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Proposed Fiscal Year 2011 Budget: Healthcare Cuts Hurt State's Economy

Phoenix, Arizona – Arizona's lawmakers are considering a fiscal year 2011 state budget that includes catastrophic cuts in the Arizona Health Care Cost Containment System (AHCCCS) and the Arizona Department of Health Services (ADHS) budgets. These reductions, totaling \$2.7 billion, represent the deepest healthcare cuts in the state's history. Hospitals alone would lose \$1.15 billion next year. The budget would not only devastate Arizona's healthcare community, it would cripple the state's economy. The Arizona Hospital and Healthcare Association (AzHHA) is urging lawmakers to oppose any budget that will worsen the state's economic crisis.

According to a newly released economic impact study by the W.P. Carey School of Business at Arizona State University's Seidman Research Institute, the proposed budget cuts will result in a loss of 42,000 jobs, dramatically increasing an already soaring 9.1 percent state unemployment rate. This significant reduction in employment would spread across all sectors, resulting in a reduced level of economic activity throughout the state.

Additionally, Arizona's economy will lose nearly \$2 billion in funds provided by the federal government due to matching provisions. For every state dollar spent on AHCCCS, the federal government matches it with up to three dollars. Lawmakers should avoid cuts that result in



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forfeiture of significant federal funds. While this budget would save the state \$910.4 million in fiscal year 2011, it would cost Arizona's economy \$1.8 billion in federal funds that would then go to other states.

"The budget will reduce the accessibility and quality of healthcare services, as well as harm our economy," said John Rivers, AzHHA President and Chief Executive Officer. "Cutting 42,000 jobs will worsen Arizona's economic downturn and flies in the face of legislators' efforts to create new jobs and revitalize the state's business climate."

AzHHA is reminding lawmakers that Arizona's hospital community is a proven economic catalyst for the state, employing more than 80,000 people and contributing \$11.5 billion to Arizona's gross state product. Withdrawing more than \$1 billion from an industry that has bolstered the state's economy runs counter to sound fiscal strategy. An attached fact sheet and spreadsheet detail the impact of these cuts on the hospital community and to Arizonans.

On Wednesday, February 24, 2010, AzHHA and representatives of the business and healthcare communities will hold a press conference to voice concern about the proposed budget cuts to AHCCCS and ADHS. The press conference will take place at 10:00 a.m. on the House lawn of the state Capitol.

About AzHHA

AzHHA is an organization of hospitals and healthcare systems dedicated to providing leadership on issues affecting the delivery, quality, accessibility and cost-effectiveness of



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