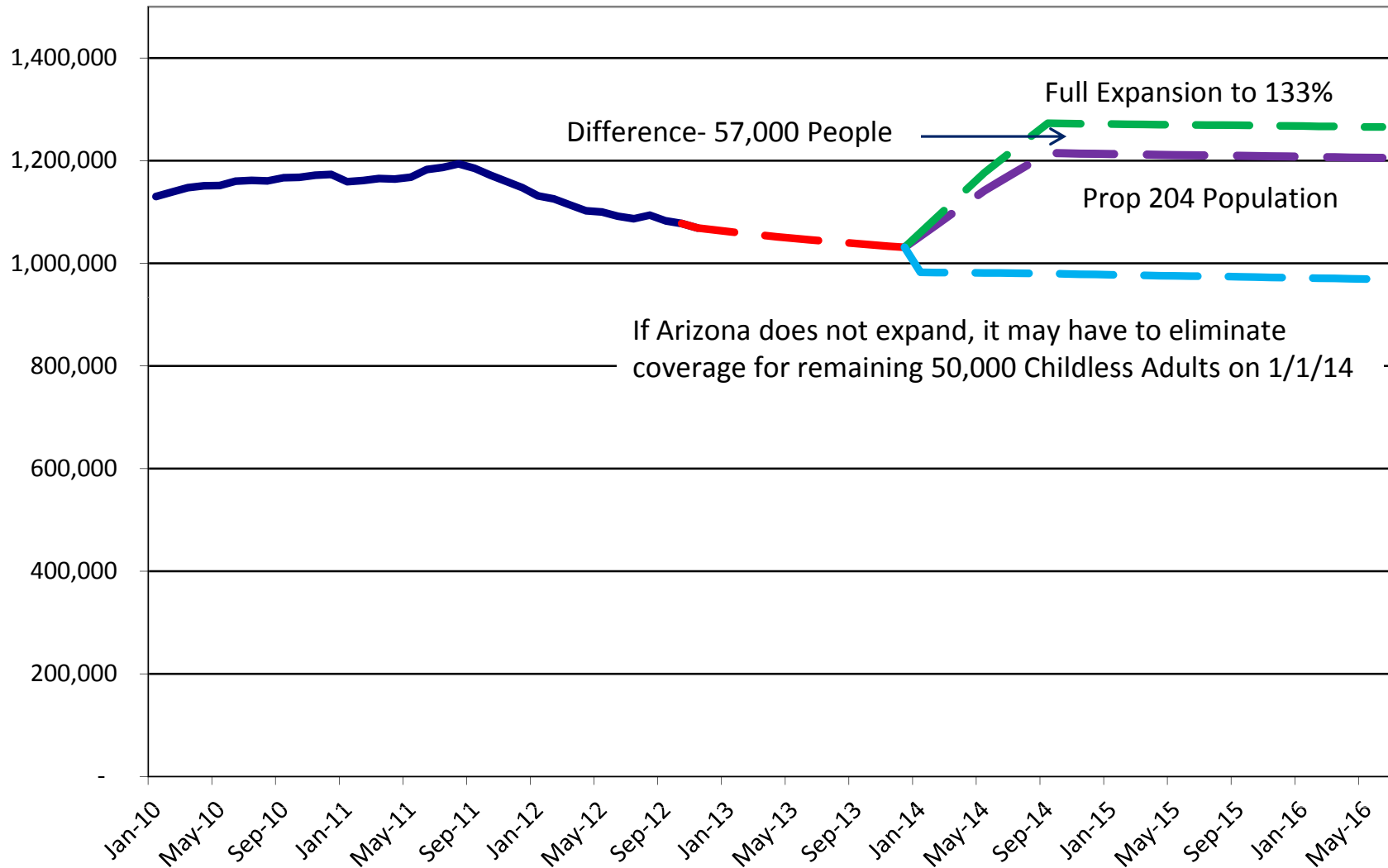
- Almost all of Arizona's neighboring states are expanding
- Not expanding will expose Arizona to uncompensated care costs that will impact the cost and quality of care
- This cost will hurt Arizona in economic competition with other states
- Taxes from non-expanding states will fund Medicaid growth in expanding states creating a wealth shift



# Medicaid and ACA Populations



# Relatively Minor Tweak to Populations Already Covered by Arizona Voters



# Significant New Funding for AZ Economy

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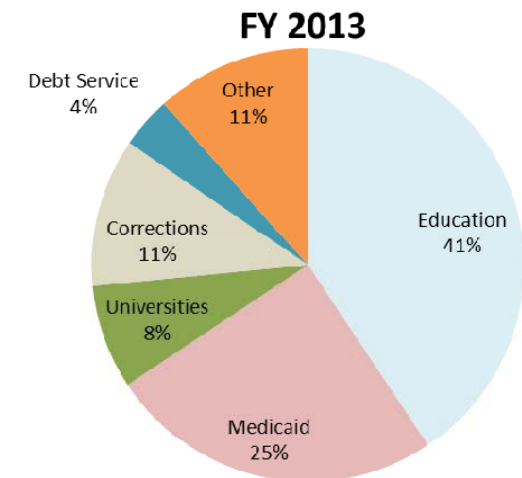
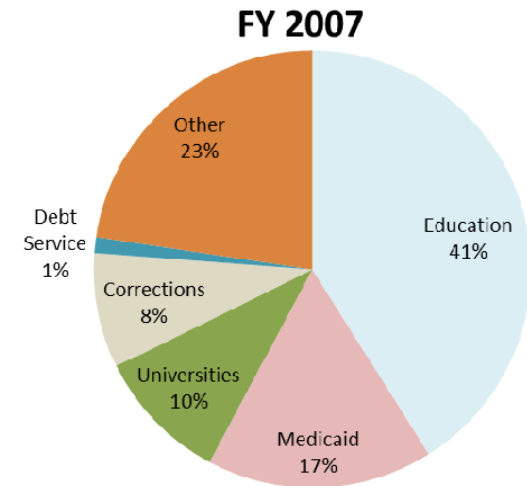
In FY15, the first full year of implementation:

- \$1.6 billion in new federal matching funds
  - 10-to-1 return on investment
    - Because of enhanced federal matches: expansion is 100% federally funded and Prop 204 restoration is 85% federally funded
    - Similar economic impact as Luke Air Force Base
- \$154.0 million match paid by provider assessment

Circuit breaker protects the State from a bait and switch

# New Provider Assessment Protects the General Fund

- Since 2007 Medicaid costs have grown by 35%
- At full implementation the Prop. 204 expansion's unfunded costs are \$256.0 million
- The proposed assessment will relieve the GF of the Prop. 204 burden, freeing funds for other state priorities
- Assessment is consistent with 2004's Prop. 101, requiring self-funding for all initiatives
- Replaces City of Phoenix tax
- Cities will no longer be allowed to levy tax



# Arizona uses Conservative Principles to Manage Medicaid

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- Exporting Arizona's conservative health management model can help the national deficit
- Since shortly after creation in 1982, AHCCCS has been considered "the gold standard"
- AHCCCS - a national leader on cost containment
  - Almost entirely managed care – rare for Medicaid
  - Member costs approximately 12 percent lower than national average
- The Executive Recommends additional payment reforms:
  - Shift payment from per-hospital day to per-diagnosis
  - Partnerships with plans and providers to improve quality and performance