



ORIGINAL

**ARIZONA FAMILY CARE ASSOCIATES**  
*Family Care...the heart of everything we do!*



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May 23, 2005  
Arizona Corporation Commission

**DOCKETED**

**MAY 26 2005**

Arizona Corporation Commission  
ATTEN: Docket Control Re: AEPCO 01773A-04-0528 and  
SWTCO E-04100A-04-0527  
1200 West Washington Street  
Phoenix, Arizona 85007

~~CONFIDENTIAL~~  
E-01773A-04-0528

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Dear Sirs:

I am writing with concern of the proposed rate hike of the AEPCP in the amount of 15.44% which relates to approximately \$5 million dollars to our community. I am the Chief Executive Officer of Arizona Family Care Associates, Inc in Sierra Vista and Douglas. We are a multi-specialty medical group of approximately 34 providers. There is a belief that all physicians make very large incomes. While that is true for some specialties, that is not true of all specialties. We struggle to keep our costs down as an organization so that the physicians within our area can earn what physicians in other parts of the country can earn. It continues to get harder and harder. If we are not successful in our endeavors, we will simply find our physicians leaving our communities and state.

I am concerned as an individual; for the low income residents; but even more concerned about the impact this can have on retaining adequate health care for our communities. As Chief Executive Officer of Arizona Family Care Associates (AFCA) I work very hard to recruit and keep physicians within Sierra Vista and Douglas. In general, Arizona is one of those states that physicians have decided is not physician friendly. We do not have tort reform therefore malpractice is getting to be unaffordable and many physicians can not find a carrier to write their coverage. As a result, it is very difficult to find physicians willing to move to Arizona let alone to smaller communities within Arizona. Unfortunately, physicians are finding it very easy to leave Arizona!! The physicians continually have to take reductions in their reimbursement from Medicare, AHCCCS and all of the different health plans since the cost of doing business isn't even a factor that is considered by them. Physicians are in a very difficult situation financially which can translate to unavailable health care for our state. Most businesses can increase their charges to make up for increased costs for their company. That option doesn't translate into increased reimbursement for physicians.

As an individual as well as the CEO of AFCA I can understand a need for an increase, but NOT at the level that is being proposed. This increase means that the physicians within Arizona once again have to absorb a loss that they can not recover. If you were a physician, would you stay in a state that continually takes more and more from you without giving you anything back? This increase will be damaging and I request that you reconsider the amount of this increase. Please take into consideration the impact this increase will have on communities other the direct rate increase.

Sincerely,

*Beverly Mahlmann*  
Beverly Mahlmann  
CEO

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