March 6, 2027

Roberta Harrison
Interim Director
Arizona Health Care Cost Containment System
150 N. 18th Ave.
Phoenix, AZ 85007

RE: AzHHA Comments on AHCCCS Differential Adjusted Payment (DAP) CYE 2027 Preliminary Public Notice

Dear Interim Director Harrison,

Thank you for the opportunity to comment on the AHCCCS Administration's Contract Year Ending (CYE) 2027 Differential Adjusted Payment (DAP) Preliminary Public Notice. We are writing on behalf of the Arizona Hospital and Healthcare Association (AzHHA), which represents more than 80 hospitals, health systems, and affiliated providers across Arizona, including acute care hospitals, critical access hospitals, psychiatric hospitals, Indian Health Service (IHS) facilities, and tribally operated 638 facilities.

AzHHA appreciates AHCCCS's continued use of DAP incentives to encourage quality improvement and investment in initiatives that improve outcomes for Medicaid members. The program has played an important role in advancing statewide priorities while providing hospitals with resources needed to support these efforts.

While AzHHA generally supports the direction of the proposal, we respectfully offer the following recommendations to strengthen the program and ensure hospitals have feasible pathways to participate.

1. Allow hospitals subject to APR-DRG reimbursement, critical access hospitals, and psychiatric hospitals a third participation option through the health information exchange.

Under the current proposal, hospitals subject to APR-DRG reimbursement, critical access hospitals, and psychiatric hospitals may qualify for a 2% DAP increase by participating in either the Maternal Syphilis Program or the Medications for Opioid Use Disorder (MOUD) Enhancement Program.

AzHHA supports both initiatives and recognizes their importance in addressing serious public health issues, including the state's rising congenital syphilis rates and the ongoing opioid crisis. However, limiting hospitals to only these two options may unintentionally reduce participation in another critical statewide priority: health information exchange (HIE) connectivity and interoperability.

Arizona's HIE infrastructure has played a critical role in improving care coordination, supporting population health management, and ensuring timely access to patient information across the healthcare delivery system. Hospitals across the state currently transmit millions of Admission, Discharge, and Transfer (ADT) messages and other clinical data through the statewide HIE, supporting care coordination

for Medicaid members across hospitals, FQHCs, behavioral health providers, managed care organizations, and other safety-net providers.

Maintaining strong participation in the HIE is critical to sustaining statewide interoperability and ensuring providers have access to the data necessary to coordinate care for high-risk Medicaid members.

At the same time, Arizona is entering a significant period of transformation for rural hospitals. Through the Rural Health Transformation Program (RHTP) authorized by Congress, Arizona will receive millions of dollars to strengthen rural healthcare infrastructure, modernize technology, and improve care coordination across rural delivery systems.

Arizona's RHTP proposal includes substantial investments to modernize rural healthcare infrastructure and technology and improve care coordination in rural communities.

As rural hospitals begin implementing projects supported by these funds, many facilities are evaluating and upgrading their health information technology infrastructure—including electronic health records, interoperability solutions, and HIE connectivity. These upgrades may involve transitioning interfaces, modifying existing data feeds, or temporarily shifting HIE configurations as systems are modernized.

During this transition period, it is particularly important that the DAP structure continue to support hospital participation in the HIE and provide flexibility for rural facilities that may be modernizing their systems using RHTP funding. Providing hospitals with a third pathway that includes HIE participation will:

- Support continued statewide interoperability and data exchange
- Align with Arizona's rural health modernization strategy under the Rural Health Transformation Program
- Provide flexibility for rural hospitals implementing new health information technology infrastructure
- Maintain the flow of clinical data necessary for care coordination across the Medicaid delivery system

For these reasons, AzHHA respectfully recommends that AHCCCS restore the HIE DAP pathway for hospitals and allow it to serve as a third option alongside the Maternal Syphilis Program and the MOUD Enhancement Program.

2. Operational considerations for the maternal syphilis program

Arizona continues to experience one of the highest rates of congenital syphilis in the nation. The consequences extend beyond infant mortality and include permanent neurologic, sensory, and developmental disabilities that affect children throughout their lives.

Hospitals strongly support improving maternal syphilis screening and treatment rates; however, successful implementation requires the development of clinical workflows, provider education, EHR

configuration, and patient engagement strategies prior to initiating testing.

AzHHA members have identified several operational considerations that warrant attention as the program is implemented:

- Staffing capacity.
- Workforce shortages that may limit the speed with which new programs can be implemented.
- Stigma and patient engagement.

Stigma

In some communities, stigma associated with sexually transmitted infections can create barriers to screening and treatment. Successful implementation will require careful communication strategies for both providers and patients.

Baseline data reporting

The program requires hospitals to submit baseline testing metrics by November 30, 2026. For some hospitals, particularly smaller facilities with limited data extraction capabilities, compiling this information may require manual chart reviews and create a significant administrative burden.

Testing logistics and reimbursement

Syphilis testing is frequently bundled into broader hospital services, and reimbursement often does not cover the full cost of testing. Additionally, repeat testing requirements may create operational challenges when patients present multiple times within short periods.

AzHHA encourages AHCCCS to work with hospitals during implementation to address these operational challenges and ensure the program's success across diverse care settings.

Recommended Alternative Milestones for the Maternal Syphilis Program

AzHHA recommends that AHCCCS adopt a phased milestone structure that recognizes the operational groundwork necessary for the successful implementation of routine syphilis screening programs. Accordingly, AzHHA recommends the following milestones.

Phase 1: Program Planning and Infrastructure Development

Milestone 1 – Program Participation (April 1, 2026)

Hospitals submit a Letter of Intent that identifies participating facilities and designates a clinical program lead responsible for implementing the maternal syphilis program.

Milestone 2 – Clinical Workflow Development (September 30, 2026)

Hospitals develop and adopt a facility policy outlining maternal syphilis screening protocols, including:

- screening eligibility criteria

- clinical workflows for ordering and documenting tests
- procedures for follow-up testing and treatment
- coordination with obstetric, emergency department, and primary care services

Hospitals may adapt policies to reflect local patient populations and clinical settings.

Phase 2: System Configuration and Workforce Preparation

Milestone 3 – EHR Configuration and Data Capability (December 31, 2026)

Hospitals implement electronic health record (EHR) tools to support screening and reporting, which may include:

- clinical decision support alerts or order sets
- structured documentation fields for testing and treatment
- capability to generate aggregate reports for required program metrics

Facilities that lack automated reporting capabilities may submit an implementation plan describing how reporting capacity will be developed.

Milestone 4 – Staff Training and Community Engagement (December 31, 2026)

Hospitals provide training for relevant clinical staff on:

- maternal syphilis screening protocols
- stigma-sensitive communication with patients
- referral and treatment workflows

Hospitals may also collaborate with local public health partners to develop community education and patient engagement strategies appropriate for their service area.

Phase 3: Program Launch and Data Collection

Milestone 5 – Program Implementation (March 1, 2027)

Hospitals begin implementing routine syphilis screening according to their facility policy.

Milestone 6 – Baseline Data Submission (June 30, 2027)

Hospitals submit baseline testing metrics to AHCCCS. Metrics may include:

- number of individuals of childbearing capacity tested

- number of positive results
- number initiating treatment
- pregnancy-related testing and outcomes

Allowing baseline reporting after program launch will reduce administrative burden and enable hospitals to develop reliable reporting processes.

3. Ensure IHS and 638 Facilities have the option to receive a 2% incentive for maternal syphilis or MOUD

Indian Health Service (IHS) and tribally owned or operated 638 facilities serve populations with some of the highest burdens of the conditions targeted by the proposed DAP programs. For example, American Indian and Alaska Native (AI/AN) populations represent approximately 1% of births nationwide; however, they account for an estimated 4–5% of congenital syphilis cases, and AI/AN communities experience disproportionately high opioid-related morbidity and mortality compared with other racial and ethnic groups.

As a result, inclusion of maternal syphilis testing and MOUD-related metrics under DAP has the potential to make a meaningful impact in tribal communities, but only if the DAP payment incentivizes facilities to participate. Providing a lower DAP to these facilities than to other hospitals risks limiting participation by providers serving the highest-need populations, particularly given chronic underfunding, workforce shortages, and limited access to referral-based services.

To ensure equitable participation and support expanded screening and treatment efforts, AzHHA strongly recommends that AHCCCS allow IHS and 638 facilities to choose between the 2% DAP incentive for participating in the maternal syphilis program and the MOUD program.

Providing parity across hospital types will help ensure that providers serving tribal communities have the resources necessary to implement these programs successfully.

4. Specialty per diem hospitals

AHCCCS proposes providing a 2% DAP increase to long-term care hospitals and inpatient rehabilitation hospitals that meet or fall below the national average for pressure ulcer performance measures. AHCCCS has utilized this measure in prior years, and hospitals have demonstrated improvement in this important quality area. Given the clinical relevance of pressure ulcer prevention and the positive impact of prior implementation, AzHHA supports AHCCCS's decision to reintroduce this measure.

Conclusion

AzHHA appreciates AHCCCS's continued leadership in using Differential Adjusted Payments to advance important quality and public health initiatives.

To strengthen the CYE 2027 proposal and ensure broad hospital participation, we respectfully request that AHCCCS:

- Allow hospitals a third DAP pathway through participation in the Health Information Exchange.

- Maintain operational flexibility in the Maternal Syphilis Program to address implementation challenges.
- Provide IHS and 638 facilities with the full 2% DAP incentive for maternal syphilis participation.

We look forward to continuing to work with AHCCCS to ensure the DAP program supports improved outcomes for Medicaid members while remaining operationally feasible for Arizona hospitals.

Thank you for your consideration.

Amy Upston
Director of Financial Policy and Reimbursement

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Senior Vice President, Policy & Advocacy

cc: Margaret Hackler, Value-Based Purchasing Manager