

# Affordable, Accessible Healthcare for All Arizonans: A Commonsense Plan to Get Us There

On the campaign trail, I often hear from Arizonans about their problems with healthcare. Even those who have health insurance are afraid they can't afford to use it when they get sick due to rising deductibles, copays, and drug costs.

I have a 12-year track record of supporting legislation to move us all forward on healthcare, including playing a key role in the 2013 bipartisan expansion of Medicaid to 400,000 people in poverty, saving lives while keeping our hospitals fiscally healthy.

As governor, I will work across the aisle with my legislative colleagues to enact commonsense measures that will improve access to quality healthcare for all Arizonans in order to put us on the fast track to affordable healthcare for all. My proposals will:

- **Address Healthcare Provider Shortages:**
  - » Encourage more healthcare professionals to work in Arizona throughout the state to end critical provider shortages.
- **Expand Healthcare Coverage to More Arizonans:**
  - » Protect Arizona's KidsCare program from any further raids by the Arizona Legislature. Healthcare for all of our children should be a fundamental right.
  - » Repeal Ducey-enacted limitations on eligibility for the state's Medicaid program, known as AHCCCS. AHCCCS, the Arizona Healthcare Cost Containment System, is one of the finest managed healthcare systems in the country. People should not be punished for poverty by withholding healthcare.
  - » Restore access to healthcare for entrepreneurs – sole proprietors and very small businesses and their employees – by allowing them to buy into AHCCCS. Prospective business owners shouldn't have to be stuck in a job they hate because they need the health insurance.
- **Make Healthcare Coverage More Affordable**
  - » Enable AHCCCS to negotiate prescription drug pricing for all Arizonans.
  - » On day one, establish a task force of stakeholders to develop a plan to assure 100% of Arizonans have access to quality, affordable healthcare.

Please continue reading for more detail about these proposals.

## **POLICY PRIORITY 1:**

# **Address Healthcare Provider Shortages**

### **Background:**

Arizona is experiencing significant healthcare provider shortages. It is not only the size of the workforce that presents a challenge, but also the reach. Primary care coverage in rural and underserved areas presents the most critical concern. We must find solutions to address increasing primary care shortages throughout the state.

Arizona faces many unique challenges, all of which contribute to the state's ongoing shortages.

- **Geography – Expansive Rural Areas:** Arizona is a geographically large and rural state, with 56.3 persons per square mile, compared with the national average of 87.4.
- **Unique Population Characteristics:** Arizona is home to 21 federally recognized American Indian tribes with over 250,000 Native Americans. This population faces unique healthcare challenges, such as higher incidences of diabetes, heart disease, and obesity. Arizona's border communities have the highest rates of poverty, uninsured individuals, and unemployment. Professional shortages exist in both of these population centers.
- **A Higher Than Average Aging Population:** The impact of baby boomers creates a two-fold concern – increased need for care and an aging workforce. According to some estimates, as many as 50% of physicians are over the age of 50.
- **Arizona's Provider Shortage is Most Acute in Primary Care.** According to ADHS, Arizona needs a total of 1,087 full time primary care providers to serve in Primary Care Health Professional Shortage Areas (HPSAs). The entire counties of Apache, Cochise, Graham, Greenlee, La Paz, Navajo and Yuma have been designated as Primary Care HPSAs. There are also urban areas within Maricopa with these designated shortages.

## Legislative Proposals:

### Restore Funding for Graduate Medical Education (GME) in AHCCCS

- GME is funded by Medicare, Medicaid, and private hospital funding.
  - » Medicare portion is entirely funded by the federal government.
  - » Medicaid funding comes from states with a federal match (FMAP).
  - » **In 2010, Arizona eliminated General Fund support for GME. We currently receive no Federal FMAP for GME positions.**
- Arizona must add about 850 residency positions to reach the national average of 36 residents per 100,000 residents. We are currently at about 22. This will cost about \$50 million.
  - » To reach the national average, we must appropriate \$17 million to AHCCCS, which will result in a \$33 million federal match.

### Restore Funding for Arizona Loan Program for Hospital Residencies

- Arizona eliminated this program in 2008.
- It is a state-funded interest-free loan of up to \$500,000 per year for hospitals that establish a new residency program for at least 6 residents OR add a new subspecialty to existing residency programs with at least 4 students.
  - » Limited to up to one hospital per county per year.
  - » Priority given to rural and tribal hospitals.

## **POLICY PRIORITY 2:**

# **Expand Healthcare Coverage to More Arizonans**

### **Background:**

As of June 2017, 6.7 million people live in Arizona. 38% of them are low income. 13% of Arizonans remain uninsured post-ACA (this number has dropped from 19% pre-ACA). This number is higher than the national uninsured rate, which is 9%.<sup>1</sup>

### **Legislative Proposals:**

#### **Make KidsCare Permanent in Statute (Arizona's Children's Health Insurance Program):**

KidsCare covers children between 133%-200% FPL (Medicaid covers lower income children). In 2010, the Brewer Administration and Republican-controlled legislature froze KidsCare as a way to save money in response to the Great Recession. This meant that members could continue in the program but no new members were permitted to enroll. This resulted in a reduction in enrollment from 45,800 children in 2010 to 528 children in 2016.

In May 2016, due in large part to the federal government increasing the FMAP to 100%, the freeze was lifted. However, state law stipulates that KidsCare automatically freezes if the federal government reduces the FMAP to anything lower than 100%. We must protect children's health care in state statute and ensure that the now 30,000+ children who receive healthcare coverage through KidsCare will be protected. Children's health coverage should not be eliminated based on an arbitrary benchmark at the discretion of the federal government.

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<sup>1</sup> <http://files.kff.org/attachment/fact-sheet-medicaid-state-AZ>

## Repeal Law Requiring State to Submit Section 1115 Demonstration Waiver Yearly

In 2015, Governor Ducey signed legislation requiring the state to apply for a yearly demonstration waiver, the goal of which is to eliminate coverage for our most vulnerable population.<sup>1</sup> This law requires the state to apply every year to do the following:

- Institute a work requirement for all able-bodied adults receiving services (require an eligible person to either become employed or actively seek employment or attend school or a job training program for at least 20 hours per week).
- Require an eligible person to verify on a monthly basis compliance with these requirements.
- Allow AHCCCS to ban an eligible person from enrollment for one year if that person knowingly failed to report a change in family income or made a false statement regarding compliance with the requirement.
- Place all able-bodied adults on a lifetime limit of five years of benefits (with limited exceptions).
- Develop and impose meaningful cost-sharing requirements to deter non-emergency use of emergency departments and the use of ambulance services for non-emergency transportation or when it is not medically necessary.

These discriminatory measures disproportionately target low income Arizonans and will have the effect of eliminating healthcare from our poorest, most vulnerable Arizonans who need it most.

### Executive Proposals:

#### Medicaid Waivers

Arizona is currently operating under a 5-year section 1115 waiver submitted by the Ducey administration and approved (with many changes required by the Obama administration). It expires in September 2021.

- Submit a new waiver to reverse/rollback any waivers submitted by the Ducey administration and granted by CMS in 2016–2018 (which are discriminatory in nature). Continuous coverage for low income and vulnerable populations is necessary to ensure consistent, preventative care and reduce the overall cost of healthcare.
  - » Governor Ducey’s most recent 1115 waiver was submitted in 2017. The proposal includes work requirements, lifetime limits, cost share requirements, all of which were rejected by the Obama Administration.
  - » Arizona is awaiting CMS’s response to the waiver request.

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<sup>1</sup> ARS 36-2903.09 (2015)

## Legislative Proposals:

### Restore Healthcare Access to Entrepreneurs

Study and develop ways of allowing sole proprietors and very small businesses and their employees to buy into AHCCCS coverage. The individual market is a terrible place to be, and the federal healthcare exchanges are offering too few options for Arizonans. Arizona entrepreneurs are the backbone of our economy and deserve good coverage.

### **POLICY PRIORITY 3:**

# **Make Healthcare Coverage More Affordable**

#### **Background:**

Increasing numbers of Arizonans who have health insurance can no longer afford to use it, given increases in co-pays, deductibles, and prescription costs. The federal government seems to be on track to make things much worse for us in coming years. We must develop options that work for Arizonans to reduce costs and expand coverage, regardless of what DC has in mind for us.

#### **Executive Proposals:**

##### **AHCCCS Negotiates Drug Pricing:**

In 2003, Gov. Janet Napolitano signed an executive order setting in motion a new program to allow Medicare-eligible seniors to purchase prescription drugs at lower prices through contracts to be administered by AHCCCS.

This is an idea whose time has come again, and which should be expanded. I will issue an executive order to do just that and will expand the program to be available to all Arizonans. I will also work with other states to join larger cooperative purchase programs to reduce costs further.

## **Quality Affordable, Accessible, Healthcare for All Task Force**

On day one of my governorship, I will establish a task force of stakeholders including hospitals, health insurers, human services providers, local and state officials and community leaders to advise me on ways to move toward the goal of ensuring that 100% of Arizonans have access to quality, affordable healthcare, including the possibility of allowing Arizonans of all income levels to buy in to AHCCCS for their coverage.

This task force would be charged with addressing any state-level challenges to our healthcare system posed by policy changes at the federal level and by the changing demographics of our population. It would also study measures that would reduce uncompensated care at hospitals and strengthen the rural hospital safety net.

Healthcare should be a non-partisan issue. Regardless of our political leanings, our health is the most important factor in our quality of life. Unfortunately Governor Ducey has chosen to polarize the issue by choosing to follow the lead of his powerful out-of-state backers. My administration will serve the people of Arizona.